NORWICH City Council

Council

Members of the council are hereby summoned to attend the meeting of the council to be held in the council chamber, City Hall, St Peters Street, Norwich, NR2 1NH on

Tuesday, 29 September 2015

19:30

Agenda

The Electoral Commission's findings in its report into the transition to Individual Electoral Registration (IER) and, in particular, the finding that 1.9 million of the current entries on the electoral register are only being retained under the transitional arrangements from the previous household registration system, which represents 4% of all register entries. The Electoral Commission has previously estimated that the number of people not correctly registered at their current address is around 7.5million across the UK.
The Government chose to end the transitional arrangements and fully implement IER 12 months early. The Electoral Commission has warned that there is "a risk that a considerable number of eligible voters could be removed from the registers before the significant set of polls scheduled for May 2016 if the transition to IER is brought forward."

Council **RESOLVES** to:

1) continue to take every possible step to ensure that as many local residents as possible are registered to vote.

2) write to the Government to:-

a) express concerns that proposals for the introduction of Individual Electoral Registration (IER) remain poorly thought out and implemented, running the risk that voters could be disenfranchised as part of this process.

b) ask that the end of the transitional IER arrangements remain at December 2016 as originally stated in law and not be brought forward to December 2015.

11 Motion – Syrian refugee crisis

Council **RESOLVES** to:

a) reaffirm its long held commitment to help shelter and protect refugees in Norwich;

b) communicate a message of thanks to those Norwich residents who have responded to the crisis by offering and giving help and support to refugees;

c) support citizen initiatives to help all refugees' resettlement and integration in local communities;

d) ask cabinet to continue to :-

i) work closely with the county council as the 'lead agency' and with other public, voluntary and private sector bodies;

ii) participate in schemes to house refugees and work with the UK Border Agency to support people of all nationalities granted refuge in Norwich;

e) call on the Government – in recognition of the need for long-term assistance - to fund support from national resources (without use of the international aid budget) for at least five years with a review after that time;

f) call on both Norwich MPs and MEPs for the Eastern Region to support the suggested funding proposal; and

g) ask group leaders to write to the Prime Minister asking him to recognise and respond positively to the refugee crisis in Europe.

12 Motion – Air pollution

Air pollution from road traffic is a serious public health issue. Public Health England estimate that in Norwich in 2010 5.5% of all deaths of people over 25 years old were associated with fine particulates from diesel vehicles. There may be additional local deaths attributable to nitrogen dioxide which have not been quantified.

In April, the UK Supreme Court ordered the government to produce a plan for cutting unlawful levels of air pollution. Defra has published consultation plans for tackling nitrogen dioxide, but responsibility for action largely falls on local authorities.

The draft Norwich Air Quality Action Plan (August 2015) covers the Air Quality Management Area in the city centre. The proposals need to go further, but action is also required to improve air quality across Greater Norwich.

Therefore, this council **RESOLVES** to ask the cabinet to:

a) respond to the Government's consultation and request stronger national action and also additional resources for local authorities for achieving healthy air quality.

b) work with transport and health providers to develop strategies and programmes for delivery with the aim of achieving healthy air quality in Greater Norwich.

c) work with transport partners and bus operators to achieve Euro 6 standard / ultra-low emissions for all buses within the next 5 years and to amend the Norwich Air Quality Action Plan accordingly.

13 Motion – Twinning

Norwich has strong twinning links with Koblenz, Rouen, Novi Sad and El Viejo showing it to be an outward looking city which seeks to find friendship and understanding with other nations.

This council's support for its Twinning links has included a grant to the Twinning Committee (currently £2060 per annum); officer support through the Twinning Officer and use of the civic budget, the latter of which has been greatly reduced in recent years.

Council **RESOLVES**, in order to continue to honour these important Twinning Links at a civic level and to support the work of the Twinning Associations, to give consideration to increasing the amount given in grant to the Twinning Committee when the 2016-17 budgets are decided in February 2016.

A. N. Bull

Anton Bull
Executive head of business relationship management and democracy

For further information please contact:

Andy Emms, democratic services manager
t: (01603) 212459
e: andyemms@norwich.gov.uk

Democratic services
City Hall, Norwich, NR2 1NH
www.norwich.gov.uk

Date of publication**: Monday, 21 September 2015**

Information for members of the public

Members of the public and the media have the right to attend meetings of full council, the cabinet and committees except where confidential information or exempt information is likely to be disclosed, and the meeting is therefore held in private.

For information about attending or speaking at meetings, please contact the committee officer above or refer to the council's website

IN TRAN communication for all

If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.

NORWICH
City Council

MINUTES

COUNCIL

7.30pm – 9.15pm **21 July 2015**

Present: Councillor Arthur (Lord Mayor), Councillors Ackroyd, Blunt, Bogelein, Bradford, Bremner, Brociek-Coulton, Button, Carlo, Coleshill, Driver, Grahame, Harris, Haynes, Henderson, Herries, Jackson, Jones, Kendrick, Lubbock, Manning, Maxwell, Neale, Peek, Price, Raby, Ryan, Sands (M), Sands (S), Schmierer, Stonard, Thomas (VA), Thomas (VI), Waters, Woollard and Wright

Apologies: Beryl Blower (Sheriff) and Councillors Boswell, Howard and Packer

1. LORD MAYOR'S ANNOUNCEMENTS

The Lord Mayor said that since the last meeting she had attended a number of events including visiting the Royal Norfolk Show, the High Sheriff's reception and the Norfolk and Norwich Law Society annual dinner. She had also been to an impressive concert by the Norfolk Community Youth Orchestra which is now supported by a friends organisation.

The majority of her engagements continued to be with voluntary sector organisations to see the sterling work carried out across the city. At Leeway's refuge she met remarkable women including one who had survived multiple attacks by a partner. Both were building new lives thanks to the work of Leeway. She had seen the excellent work being undertaken by Opening Doors, a client lead organisation for people with learning disabilities, and attended the Home Start AGM to hear about their work supporting families and very young children. At the St Eds AGM she had seen the results of its work working with young people with a number of vocational qualifications presented.

The highlight of the month had to be the Lord Mayor's weekend. The procession was spectacular and there was a huge amount of local talent on show including music and street theatre. The waterslide was a highlight and the fireworks display was one of the best she had seen. She thanked staff at city hall, the council's partners and the emergency services, and all the people who designed and constructed the floats to create the enjoyable atmosphere of the day.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. QUESTIONS FROM THE PUBLIC

There were no questions from the public.

4. PETITIONS

There were no petitions.

5. MINUTES

RESOLVED, unanimously to approve the minutes of the meeting held on 23 June 2015.

6. QUESTIONS TO CABINET MEMBERS/COMMITTEE CHAIRS

The Lord Mayor said that 1o questions from members of the council to cabinet members had been received of which notice had been given in accordance with the provision of appendix 1 of the council's constitution.

QUESTION 1	Councillor Carlo to the portfolio holder for resources and income generation on Waterloo Park pavilion
QUESTION 2	Councillor Boswell to the portfolio holder for environment and sustainable development on the Northern Distributor Road.
QUESTION 3	Councillor Price to the portfolio holder for environment and sustainable development on the impact of cuts to council rents
QUESTION 4	Councillor Woollard to the portfolio holder for fairness and equality on the Solar together Norfolk initiative
QUESTION 5	Councillor Ryan to the portfolio holder for environment and sustainable development on the private rental accreditation scheme
QUESTION 6	Councillor Maxwell to the leader of the council on the Norwich Homes and Communities Strategic Partnership
QUESTION 7	Councillor Button to the portfolio holder for fairness and equality on the financial inclusion strategy

QUESTION 8	Councillor Sands(M) to the leader of the council on the Norwich Aviation Academy
QUESTION 9	Councillor Herries to the portfolio holder for environment and sustainable development on the River Wensum Strategy Partnership consultation
QUESTION 10	Councillor Peek to the leader of the council on devolution settlements

Copies of the questions and answers, together with supplementary questions and answers, are attached as appendix A to these minutes.

7. ANNUAL AUDIT COMMITTEE REPORT 2014-15

RESOLVED, unanimously, to receive the annual audit committee report 2014-15.

8. COMMUNITY INFRASTRUCTURE LEVY – NORWICH BUSINESS PLAN 2016-17

RESOLVED, with 30 voting in favour, none against and 5 abstentions, to –

(1) approve the Community Infrastructure Levy Norwich Annual Business Plan for 2016-17;

(2) present the business plan for 2016-17 to the Greater Norwich Growth Board to form the Norwich element of the Greater Norwich Annual Growth programme.

9. MOTION – EMERGENCY BUDGET

Councillor Harris moved and Councillor Waters seconded the motion as set out on the agenda.

RESOLVED, unanimously, to ask the Secretary of State for Communities and Local Government to reconsider plans to make an annual 1% cut in council house rents over the lifetime of this parliament because the proposal set out in the emergency budget will have serious implications for the council's business plan; it's ability to build new council homes and to sustain a major programme of house refurbishment.

10. MOTION – PROPORTIONAL REPRESENTATION

Councillor Schmierer moved and Councillor Raby seconded:-

"At this year's general election, over 5 million people voted for 2 parties (Green and UKIP) who won 2 seats between them, while fewer than 1.5 million votes gave the

Scottish National Party 56 seats and Scotland elected only 1 Labour MP in 59 constituencies, despite Labour receiving 24% of votes.

Labour won 10 city council seats this year with 25,619 votes and 17,922 Green votes equated to 4 seats, while the Conservatives won no seats with 15,617.

Many voters are calling for a fairer electoral system to be implemented, such as the one used in Scottish local elections.

Council resolves to write to the government, the leader of the opposition and our local MPs stating that the council supports a system of proportional representation (PR) for local and national government elections and to suggest Norwich as a possible pilot area for PR in local government".

With 14 voting in favour, 20 against and 1 abstention, the motion was **DECLARED LOST**.

LORD MAYOR

Question 1

Councillor Carlo to ask the portfolio holder for resources and income generation:

"Towards the end last year, Norwich City Council approved capital spending of £210,000 on Waterloo Park pavilion for bringing it back into operation. I enquired why a large amount of money had been earmarked for essential works to a building that had been substantially re-furbished about 12 years ago. The briefing note provided in response contains the statement:

> *"The Heritage Lottery Fund invested a considerable amount of money in Waterloo Park including renovation of the pavilion. The fact that the pavilion is not open and in use as required by the HLF agreement means there is a risk of HLF reclaiming capital provided. The building is also starting to fall into disrepair through lack of use".*

I emailed the city council in March and again in early May to find out why the essential work was not carried at the time of the original refurbishment, especially as it was a condition of the HLF grant. Over ten years have been lost when the pavilion could have been let out for public use and an income generated. The city council promised to investigate and get back but never did.

Please could the cabinet member answer my question?"

Councillor Stonard, portfolio holder for resources and income generation's response:

"Officers have had difficulty tracking down the history to this, as the HLF works at the pavilion were completed over 12 years ago. I am sorry that officers have not kept you informed of their investigations which have taken longer than anticipated due to abortive enquires.

The HLF works involved a number of repairs to the pavilion and improvements to the park more generally. As part of this the roof was inspected in consultation with Ayton Asphalt. In light of this was decided that the asphalt only needed some minor repairs to keep it watertight. Some slabs were added on top of the asphalt

Unfortunately the repair only lasted a short period before water ingress began to reappear, however. It is understood that the source of this ingress was very difficult to identify at the time. This may have contributed to the short lived nature of the repair.

Since the water ingress reappeared further repair work was attempted in 2005-06. In 2012 the waterproof roof membrane was replaced and whilst of good quality it also failed to stop water ingress. More recently a proposal for major capital repairs has therefore been put forward for inclusion in the council's general fund capital programme and which are hoped to remedy the problem for 10 years (as unfortunately flat roofs do not have the same lifespan as pitched tiled roofs).

As originally envisaged, the capital repairs proposal also included ancillary works including provision of car parking. However there is some doubt that the latter would be compatible with the HLF conditions. The project was therefore scaled back but is now being funded from the 2015-16 capital programme for implementation this financial year."

Councillor Carlo asked, as a supplementary question, why the pavilion had not been put back into use in 2013 which was a condition of the Heritage Funding grant. **Councillor Stonard** said that the problems of the roof had been very hard to identify and put right. He hoped that the repairs planned would finally address the problem. He emphasised that the layout and location of this building meant that it was not the easiest building to rent out even when it is in suitable condition.

Question 2

Councillor Boswell to ask the portfolio holder for environment and sustainable development:

"At last year's public examination on the northern distributor road (NDR), evidence was presented that that Norfolk's annual transport carbon emissions will increase by 6.17% if the NDR is built (year 2032 compared to base year 2012), and 4.7% even if the NDR is not built. This is based on county council data presented to the examination, and the figures are not challenged by the county council, and accepted by the examining authority in their report, and the Secretary of State in his decision letter of 2 June.

These figures also reflect the whole *Norwich area transportation strategy* (NATS) and therefore already include any benefits of programmed bus, walking and cycling measures under NATS. Given that the recent NDR decision effectively sets these emission increases for the future in the transport sector under NATS/NDR, please can the cabinet member advise what actions he considers should now be taken to make steeper reductions in emissions in other sectors (such as energy and housing) to meet the city's *Corporate plan* and *Environmental strategy* objectives and targets of Norwich being a low carbon city?"

Councillor Bremner, portfolio holder for environment and sustainable development's response:

"In answering Cllr Boswell's question some context needs to be provided. The figures he quotes from the public examination do not purport to represent changes in Norfolk's annual transport carbon emissions. The county council modelled a sub-set of all relevant transport and it is misleading to suggest it represents the whole transport sector in all of Norfolk which would include much more detail outside of Norwich and would also consider rail etc.

Furthermore the modelling and calculations carried out were not undertaken for the purpose of informing the carbon management strategy for the area. Specific carbon modelling would need to be undertaken in order to do that.

Since 2005 overall carbon emissions in Norfolk have been falling. Back in 2005 it was 8.7 tonnes per person. In 2013 – the latest data from the Department of Energy and Climate Change (DECC) – it was 7.5 tonnes per person, i.e. a 14% reduction.

In the same reporting period Norwich's emissions have fallen even more impressively from 7 tonnes per person to 5.2 tonnes, i.e. a 26% reduction.

Considering the NATS objectives and policies delivery of the strategy including the building of the NDR has only a modest impact on road transport emissions within the city. This is because NATS is intended to manage transport demand to the city so that as much growth as possible is taken up by non-car modes such as cycling and public transport. Data shows that measures such as park and ride and other elements of NATS to-date have been successful in achieving this already. Looking ahead the modelled data presented at the examination predicted a 1.5% increase in motor transport carbon emissions for Norwich and its immediate surrounds by 2032 compared to 2012.

As regards what actions in sectors should be taken to mitigate a potential rise in emissions from transport it would be prudent to continue to monitor actual emission data first and then act on this rather than undertaking actions based on any forecast models.

Presently the council is already embarked on an ambitious environmental work programme through its latest Environmental Strategy. This strategy covers all emission types including industry, transport and domestic. I would refer Councillor Boswell to the action plan contained within it to see what is planned."

Question 3

Councillor Price to ask the portfolio holder for environment and sustainable development:

"Would the cabinet member commit to developing a list of priorities relating to the government's proposed annual 1% cuts in council house rents, if it is introduced, which protects carbon reducing home improvements and the highest build standards that we have committed to with any new housing?"

Councillor Stonard, portfolio holder for resources and income generation's response:

"The council remains committed to the corporate priorities of decent homes for all; including reducing carbon impact and tackling fuel poverty.

Whilst further work needs to be carried out to understand the impact of the recent budget announcements on the 30 year housing revenue account business plan and the council's aspirations for new build; the council is committed to maintain quality, good standards and value for money.

The council's environmental strategy commits council to code 4 or Passivhaus; and the council is supporting fabric first design solutions for new homes to reduce to need to use energy in the first instance and maximise the efficient use of any energy required through renewal and sustainable resources.

In addition, the cost of renewable and sustainable solutions are reducing, which will help us to continue to meet these goals."

Councillor Price asked, as a supplementary question, if the cabinet member could commit to ensuring that any outstanding works to windows, doors and roof repairs would be carried out. **Councillor Stonard** said that in Norwich the rent levels were set by tenants not by government and we would see what would happen in the future.

Question 4

Councillor Woollard to ask the portfolio holder for fairness and equality:

"Can the cabinet member for fairness and equality give his comments on the results of the recent *Solar Together Norfolk initiative*?"

Councillor Thomas, portfolio holder for fairness and equality's response:

"Thousands of people across Norfolk are set to benefit from the recent success of the UK's first ever council-run solar panel scheme. The 3,379 households and businesses across the county which registered for Solar Together Norfolk are set to be offered average savings of 16 per cent on solar panels for their homes and offices.

After a one-day auction process, the savings offered to participants were between 11 per cent and 19 per cent below the current market price for solar panels. The average saving works out at 16 per cent.

For example, a household which requires 16 solar panels would normally expect to pay around £5,740 in the current market. But with Solar Together Norfolk the cost would be £4,630, a saving of £1,100.

The winning contractor for the work is Job Worth Doing Ltd, which is one of the leading UK installers of energy efficiency products. It is accredited by the Renewable Energy Association and has ISO9001 accreditation for high quality standards. All work will be done by Norfolk installers, which are part of the organisation's existing network.

The aim of Solar Together Norfolk is to offer quality competitively-priced solar panels with a guarantee, installed by a reputable installer for sustainable, clean and environmentally-friendly energy. It also means participants can save on energy bills and earn from the power they generate.

The scheme, which achieves the best deal for the best solar product by using the power of collective bargaining, has been open to all householders and businesses throughout Norfolk no matter which council district they are located in.

To accommodate householders who have missed the opportunity to register, new subscribers are being accepted until 14 September. This will be on a first come first served basis until the number of registrants reaches a limit of 4,000. These individuals will be able to register online and then immediately see their personal offer.

Householders and businesses have until Monday 14 September to decide whether to take up the offer. There are no costs or obligations up until this point.

A huge amount of detail is available about Solar Together Norfolk. Please do visit solartogether.co.uk to access this."

Question 5

Councillor Ryan to ask the portfolio holder for environment and sustainable development:

"Can the cabinet member for environment and sustainable development give his views on the proposals for the council to run an accreditation scheme for all privately rented properties in the city and the subsequent enforcement actions that may be taken against landlords who do not comply with the rules of the scheme, if it is approved?"

Councillor Bremner, portfolio holder for environment and sustainable development's response:

"Recent research carried out by the Building Research Establishment for Norwich City Council has shown that as many as 20% of privately rented homes in Norwich and 25% of houses in multiple occupation contain hazards that seriously affect the health and safety of the occupants. This is something that the council is required by law to tackle.

There are a wide range of enforcement powers available to the council to bring about improvements in privately rented homes. Many of these are already used to great effect by the private sector housing team. However, the council's resources are not sufficient to fully address a problem of this size using its existing powers.

The council recognises that the lettings industry is becoming more professional and is taking significant steps towards self-regulation, for example through the national private rented sector code of practice which has been agreed by all the main landlord and managing agent organisations. In carrying out its duties, therefore, the council will seek to minimise the impact on landlords who already comply with the law.

We are therefore proposing a two-tier approach to regulating the private rented sector in Norwich with the accreditation scheme representing the first step.

Landlords who join the scheme will be required to notify the council of their properties and these will be made public via the council's website. They will also agree to manage them in accordance with the national code of practice and with a small number of local conditions. Where a tenant or member of the public believes that the agreement is not being honoured, it may be removed from the scheme. In this way, it is believed that tenants or other people affected by the management of privately rented homes will be able to deal with any problems directly with the landlord, but with the knowledge the council will be able to back them up if necessary.

Properties that are not listed in the scheme will be targeted for formal enforcement action. The council will be taking a no-nonsense approach meaning that any landlord who chooses not to join the scheme and lets sub-standard accommodation will be charged for the full cost of any enforcement work, including the cost of the council doing the works itself, and will be liable to prosecution.

Following an evaluation of the effectiveness of the scheme, a future consultation will be carried out to determine whether the council's existing enforcement tools should be enhanced with the introduction of some form of licensing of privately rented homes.

In summary, the proposed scheme seeks to improve conditions for those living in private rented accommodation and to provide prospective tenants with the information to make informed choices about where they choose to live. It will also minimise the impact on landlords who currently offer good accommodation and enable the council to concentrate its resources on those who are prepared to let unsafe homes."

Question 6

Councillor Maxwell to ask the portfolio holder for leader of the council:

"Is the leader able to give his comments on the successes achieved so far by the *Norwich and Homes and Communities Agency* (HCA) *Strategic Partnership* since 2009 and the benefits that have been secured for the city by this partnership?"

Councillor Waters, leader of the council's response:

"The Norwich and HCA Strategic Partnership was the first partnership of its kind in the country between HCA and a local authority. The partnership secured £8M investment from HCA in the City. Since 2009 the following benefits have been delivered:

i) Restoration of the Memorial gardens. The remaining funding from the Memorial gardens project has been allocated to kick-start a fund raising effort to secure the restoration and relocation of the Lutyens Roll of Honour;

ii) 108 new affordable homes on small sites owned by the council;

iii) The ‘eco-retrofit’ of over 800 council homes;

iv) New skate park at Eaton Park;

v) Contributions to the completion of the Open 24/7 youth venue and the Narthex projects;

vi) Establishment of the ‘Building Futures in Norwich’ project to help ensure that local people can take up job and training opportunities created through construction projects;

vii) Completion of a *Vision and investment plan* for the South City Centre.

viii) Ground investigation work on Mountergate West to enable this site to be brought forward as a mixed development involving housing, offices and car parking

The partnership’s business plan for 2015-6 commits £1,433,391 partnership funding to pay for the road/ infrastructure at Threescore which unlocks the delivery of 1000 homes, plus the 172 unit housing with care/ dementia care scheme (which forms phase 1 of the development). Partnership funding has also been used to secure a commitment from UK Power Networks to underground the high voltage cables that cross the Threescore site.

The housing with care/ dementia care scheme will be completed by March 2016. The road infrastructure is currently under construction and is due to be completed in the autumn 2015. This infrastructure will allow the start of construction of phase 2 early in 2016 by the housing development company to be set up by the council. This phase will deliver 172 dwellings of which 33% will be affordable and 112 are planned to be built to passivhaus standards.”

Question 7

Councillor Button to ask the portfolio holder for, portfolio holder for fairness and equality response:

“Can the cabinet member for fairness and equality give his opinions on the likely impact upon the most vulnerable in Norwich caused by the recent emergency budget and the ongoing work, through the council’s financial inclusion strategy being taken towards mitigating this?”

Councillor Thomas, portfolio holder for fairness and equality's response:

"Since the emergency budget on 9 July, there has been increasing commentary on the overall impacts of the proposed changes to the welfare system.

The changes are many and varied and will impact on some of the poorest people in the country. The following is a summary of some of the main changes where residents will have money withdrawn that is currently paid to them. However, there are many others that will have an impact over time where for example new claimants will see a reduction in benefits or tax credits.

There will be a freeze on most working-age benefits, including tax credits and the Local Housing Allowance for 4 years from 2016-17.

From April 2016, the level of earnings at which a household's tax credits and Universal Credit award starts to be withdrawn will be reduced from £6,420 to £3,850.

Support provided to families through tax credits will be limited to 2 children - any children born after April 2017 will not be eligible for further support

From April 2017, automatic entitlement to housing support for new claims in Universal Credit from 18-21 year olds who are out of work will be removed (exemptions will include vulnerable young people, those who may not be able to return home to live with their parents, and those who have been in work for 6 months prior to making a claim).

The cap on the total amount of benefits an out of work family can receive will be lowered from £26,000 to £20,000 outside of London.

Social housing tenants with household incomes of £30,000 and above outside of London will be required to "Pay to Stay", by paying a market or near market rent for their accommodation.

A new National Living Wage (NLW) will be introduced for workers aged 25 and above, by introducing a new premium on top of the national minimum wage

From April 2016, the new NLW will be set at £7.20 (a rise of 70p relative to the current NMW rate), and 50p above the NMW increase coming into effect in October 2015.

Impacts of the changes

The council's financial inclusion strategy had some simple objectives:

- Free debt and money advice
- Maximising income –
- Reducing fuel poverty
- Promoting a living wage

The overarching aim can be best described as *getting more money into people's pockets.*

In this context the impacts of the emergency budget are therefore best understood from how much money is being taken from some of the poorest people's pockets in Norwich.

Whilst the main headline was the announcement of a "national living wage" more accurately an increase in the national minimum wage, this is by far offset from the significant changes to tax credits.

The changes will vary from household to household and at this stage it is not clear what the full impacts will be. The complexity comes for those households whose income comes from a mixture of earnings and tax credits.
However, the following is some examples of families who will lose money from the changes:

Numbers affected

- **11,000 families** were claiming tax credits in 2013-14 in Norwich, of which **7,400 were in work**.
- Approximately the third lowest-paid part-time resident workers (estimated to be 6,000 people) and lowest paid 10-20% of full time workers (estimated to be 3,500-7000 people) in Norwich earn less than £7.20/hour. It is not possible to say how many of those are over 25 and therefore will benefit from increase in National Minimum Wage (NMW).
- Approximately 100 households who are affected by the current benefit cap may be further affected by the new cap. An additional 500-700 households will come into scope for the new benefit cap, depending on their exact circumstances
- Freezing of working-age benefits will affect all working age benefit claimants, which stood at **10,000 in May 2015**, as well as approximately **15,000 families claiming Child Benefit** (some of whom will be amongst the 10,000 working-age benefit claimants)
- The freeze of applicable amounts for HB and LHA for 4 years will impact on some of the around 18,000 claimants of those benefits in Norwich. Exact numbers are difficult to model. The estimated 2,700 tenants in private rented accommodation are more likely to be affected
- The Institute of Fiscal Studies (IFS) estimate that working-age benefits freeze means an average loss for families who are affected of £260 per year (or £280 per year for those in work)
- Those who are working and claiming tax credits will lose an average of just over £1,000 per year due to changes to work allowances (which equates to £7.4m in Norwich)
- Increase in national minimum wage will not compensate for tax credit changes (for example someone over 25 on current minimum wage could be a partner of someone earning a large salary and still benefit from increase in NMW)

- Anyone already affected by the benefit cap will potentially lose a further £6,000 per year (at least up to the level of their HB), and those newly affected will lose varying amounts

The Institute for Fiscal Studies (IFS) has indicated in its annual report published on 16 July 2015, that nearly two-thirds of British children in poverty live in working families, which challenges the view that work is an automatic route out of poverty.

The IFS also indicates that:

- child poverty and inequality are set to rise as a consequence of the planned tax and benefit cuts
- recent declines in income inequality will be reversed,
- current static child poverty rates will begin to increase

The IFS research also states that:

- the planned rise in the minimum wage will be counter-balanced by cuts to benefits and tax credits, pushing up absolute poverty figures
- the top 1% of earners increased their share of household income from 5.7% in 1990 to 8.4% in 2007-08 and 8.3% in 2013-14
- Disabled people, lone parents and social housing renters all appeared to be hit by rising material deprivation, meaning that they were more likely than others to struggle with the cost of basic goods and services.

In summary, the increasing levels of employment have masked increasing problems of in-work poverty something that has been a recurring issue in Norwich. Whilst the planned increase in the minimum wage will help, many low-income working families will still find themselves worse off due to tax-credit changes.

The role of the council and partners

The ability for the council to mitigate these considerable impacts is limited, given the scale of change and the reducing finances available to the council.

The principles of the financial inclusion strategy, now incorporated into a broader approach to reducing inequality are still sound and more relevant since the emergency budget.

Collaborating with partners has always been a fundamental principle within the financial inclusion work and this will continue with the broader reducing inequalities activity.

The report to Cabinet in March 2015 identified seven broad areas of investigation and action where the council may have a realistic chance of making a difference to reducing inequality including the changes in the emergency budget. These are:

a) **Regeneration and development** – consider the implications and opportunities to further advance equality (and avoid increasing inequality) via e.g. City Deal, Local Enterprise Partnership, new housing development and economic development.

b) **Develop living wage and social value** into broader policies across a number of key themes over the three years, including:

   i) Contracts e.g. procurement and award
   ii) Grants and commissioned services – moving a range of sectors toward living wage
   iii) Other partnerships and funding streams and an explicit expectation to directly impact inequality (health, culture, active travel)
   iv) Civic leadership – how best to further advocate for reducing inequality and supporting living wage e.g incentives to become living wage employers

c) **Open spaces / physical activity / food** – look at the linkages between open spaces and sports strategy plans, opportunities for Community Led Local Development (or its successor), links between allotments, food, low income etc. Review Go4Less and how that may enable targeted activity or support.

d) **Digital inclusion** – based upon the three year service transformation challenge award action planning. This has at its heart work with digitally excluded communities and opportunities inclusion may afford in terms of jobs, income, reducing costs etc.

e) **Housing**– assessing the opportunities within the council's approach to housing including the impacts of rent levels and high quality capital improvements, use of housing resources to support community wide activity and provision which reduces inequality (welfare reform, advice, engagement, facilities etc.)

f) **Transformation and budget challenges** – continued and robust examination of transformation and budget changes through the prism of financial and other inequality matters. Additional work on developing and utilising the socio economic considerations within the equality impact assessment tool for this as well as other policy and change activity to reduce unintended consequences. Existing work to support debt and money advice, income maximisation and expenditure minimisation

g) **Affordable warmth** – recognising the links between housing and health as well as income and life opportunities. Continue to build and source additional opportunities to address the poorest quality housing in Norwich (e.g. within the private rented or owner occupied sector)"

Question 8

Councillor Mike Sands to ask the leader of the council:

"It was announced that the Norwich Aviation Academy is moving a step closer following Norfolk County Council approving a £6m loan. Working together with partners, can the leader give his opinion on the likely potential advantages to Norwich from this joint venture?"

Councillor Waters, leader of the council's response:

"KLM UK Engineering already provides a highly valued programme of quality training and apprenticeships at Norwich Airport; locally at apprentice and nationally at graduate level. However, research by the International Civil Aviation Organisation shows that the aviation industry is facing a substantial local and global need and demand to increase the recruitment of trained personnel; this is due both to expansion of the sector globally and also the ageing demographic profile of its current workforce. The proposed Norwich Aviation Academy facility provides a unique opportunity to bring together KLM with the Airport, City College, University of East Anglia and Aviation Skills Partnership with the local authorities to provide a centre of training excellence to help meet these needs.

It is vital to build on what we have in Norwich, the Norwich Aviation Academy will create one of the UK's foremost aviation training facilities. Failure to seize the current opportunity so to do will risk investment moving elsewhere as other regional airports become alert to the opportunity.

Initially focussing on aviation engineering, the facility will gradually extend its remit into ground crew operations, air traffic Control, cabin/crew training, operations, planning, and pilot training.

Courses will be offered at a variety of levels ranging from apprenticeship to graduate. Both KLM and the Aviation Skills Partnership have a good reputation in providing high quality apprenticeship training to meet local need and the Partnership also has an excellent track record of working with disengaged young people, and using the aviation sector as a source of inspiration.

The Academy will be a significant enhancement to local skills provision helping local people enter into high value employment. In turn it will both help secure and enable the growth of aviation engineering at the Airport providing further high value jobs and helping support other employment. Finally it will also attract students from further afield whose expenditure will also add to the prosperity of the local economy. These latter points include through supply chain activity and the likelihood that a high profile facility of this type is likely to attract other aviation and engineering employers into the local area."

Question 9

Councillor Herries to ask the portfolio holder for resources and income generation:

"The *River Wensum Strategy Partnership* is running a consultation until Friday 24 July on how to protect and promote this treasured resource for our city. Can the cabinet member for resources and income generation give any early indications on the feedback and views provided since the launch of consultation on 24 June and how best members of the public can continue to take part?"

Councillor Stonard, portfolio holder for resources and income generation's response:

"The consultation exercise has been hugely successful with around 140 responses received to date. Since the consultation is not yet complete it is too early to draw any particular conclusions from the responses but analysis of the comments received so far suggest that issues relating to the availability of boating facilities (in particular canoe access points) and joining up stretches of the riverside walk have drawn most comment. These issues will be explored as the strategy is developed.

Respondents to this consultation have had the opportunity to submit their contact details and to be kept informed about further developments or consultations. Future consultations will also be communicated to stakeholders and through our website, the press and social media."

Question 10

Councillor Peek to ask the leader of the council:

"What is the opinion of the leader of the council regarding the role of Norwich and greater Norwich as part of any future devolution settlement?"

Councillor Waters, leader of the council's response:

"Councillor Peek, thank you for your timely question. In any devolution settlement, given the emphasis on 'rebalancing' the British economy it is vital that stand-alone cities like Norwich are not lost in a big combined authority.
If that were to happen it would dilute the role Norwich and Greater Norwich has in driving economic growth and this would be not only to the detriment of Greater Norwich but also to the region.

Key data makes this explicit:

- 53% of all jobs in the Norfolk area are in Greater Norwich (28% of the LEP area)
- 54% of the GVA in the Norfolk area is in Greater Norwich (26% of the LEP area)
- 57% of the actual jobs growth in Norfolk in the last 15 years has been in Greater Norwich.
- 50% of all planned housing growth in Norfolk is in Greater Norwich
- 52% of the planned jobs growth in Norfolk is in Greater Norwich.

Norwich is working closely with the Key Cities Group and its partners on the Greater Norwich Growth Board to make a strongly evidenced case to the Secretary of State that Greater Norwich should have a central role in any devolution settlement for the East of England."

Report to	Council	**Item**
	29 September 2015	8
Report of	Chief finance officer	
Subject	Treasury management full year review report 2014-15	

Purpose

To review treasury management performance for the year to 31 March 2015

Recommendation

To note the report and the treasury activity for the year to 31 March 2015

Financial implications

The report has no direct financial consequences however it does report on the performance of the council in managing its borrowing and investment resources

Ward/s: All Wards

Cabinet member: Councillor Stonard– Resources and income generation

Contact officers

Justine Hartley	01603 212440
Philippa Dransfield	01603 212562

Background documents:

None

Report

1. Background

The council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return. Counterparty risk is the term for the potential risks taken by an investor that the bank, building society, local authority or investment counterparty will be unable to repay the money invested.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure the council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet council risk or cost objectives.

As a consequence, treasury management is defined as:

> "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. Introduction

Norwich City Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2014-15. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2014-15 the minimum reporting requirements were that the full council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 18/02/2014)
- a mid year (minimum) treasury update report (Council 10/12/2014)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the council's policies previously approved by members.

This council also confirms that it has complied with the requirement under the code to give prior scrutiny to all of the above treasury management reports by the cabinet before they were reported to the full council. Member training on treasury management issues was undertaken during November 2013 in order to support members' scrutiny role.

This report summarises the following:-

- Capital activity during the year (section 3)
- Impact of this activity on the council's underlying indebtedness (the capital financing requirement) (section 4)

- The actual prudential and treasury indicators (section 4)
- Overall treasury position identifying how the council has borrowed in relation to this indebtedness, and the impact on investment balances (section 5)
- Review of treasury strategy and economic factors (sections 6 & 7)
- Borrowing rates and detailed debt activity (sections 8 & 9)
- Investment rates and detailed investment activity (sections 10 & 11)

3. The council's capital expenditure and financing 2014-15

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need, which will be satisfied by either external or internal borrowing.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m general fund	2013-14 actual	2014-15 mid-year estimate	2014-15 actual
Capital expenditure	3.5	13.4	7.2
Financed in year	3.5	7.9	7.2
(Over) / unfinanced capital expenditure	-	5.5	-

£m HRA	2013-14 actual	2014-15 mid-year estimate	2014-15 actual
Capital expenditure	27.2	44.4	30.5
Financed in year	28.6	44.4	32.0
(Over) / unfinanced capital expenditure	(1.4)	-	(1.5)

4. The council's overall borrowing need

The council's underlying need to borrow for capital expenditure is termed the capital financing requirement (CFR). This figure is a gauge of the council's debt position. The CFR results from the capital activity of the council and what resources have been used to pay for the capital spend. It represents the 2014-15 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the government, through the public works loan board (PWLB) or the money markets), or utilising temporary cash resources within the council.

Reducing the CFR – the council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The council is required to make an annual revenue charge, called the minimum revenue provision – MRP, to reduce the CFR. This is effectively a repayment of the non-housing revenue account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision (VRP).

The council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

£m general fund	**2013-14 actual**	**2014-15 mid-year estimate**	**2014-15 actual**
Opening balance	26.8	25.7	25.7
Add: unfinanced capital expenditure (as above)	-	5.5	-
Less: MRP	(1.1)	(1.0)	(1.0)
Closing balance	25.7	30.2	24.7

£m HRA	**2013-14 actual**	**2014-15 mid-year estimate**	**2014-15 actual**
Opening balance	210.3	208.8	208.8
Add: unfinanced capital expenditure (as above)	(1.4)	-	(1.5)
Less: Finance lease repayments	(0.1)	(0.1)	(0.0)
Closing balance	208.8	208.7	207.3

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term the council's external borrowing, must only be for a capital purpose. This essentially means that the council is not borrowing to support revenue expenditure. Gross borrowing should not therefore, except in the short term, have exceeded the CFR for 2014-15 plus the expected changes to the CFR over 2014-15 and 2015-16 from financing the capital programme. This indicator allows the council some flexibility to borrow in advance of its immediate capital needs in 2014-15. The table below highlights the council's gross borrowing position against the CFR. The council has complied with this prudential indicator.

It should be noted that this indicator changed from comparing net borrowing to the CFR with effect from 2014-15; this provides a more appropriate indicator.

£m	2013-14 actual	2014-15 mid-year estimate	2014-15 actual
Gross borrowing	224.2	224.2	224.2
CFR	234.5	238.9	232.0

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2014/15 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

£m	2014-15
Authorised limit	266.0
Maximum gross borrowing position	224.8
Operational boundary	224.4
Average gross borrowing position	224.2
Financing costs as a proportion of net revenue stream	

5. Treasury position as at 31 March 2015

The council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the council's treasury management practices. At the beginning and the end of 2014-15 the council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

	31- Mar-14 £m	Rate / Return	Average Life years	31- Mar-15 £m	Rate / Return	Average Life years
Fixed Rate Funding						
- PWLB	218.9	4.42%	11.3	218.9	4.42%	10.3
- Market	5.0	4.80%	40.04	5.0	4.80%	39.04
- Other	0.5	3.00%	Perpetually irredeemable	0.5	3.00%	Perpetually irredeemable
Total debt	224.4			224.4		
CFR	235.4			232.0		
Over /(under) borrowing	(11.0)			(7.6)		
Investments	64.0	1.09%	0.4	67.3	0.83%	0.5
Net Debt	160.4			157.1		

The maturity structure of the debt portfolio was as follows:

Maturity structure of fixed rate borrowing	31-Mar-2015 £m	31-Mar-2014 £m
under 12 months	6.36	1.30
12 months and within 24 months	5.75	5.06
24 months and within 5 years	14.00	17.75
5 years and within 10 years	59.96	59.46
10 years and within 20 years	132.18	132.53
20 years and within 30 years	1.97	4.12
30 years and within 40 years	5.29	5.29
Total	**225.51**	**225.51**

The difference between the amounts in the table above and the total debt disclosed in the previous table is the current repayable debt of £1.3m which relates to accrued interest on the PWLB and Barclays loans.

The following table shows the movement in investments in the year.

Investments £'000	Actual 31 March 2014	Movement			Actual 31 March 2015
		Invested	Matured	Transferred to Short Term	
Long Term					
Banks	-	3,000	-	-	3,000
Local Authorities	3,000	-	-	(3,000)	-
Short term					
Banks	34,500	15,000	(34,500)	-	15,000
Building Societies	7,000	35,000	(12,000)	-	30,000
Local Authorities	-	2,000	-	3,000	5,000
Cash Equivalents					-
Banks	10,000	99,846	(99,846)	-	10,000
Building Societies	9,500	504,495	(509,745)	-	4,250
Local Authorities	-	6,000	(6,000)	-	-
Total	**64,000**	**665,341**	**(662,091)**	**-**	**67,250**

The maturity structure of the investment portfolio was as follows:

£'000	31-Mar-15	31-Mar-14
Longer than 1 year	3,000	3,000
Under 1 year	64,250	61,000
	67,250	**64,000**

6. The strategy for 2014-15

The expectation for interest rates within the strategy for 2014-15 anticipated low but rising bank rate (starting in quarter 1 of 2015), and gradual rises in medium and longer term fixed borrowing rates during 2014-15. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The actual movement in gilt yields meant that PWLB rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.

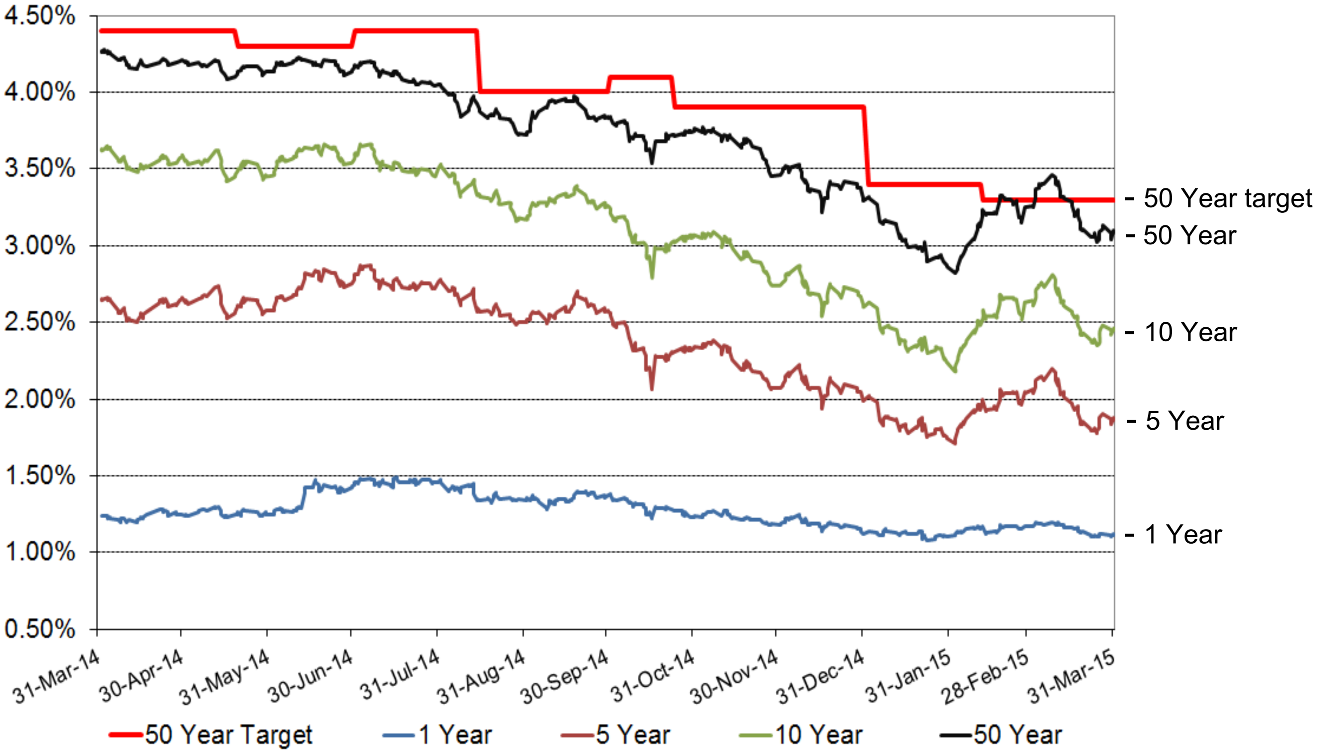
7. The economy and interest rates

The original market expectation at the beginning of 2014/15 was for the first increase in bank rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in bank rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the ECB was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. In mid-October, financial markets had a major panic for about a week. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the MPC would have great difficulty in starting to raise bank rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.

Gilt yields were on a falling trend for much of the last eight months of 2014-15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone(EZ) once the so called impossibility of a country leaving the EZ had been disproved. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

8. Borrowing rates in 2014-15

PWLB borrowing rates - the graphs and table for PWLB maturity rates below show for a selection of maturity periods, the high and low points in rates, the average rates, spreads and individual rates at the start and the end of the financial year.



9. Borrowing outturn for 2014-15

Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

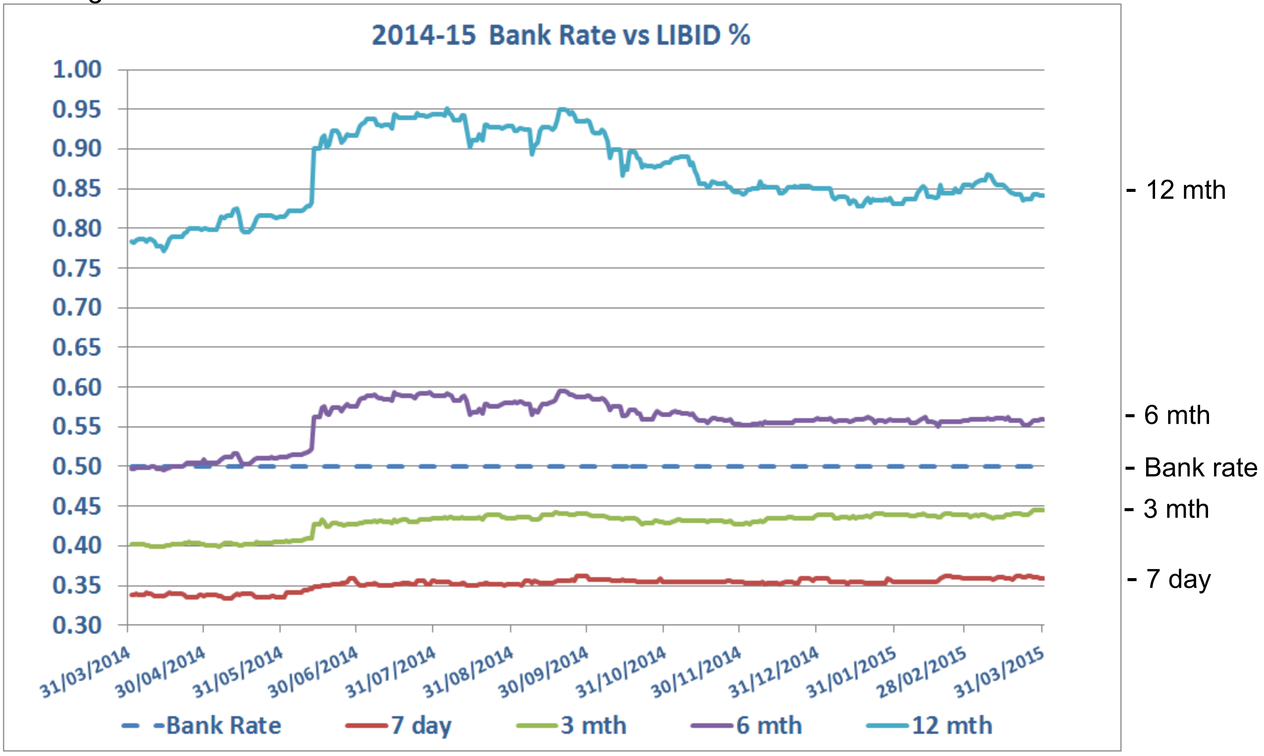
Borrowings by the council

During 2014-15 the council paid £9,928,046 in interest cost, this compares to a budget assumption of £9,931,540

Investment rates in 2014-15

Bank rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for

Lending Scheme



10. Investment outturn for 2014-15

Investment policy – the council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the council on 18 February 2014. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps [a financial swap agreement that the seller of the CDS will compensate the buyer in the event of a loan default or other credit event]., bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the council had no liquidity difficulties.

Resources – the council's cash balances comprise revenue and capital resources and cash flow monies. The council's core cash resources comprised as follows:

£m Balance Sheet Resources	**31-Mar-15**	**31-Mar-14**
Balances	29.8	33.4
Earmarked Reserves	4.1	2.6
Useable Capital receipts	24.9	19.8
Capital grants Unapplied	5.1	3.9
Total	**63.9**	**59.8**

Investments held by the council - the council maintained an average balance of £67.6m of internally managed funds. The internally managed funds earned an average rate of return of 0.935%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.352%. This compares with a budget assumption of £60m investment balances earning an average rate of 1.0%. The average of the population of 206 local authorities was 0.70% and that of 87 non-met authorities was 0.72%.

The council's investment return for 2014-15 is £1,027,445 which is £427,445 above the amount budgeted for the year of £600,000. The variance is due to having a higher average balance to invest.

The council is part of a benchmarking group across Norfolk, Suffolk and Cambridgeshire, the table below shows the performance of the council's investments compared to the other councils (who have been made anonymous). This shows that the rate of return that will be achieved by investments held at the yearend by the council as being the 3rd highest and with highest risk when compared to the rest of the benchmarking group.

Council	WARoR		WA Risk		WAM		WA Tot. time	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Norwich	0.83%	1.09%	4.7	4.8	173	147	329	425
A	0.90%	0.85%	2.9	3.4	216	139	419	208
B	0.51%	0.69%	2.6	3.9	51	145	80	185
C	0.75%	0.87%	3.5	3.9	27	46	218	260
D	0.78%	0.94%	3.9	3.9	114	103	217	236
E	0.68%	0.65%	3.5	4.4	136	142	204	180
F	0.75%	0.71%	4.0	4.5	92	102	172	127
G	0.79%	N/A	3.2	N/A	201	N/A	281	N/A
H	0.89%	N/A	4.3	N/A	54	N/A	216	N/A

WARoR – Weighted average rate of return. This is the average annualised rate of return weighted by the principle amount in each rate

WA risk – Weighted average risk number. Each institution is assigned a colour to a suggested duration using Sector's credit methodology. The institution is assigned a number based on its colour and an average, weighted using principal amount, of these numbers is calculated.

1 Up to 5 years

2 Up to 2 years

3 Up to 1 year

4 Up to 6 months

5 Up to 3 months

6 0 months

A number of 4.7 means between 3 to 6 months

WAM – Weighted average time to maturity. This is the average time, in days, until the portfolio matures, weighted by the principle amount

WA Tot. Time – Weighted average total time. This is the average time, in days, that deposits are lent out for, weighted by the principle amount

Integrated impact assessment

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:	Cabinet
Committee date:	9 September 2015
Head of service:	Justine Hartley
Report subject:	Full Year Treasury Management Report
Date assessed:	18 August 2015
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	The report has no direct financial consequences however it does report on the performance of the Council in managing its borrowing and investment resources
Other departments and services e.g. office facilities, customer contact	☒	☐	☐	
ICT services	☒	☐	☐	
Economic development	☒	☐	☐	
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	

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

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Report to	Council	**Item**
	29 September 2015	9
Report of	Executive head of regeneration and development and Chief Finance Officer	
Subject	Borrowing authorisation agreement to use future Community Infrastructure Levy revenues to support delivery of strategic infrastructure including the Norwich Northern Distributor Road	

Purpose

To consider the proposed legally binding borrowing authorisation agreement to use future Community Infrastructure Levy (CIL) revenues to fund costs associated with the delivery of the Norwich Northern Distributor Road (NDR).

Recommendation

To resolve to make the necessary provision for repayment of borrowing associated with the delivery of Norwich Northern Distributor Road project, using Community Infrastructure Levy (CIL) revenues, as detailed in the report.

Corporate and service priorities

The report helps to meet the corporate priorities of a prosperous and vibrant city and a healthy city with good housing.

Financial implications

As detailed in the report.

Ward/s: All

Cabinet member: Councillor Alan Waters, leader of the council.

Contact officers:

David Moorcroft, Executive head of regeneration and development	01603 212225
Justine Hartley, Chief Finance Officer	01603 212440

Background documents:

None

Background

1. The principle of using borrowing to secure the timely delivery of strategic infrastructure needed to support growth has been under discussion for some time.

2. In March 2011 Greater Norwich Development Partnership Policy Group agreed to use a significant proportion of future CIL revenues to establish a shared investment fund to support delivery of priority 1 key infrastructure projects and this includes up to £40m of local investment for the delivery of the NDR and related measures.

3. In December 2013 the Greater Norwich City Deal was signed. Among other things this gave City Deal partners access to the Public Works Loan Board (PWLB) project rate discount on £60 million borrowing to fund strategic infrastructure and included a commitment from the District Authorities to pooling CIL income to create a substantial local growth fund.

4. In March 2014, cabinet approved the Greater Norwich Growth Board (GNGB) agreement and constitution, and Council approved the pooling of CIL income to deliver infrastructure across Greater Norwich. The agreement provided for Councils across Greater Norwich (Broadland, Norwich and South Norfolk) to pool all of available CIL revenues, apart from elements reserved to cover administration costs and neighbourhood level expenditure, into an infrastructure investment fund to deliver a wide ranging capital programme of growth related projects, including the NDR.

5. In July 2015, Council approved the Norwich annual business plans for 2016-17 (setting out strategic infrastructure projects for Norwich proposed for funding from the pooled CIL fund in that year). This business plan included reference to agreeing to use pooled CIL funding in future years to ensure the delivery of Norwich Area Transportation Strategy, including particularly the NDR and Long Stratton Bypass. It noted that there would be no call on pooled funding in 16/17 for these schemes, but there would be in future years.

Proposed Borrowing Authorisation Agreement

6. Following the approval of the NDR through its regulatory procedures the stage has been reached when funding draw down needs to occur in order to allow commencement of construction of the project. This requires the Council to enter into a formal borrowing authorisation agreement with the County Council and the other CIL raising Districts in the GNGB.

7. The proposed borrowing authorisation agreement is attached as Appendix 1. It is in two parts. The first part is an agreement between the County Council and the three District CIL raising partners (Norwich City, Broadland District and South Norfolk Councils) related to borrowing to support the delivery of strategic infrastructure. It is to provide assurance to the County Council, as the accountable body for the borrowing, that the District Councils will continue to make CIL revenues available to the infrastructure investment fund to fund the costs of repayment of the borrowing throughout the term of the loan.

8. This agreement relates to all borrowing that will be undertaken to deliver strategic infrastructure. It will apply to all of the £60m PWLB borrowing and potentially to other sources of borrowing if agreed. It sets out what the liabilities of the partners are and how these will be managed in certain circumstances, including in the event of one or more of the partners seeking to leave the agreement and/or the Greater Norwich Growth Board.

9. There is currently no certainty on the range of schemes which will be funded by the PWLB borrowing or when draw down of the funding will be needed. In addition to the Norwich Northern Distributor Road (NDR), it is expected that up to £10m of funding will be needed to deliver the Long Stratton Bypass and up to £10m to deliver other elements of the Norwich Area Transportation Strategy within the City, but further development work is needed on schemes before details of the funding arrangements can be agreed.

10. Schedule 2 of the agreement only relates to the drawdown of £40m of the borrowing provision. This is the amount that is needed to ensure the delivery of the NDR project. It stresses that £40m is the maximum contribution which will be met by the Districts and the County Council will be fully responsible for any overspend on the project. Similar schedules will need to be entered into separately by the Council for any subsequent projects to be supported by further borrowing.

11. Schedule 2 sets out how the borrowing of £40m of PWLB funding is to be allocated to the Infrastructure Investment Fund. The interest rate charged by the County Council on the borrowing allocated to the fund will be determined by the relevant PWLB discount project rate applicable on the day the County Council draws down the £40m funding. Currently schedule 2 sets out repayments to be met from the pooled CIL revenues over the period 2017/18-2041/42 based on the applicable rate at the end of June 2015. This is illustrative only and will need to be updated once the funding is drawn down (currently expected to be in October 2015). At the rate applicable at the end of June interest repayments of £15,433,328 would be due over 25 years on the £40m to be borrowed.

12. There are a number of noticeable features of the proposed agreements that should be noted.

13. It is a fundamental principle of the agreement that the funding of borrowing payments will not impinge on the capital or revenue funds of the three District Councils and will be met wholly from the allocation of a proportion of future CIL payments made into the Infrastructure Investment Fund.

14. The current Greater Norwich Growth Board (GNGB) joint working agreement provides for each Council to produce an annual business plan setting out its proposed schemes for inclusion in the Greater Norwich Annual Growth Programme. Where these are included within the growth programme the costs are attributed to the proposing District. Should any District withdraw from the pooling arrangements or the GNGB it can be held liable for any costs attributed to it if these are in excess of its contributions to the pooled fund. Conversely should any District withdraw from the GNGB it is entitled to a refund of any excess of contributions made over the cost of schemes delivered from its business plans.

15. The proposed agreement changes the above in relation to the strategic schemes that are to be delivered through the borrowing arrangements. Instead of such

schemes being attributed to a single promoting District the liabilities are shared between the Districts, the attribution to the individual District will only be identified in the event of the District seeking to leave the agreement. This will be determined by the application of the criteria set out in para 6.5 of the borrowing agreement. There is a provision for dispute resolution should a financial settlement not be agreed between the parties to the agreement.

16. It is therefore not possible to identify at this stage what proportion of the borrowing liabilities illustrated as £55,433,328 in schedule 2 for the NDR would be attributed to the City Council in the event of it seeking to leave the agreement before the loan is repaid. It should be noted though that these risks are limited only to the possible use of future CIL income (or any equivalent or replacement developer tax or levy) as set out in para 3.8 of the borrowing authorisation agreement. There is no risk to the reserves or future revenue budgets of the City Council. Should CIL be scrapped with no replacement mechanism put in place then 100% of the costs of borrowing would need to be met by the County Council. It should also be noted that Schedule 2 provides for the County Council to be 100% liable for any overspend on the NDR project.

17. The ability of the GNGB to fund infrastructure investment through future annual growth programmes will be affected by the need to make provision for borrowing repayments. The extent of this will depend on the level of CIL revenues generated and the nature of infrastructure required.

18. Current projections of future levels of CIL arising would suggest that repayments on the NDR will be relatively affordable as a proportion of total pooled CIL revenues up to 2026. However, the level of CIL revenues generated will be influenced by the rate of delivery of CIL liable development, the rates at which CIL is charged (which are subject to periodic review), and regulatory change to the CIL charging system either increasing or reducing the proportion of development that is CIL liable. As such it is not possible to project what level of CIL income may be generated by the pooled fund across the 25 year period over which repayments are needed. If growth rates stall in future it is possible that a significant proportion of future CIL revenues will be needed to go to meet debt repayments rather than enabling delivery of further infrastructure.

Process for formal sign off of the agreement

19. Further meetings of Broadland, South Norfolk and the County Councils are not needed for these organisations to enter into the attached agreement. Therefore should the recommendations in this paper be agreed it is anticipated that the borrowing authorisation agreement will be capable of being signed within days allowing borrowing draw down to take place and commencement of construction of the NDR shortly thereafter. If there is a need for any further minor drafting changes to be made as part of the formal sign off process it is suggested that these should be agreed by the Executive Head of Regeneration and Development and the Chief Finance Officer in consultation with the Leader of the Council.

Integrated impact assessment

NORWICH City Council

Report author to complete				
Committee:	Council			
Committee date:	29 September 2015			
Head of service:	Graham Nelson			
Report subject:	Borrowing authorisation agreement to use future Community Infrastructure Levy revenues to support delivery of strategic infrastructure including the Norwich Northern Distributor Road			
Date assessed:	21 September 2015			
Description:	To approve the borrowing authorisation agreement to use future Community Infrastructure Levy revenues to support delivery of strategic infrastructure including the Norwich Northern Distributor Road.			

Economic (please add an ‘x’ as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	☒	☐	Use of CIL income to support at discounted PWLB rates will support the early delivery of key strategic transport projects needed to improve transport and unlock sites for residential and employment development. This should further stimulate the flow of various revenues into the Council and partners.

Other departments and services e.g. office facilities, customer contact	☐	☒	☐	Delivery of key strategic transport projects increase the prospect of delivery of the Joint Core Strategy which includes the provision of homes, jobs and community facilities. The impact of this on other services is hard to identify but is potentially wide ranging.
ICT services	☒	☐	☐	
Economic development	☐	☒	☐	Major investment in strategic transportation projects will make Norwich more attractive for investors
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act **1998**	☒	☐	☐	
Human Rights Act 1998	☒	☐	☐	
Health and well being	☒	☐	☐	
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☒	☐	Borrowing will significantly improve transportation in Norwich

Natural and built environment	☒	☐	☐	Borrowing will be used to speed up the delivery of strategic transport projects. Whilst these projects will undoubtedly have an impact on the environment, resource use, pollution and climate change all these issues have been thoroughly assessed both at the strategic level through the production of the Joint Core Strategy and in more detail through the processes to approve the individual schemes.
Waste minimisation & resource use	☒	☐	☐	
Pollution	☒	☐	☐	
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	

Recommendations from impact assessment
Positive
The borrowing authorisation agreement will enable the draw down of funding at competitive rates to speed up the delivery of strategic transport infrastructure. This will not only improve transport infrastructure but should also stimulate the economy more generally leading to the provision of more homes and jobs and increasing the flow of investment into the area and improving Council finances.
Negative
Neutral

Whilst these transport projects will undoubtedly have an impact on the environment, resource use, pollution and climate change all these issues have been thoroughly assessed both at the strategic level through the production of the Joint Core Strategy and in more detail through the processes to approve the individual schemes. They do not need to be re-examined in the context of the borrowing authorisation agreement.
Issues

Dated 2015

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL

and

NORFOLK COUNTY COUNCIL

AGREEMENT

Relating to GNGB Partner Draw-down and Borrowing Authorisations

---

nplaw
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

nplaw / 38536

THIS AGREEMENT is made on the_______day of____________________2015

BETWEEN

(1) **BROADLAND DISTRICT COUNCIL** of Thorpe Lodge, 1 Yarmouth Road, Norwich, Norfolk, NR7 0DU ("**Broadland**")

(2) **NORWICH CITY COUNCIL** of City Hall, St Peter Street, Norwich, NR2 1NH ("**Norwich**")

(4) **SOUTH NORFOLK DISTRICT COUNCIL** of South Norfolk House, Swan Lane, Long Stratton, Norfolk, NR15 2XE ("**South Norfolk**")

(4) **NORFOLK COUNTY COUNCIL** of County Hall, Martineau Lane, Norwich, NR1 2DH ("**County Council**")

(together "the Parties"; Broadland, Norwich and South Norfolk together the "District Councils")

Recitals

(i) The Parties have with the New Anglia Local Enterprise Partnership established the Greater Norwich Growth Board to oversee the delivery of the Greater Norwich Growth Programme as more particularly set out in the Joint Working Agreement dated 26 September 2014.

(ii) The Greater Norwich Growth Board has agreed the Infrastructure Investment Fund Programme Governance (as appended to the Joint Working Agreement), the purpose of which is to deliver the capital programme of infrastructure projects identified in the Joint Core Strategy and the Greater Norwich Infrastructure Plan (formerly the Local Investment Plan and Programme).

(iii) The Parties agree that the County Council shall borrow funds from various sources as they are identified to assist with the delivery of the Growth Programme. The County Council shall ensure that the cost of any borrowing (up to £60m) for this purpose will be undertaken at the equivalent of the prevailing Public Works Loan Board preferential rate as set out in the City Deal dated 12 December 2013.

(iv) The Parties acknowledge the collective and individual benefits of delivering the Growth Programme to each of them. Furthermore the Parties have agreed to enter into this Agreement to formalise their commitment and their financial obligations in respect of any borrowing undertaken for the purpose of funding schemes and projects approved in the Growth Programme by the Greater Norwich Growth Board.

(v) More particularly this Agreement is intended to give assurance to the County Council, as the accountable body, of the District Councils' agreement that their Community Infrastructure Levy will be made available to the County Council (or other accountable bodies if different to Norfolk County Council) for purposes of meeting the District Council's liabilities in respect of borrowing undertaken by the County Council on behalf of the Greater Norwich Growth Board for the delivery of the Growth Programme.

(vi) In agreeing to work together in relation to these matters the Parties accordingly wish to record the basis on which they will collaborate with each other. This Agreement sets out the terms of financial arrangements, the principles of collaboration and respective roles and responsibilities of the Parties.

THE PARTIES AGREE as follows:

<u>1.1 Interpretation</u>

"Annual Growth Programme" means the programme of capital projects developed by the GNGB and approved annually by the Parties in accordance with clause 5, more particularly set out in Schedule 1;

"CIL Revenues" means all that party's Community Infrastructure Levy revenues less an administration deduction to the extent permitted by the Regulations but not to exceed a deduction of 5%, and a further deduction of 15% or 25% neighbourhood contribution as applicable;

“Commencement Date” means 1st October 2015;

“Community Infrastructure Levy” means the Community Infrastructure Levy pursuant to the Planning Act 2008 and Community Infrastructure Levy Regulations 2010 or equivalent or replacement developer tax or levy as implemented from time to time;

“Event of Default" means any event or circumstance specified in this definition:-

(a) the Party fails to perform and/or observe any provision of this Agreement;

(b) the Greater Norwich Growth Board is dissolved;

(c) the Party terminates its participation in or is discharged from the Greater Norwich Growth Board;

(d) any fraud on the part of the Party;

(e) any representation or warranty made or repeated by the Party pursuant to this Agreement, is incorrect when made or repeated;

“FOIA" means the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and any subordinate legislation made thereunder and any guidance and codes of practice issued under such legislation;

“GNGB” means the Greater Norwich Growth Board established pursuant to the Joint Working Agreement;

“Greater Norwich Infrastructure Plan” means the plan supporting the delivery of infrastructure identified in the Joint Core Strategy for the Greater Norwich area.

“Joint Core Strategy” means the overarching strategy for growth across the Greater Norwich area.

“Joint Working Agreement” means the agreement between the Parties and New Anglia Local Enterprise Partnership establishing the Greater Norwich Growth Board for the joint management of the Greater Norwich Growth Programme dated 26 September 2014;

"Loan" means any loan, or other form of finance accessed by the County Council for the purpose of funding strategic projects as may be agreed by the GNGB from time to time. Furthermore it is understood that any finance accessed by the County Council up to £60m on behalf of the GNGB will be on terms equal to the equivalent prevailing PWLB Project Rate loan rate and terms;

"PWLB" means Public Works Loan Board;

"Project" means a capital project agreed by the GNGB in accordance with clause 5 in relation to which the parties will collaborate in accordance with this Agreement, as further described in a particular Project Schedule;

"Project Period" means subject to earlier termination in accordance with this Agreement, the period from the start date to the end date for a Project, as set out in a Project Schedule;

"Project Schedule" means a document specifying particulars in relation to a particular Project, agreed by the parties in accordance with clause 5 and attached to this Agreement as a Schedule;

"Regulations" means the Community Infrastructure Levy Regulations 2010;

"Infrastructure Investment Fund" means the pooled fund comprising the CIL Revenues out of which payments may be made by the County Council towards its liabilities in respect of any Loan drawn down for the purposes of funding the Annual Growth Programme; and

"Termination Date" means 31st March 2026.

1.2 In this Agreement:

(a) clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement;

(b) unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;

(c) a reference to a party shall include that party's successors, permitted assigns and permitted transferees;

(d) a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;

(e) a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;

(f) a reference to this Agreement (or any provision of it) or to any other agreement or document referred to in this Agreement is a reference to this Agreement that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this Agreement) from time to time;

(g) unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this Agreement and a reference to a paragraph is to a paragraph of the relevant Schedule;

(h) any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;

(i) a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);

(j) a reference to continuing in relation to an Event of Default means an Event of Default that has not been remedied or waived;

(k) a reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(l) references to a document in agreed form are to that document in the form agreed by the parties and initialled by them or on their behalf for identification and

(m) the Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules.

2. Status of this Agreement

2.1 This Agreement shall commence on the Commencement Date and subject to all the Parties' liabilities arising under the Agreement having been settled and subject to the Project Schedules shall continue until the Termination Date ("the Initial Term"), when it shall terminate automatically without notice unless, no later than 12 months before the end of the Initial Term (or any Extended Term agreed under this clause), the Parties agree in writing that the term of the Agreement shall be extended for an agreed period ("the Extended Term"). Unless it is further extended under this clause, and subject to all the Parties' liabilities arising under the Agreement having been settled the Agreement shall terminate automatically without notice at the end of an Extended Term.

2.2 The Parties agree that this Agreement shall take the form of a legally binding contractual relationship and shall from the Commencement Date be construed accordingly.

2.3 The Parties agree to adopt the following principles when carrying out the Annual Growth Programme ("the Principles"):

2.4 collaborate and co-operate in accordance with Joint Working Agreement governance structures to ensure that the Annual Growth Programme is successfully delivered;

2.5 be accountable. Take on, manage and account to each other for performance of the respective roles and responsibilities set out in this Agreement;

2.6 be open. Communicate openly about major concerns, issues or opportunities relating to the Annual Growth Programme;

2.7 work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost;

2.8 adhere to statutory requirements and best practice. Comply with applicable laws and standards including EU procurement rules, data protection and freedom of information legislation.

2.9 act in a timely manner. Recognise the time-critical nature of the Annual Growth Programme delivery and respond accordingly to requests for support;

2.10 manage stakeholders effectively;

2.11 deploy appropriate resources. Ensure sufficient and appropriately qualified resources are available and authorised to fulfil the responsibilities set out in this Agreement; and

2.12 act in good faith to support achievement of these Principles.

3. **Payment Obligations**

3.1 The District Councils agree to the use of a proportion of their future Community Infrastructure Levy revenues as more particularly set out in this Agreement to establish the Infrastructure Investment Fund which shall support the delivery of GNGB priority infrastructure projects (including £40m of investment for the delivery of the Norwich Northern Distributor Road and its related measures).

3.2 The District Councils agree to pay on a half yearly basis their respective CIL Revenues to the County Council.

3.3 The County Council shall on receipt of the CIL Revenues in accordance with clause 3.2 above promptly allocate the CIL Revenues to the Infrastructure Investment Fund.

3.4 The County Council shall manage the Infrastructure Investment Fund for the purposes of the Annual Growth Programme and in accordance with the terms of this Agreement.

3.5 The County Council is the accountable body for the Infrastructure Investment Fund and shall invest this fund for treasury management purposes in accordance with the County Council's Treasury Strategy and at the average interest rate achieved by the County Council for such investments. All interest that accrues on the credit balance of the Infrastructure Investment Fund from time to time pursuant to this clause 3.3 shall be credited to the Infrastructure

Investment Fund. For the avoidance of doubt interest charges payable in respect of an Infrastructure Investment Fund deficit shall be chargeable at the rate in accordance with the County Council Treasury Strategy's average interest rate for investments current at that time and the Infrastructure Investment Fund shall be debited accordingly. As accountable body the County Council shall report to the GNGB on a twice yearly basis in appropriate terms on the performance of its obligations hereunder.

3.6 From time to time the County Council will enter into Loan agreements as a borrower on such terms as are approved in writing by the Parties for the purposes of the Annual Growth Programme as more particularly set out in the relevant Project Schedule (appended as a Schedule to this Agreement).

3.7 The County Council shall repay any such Loan as is referred to in clause 3.6 plus any associated borrowing costs above from the Infrastructure Investment Fund.

3.8 For the avoidance of doubt the District Councils will not be required by this Agreement to contribute any funds (e.g. general revenue or cash reserves) or make any payment other than as provided for in clause 3.2 above.

4. **Representations and Warranties**

4.1 At the date of this Agreement each of the Parties represents and warrants to the other Parties that:-

4.2 It has full power to enter into and perform this Agreement and the execution of this Agreement has been validly authorised.

4.3 Neither the execution of this Agreement by the Party nor the performance of its obligations under it will conflict with or result in any breach of any law or enactment or any deed, agreement or other instrument, obligation or duty to which the Party is bound save that nothing in this Agreement shall operate to unlawfully fetter the exercise of the Party's statutory powers or unlawfully constrain or unlawfully prevent the Party's compliance with its statutory duties;

or cause any unlawful limitation on any of the powers whatsoever of the Party or on the right or ability of the officers of the Party to exercise such powers.

4.4 The Parties agree that the terms of this Agreement shall apply when borrowing is required to support the delivery of a Project (or Projects) within the Annual Growth Programme as detailed in the attached Project Schedules.

5. **Projects**

5.1 The GNGB will recommend on an annual basis a programme of projects ("the Annual Growth Programme"), including any recommended draw down on borrowing, taking into account each Party's annual business plans.

5.2 Projects in the Annual Growth Programme in the majority of cases will be derived from the Greater Norwich Infrastructure Plan.

5.3 Upon endorsement by the Parties of the recommendations of the GNGB, the Parties shall within 21 days sign the Project Schedule in the template form appended at Schedule 1. Once signed by the Parties, a Project Schedule becomes part of this Agreement.

5.3.1 A Project Schedule that has been signed by all Parties may be amended at any time in accordance with clause 16.

5.3.2 Unless terminated earlier in accordance with this Agreement, each Project Schedule has contractual effect during the applicable Project Period.

5.3.3 Each Party shall in relation to the obligations allocated to it in a Project Schedule agreed in accordance with this clause:

5.3.3.1 perform such obligations, including by providing the Inputs in accordance with timeframes or milestones (if any) specified in the Project Schedule;

5.3.3.2 use reasonable care and skill in performing such obligations;

5.3.3.3 comply with all laws applicable to it;

5.3.3.4 obtain and maintain consents, licences and permissions (statutory, regulatory, contractual or otherwise) that are necessary to enable it to comply with such obligations.

5.4 Liabilities in respect of any overspend or delay in respect of Project Schedule timeframes or milestones shall be as set out in the respective Project Schedule.

6. **Binding Agreement**

6.1 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original of this Agreement, but all the counterparts shall together constitute the same Agreement. No counterpart shall be effective until each Party has executed at least one counterpart.

6.2 No person who is not a party to this Agreement shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

6.3 Where any Party withdraws from this Agreement:

6.3.1 the rights of that Party in respect of the Agreement shall cease on such withdrawal;

6.3.2 the Agreement shall continue in full force in respect of (a) any liabilities which arise out of this Agreement up to the date of withdrawal pursuant to clause 6.4 and (b) those Loan related liabilities referred to in and assumed pursuant to clause 6.5; and

6.3.3 the disputes procedure set out in Clause 11 shall remain in force in respect of any of the matters arising from the performance of or withdrawal of a Party under this Agreement.

6.4 A Party wishing to withdraw from this Agreement shall give written notice to each of the other Parties such notice to expire at any time and the date of withdrawal of that Party shall be the date 12 months from the date of the receipt of the notice by the other Parties.

6.5 In the event of a District Council withdrawing from the Agreement before the Termination Date the withdrawing District Council commits in respect of those Projects to which by means of a Project Schedule it is party and that have been agreed to prior to receipt of notice of the Party's withdrawal in accordance with clause 6.4 to continue to pay to the County Council such proportion of its CIL Revenues to enable the County Council to meet fully from such payments its obligations to meet repayment and associated interest liabilities pursuant to any Loans in relation to those Projects. Without prejudice to the obligation of the withdrawing District Council to make such payments all Parties agree to use reasonable endeavours to negotiate a financial settlement in regard to the remaining debt payable by the withdrawing District Council that is fair and reasonable to all Parties. Unless specifically set out in Project Schedules in calculating for the purposes of such settlement the withdrawing District Council's remaining debt to the County Council on the Projects for which borrowing has been undertaken pursuant to this Agreement the Parties shall take into account the following factors::

6.5.1 Past CIL Revenue contributions made pursuant to this Agreement;

6.5.2 Any surplus or deficit in the Infrastructure Investment Fund at the point of withdrawal;

6.5.3 Future CIL Revenue contributions that will need to be made by all Parties to fund any outstanding loans including interest until they are repaid;

6.5.4 The Community Infrastructure Levy projected to arise within the area of the withdrawing District Council over the remaining period of the Loan(s); and

6.5.5 Any other financial obligations/commitments entered into under this Agreement.

6.6 If the Parties cannot agree a financial settlement in regard to the remaining debt referred to in clause 6.5 within 9 months of the issuing of notice pursuant to clause 6.4, the dispute resolution procedure in clause 11 shall be invoked.

7. **Information flow and Project management**

7.1 To enable the Parties to maximise the benefits of their collaboration, each Party shall:

7.1.1 engage the others in planning discussions in relation to the Projects and proposed projects from time to time;

7.1.2 keep the other Parties informed about its own progress in relation to each Project; and

7.1.3 facilitate regular discussions between appropriate members of its personnel and those of the other Parties in relation to each Project, including in relation to:

7.1.3.1 repayment and funding aspects

7.1.3.2 performance and issues of concern in relation to each Project;

7.1.3.3 new developments and resource requirements;

7.1.3.4 compliance with deadlines; and

7.1.3.5 such other matters as may be agreed between the Parties from time to time.

7.1.4 Each Party shall:

7.1.4.1 supply to the other Parties information and assistance reasonably requested by them relating to a Project as is necessary to enable other Parties to deliver their own obligations in relation to the Project; and

7.1.4.2 review documentation, including draft specifications or service descriptions or other technical documentation, for use when performing its obligations in relation to a Project (if any), as soon as reasonably practicable at the request of the other party, and notify it of any errors or incorrect assumptions made in any such documents so far as it is aware.

8. Escalation

8.1 If any Party has any issues, concerns or complaints about a Project, or any matter in this Agreement, that Party shall notify the other Parties and the Parties shall then seek to resolve the issue by a process of consultation.

8.2 If any Party receives any formal inquiry, complaint, claim or threat of action from a third party (including, but not limited to, claims made by a supplier or requests for information made under the Freedom of Information Act 2000) in relation to the Project, the matter shall be promptly referred to the GNGB (or its nominated representatives). No action shall be taken in response to any such inquiry, complaint, claim or action, to the extent that such response would adversely affect the Project, without the prior approval of the GNGB (or its nominated representatives).

9. Events of Default

9.1 Where an Event of Default occurs, the County Council may by notice in writing to the defaulting Party require the Party to meet as soon as reasonably practicable and agree, acting reasonably, a repayment plan to repay the outstanding repayment amount.

9.2 In the event of there being insufficient funds in the Infrastructure Investment Fund to meet the Loan repayments including for the avoidance of doubt any interest charges:

9.2.1 the County Council, in consultation with and by written notice to the GNGB, may at its sole discretion restructure the Loan or defer further drawdowns from the Infrastructure Investment Fund until such time that sufficient funds become available;

9.3 Upon notice by the County Council the Parties always acting in accordance with the Principles will agree the reasonable restructuring and amendment of the Districts' respective payment obligations to ensure that the County Council is "no better nor no worse" financially in relation to its provision and administration of the Loan facility, using 9.2 methodology.

10. Freedom of Information and Environment Information Regulations

10.1 Nothing in this Agreement shall prevent the Parties from disclosing any Information which any Party is required to disclose in order to comply with the FOIA and any other statutory requirements whether or not existing at the date of this Agreement, provided always that the Parties shall, where reasonably practicable, seek to collaborate in relation to Requests for Information with a view to treating such requests in a consistent manner as between the Parties.

10.2 The Parties commit to share data and knowledge relevant to the Agreement where appropriate and in accordance with their duties under the Data Protection Act 1998.

11. Dispute Resolution Procedure

11.1 The Section 151 officers of the Parties shall attempt in good faith to negotiate a settlement to any dispute arising between them arising out of or in connection to this Agreement. If an agreement cannot be reached the issue will be referred to the Parties' Chief Executive Officers or Managing Directors.

11.2 If the Parties are for any reason unable to resolve the dispute within 45 days of it being referred to them, the Parties will attempt to settle it by mediation in accordance with the CEDR Model Mediation Procedure. Unless otherwise agreed between the Parties, the mediator shall be nominated by CEDR Solve.

To initiate the mediation, a Party must serve notice in writing (ADR notice) to the other parties to the dispute, requesting a mediation. A copy of the ADR notice should be sent to CEDR Solve. The mediation will start not later than 30 days after the date of the ADR notice.

11.3 The commencement of mediation shall not prevent the Parties commencing or continuing court proceedings in relation to the dispute under clause 19 which clause shall apply at all times.

12. Effect on Invalidity of any Provision

12.1 If at any time any of the provisions of this Agreement become illegal, invalid or unenforceable in any respect under any law or regulation of any jurisdiction, neither the legality, validity nor enforceability of the remaining provisions of this Agreement shall be in any way affected or impaired as a result.

13. No Waiver

13.1 No failure or delay on the part of the Parties in exercising any right or power and no course of dealing between the Parties hereto shall operate as a waiver nor shall any single or partial exercise of any right or power of a Party prevent any other or further exercise thereof or the exercise of any other right or power of the Parties. The rights and remedies of the Parties are cumulative and not exclusive of any rights or remedies which the Parties would otherwise have.

14. No Fettering of Discretion/Statutory Powers and Novation

14.1 Nothing contained in or carried out pursuant to this Agreement and no consents given by the Parties shall unlawfully prejudice the Parties' rights powers or duties and/or obligations in the exercise of their functions or under any statutes, byelaws, instruments, orders or regulations.

14.2 The County Council shall be entitled to novate the Agreement to any other body which substantially performs any of the functions that previously had been performed by the County Council.

15. **Entire Agreement**

15.1 This Agreement and the documents referred to in it including for the avoidance of doubt the Joint Working Agreement constitute the entire Agreement between the Parties and supersede and replace any previous Agreement, understanding, representation or arrangement of any nature between the Parties relating to the subject matter of this Agreement.

15.2 The Parties shall only represent themselves as being an agent, partner or employee of any other Party to the extent specified by this Agreement and shall not hold themselves out as such nor as having any power or authority to incur any obligation of any nature express or implied on behalf of any other Party except to the extent specified in this Agreement.

15.3 Any provision of this Agreement that expressly or by implication is intended to come into or continue in force on or after termination or expiry of this Agreement including clauses 2, 3, 5, 6, 9 and 11 shall remain in full force and effect.

15.4 Termination or expiry of this Agreement shall not affect any rights, remedies, obligations or liabilities of the Parties that have accrued up to the date of termination or expiry, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry.

16. **Variation**

16.1 This Agreement may only be varied by written agreement of the Parties

17. **Set-off**

17.1 All amounts due under this Agreement shall be paid in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

18. **Further assurance**

18.1 At any time upon the written request of the County Council, the Party will promptly execute and deliver or procure the execution and delivery of any and all such further instruments and documents as may be necessary for the purpose of obtaining for the Parties the full benefit of this Agreement and of the rights and powers granted in it.

19. **Governing Law & Jurisdiction**

19.1 This Agreement shall be governed by and construed in accordance with English law and, without affecting the dispute resolution procedure set out in clause 11, each Party agrees to submit to the exclusive jurisdiction of the courts of England.

IN WITNESS hereof the parties hereto have executed this Agreement as a Deed the day and year first written

THE COMMON SEAL OF **NORFOLK**

COUNTY COUNCIL was affixed hereto

in the presence of:-

……………………………………..

Authorised Signatory

THE COMMON SEAL OF **BROADLAND**

DISTRICT COUNCIL was affixed hereto

in the presence of

……………………………………

Authorised Signatory

THE CORPORATE SEAL OF **NORWICH**

CITY COUNCIL was affixed hereto

in the presence of:-

…………………………………..

Authorised Signatory

THE COMMON SEAL OF **SOUTH NORFOLK**

DISTRICT COUNCIL was affixed hereto

in the presence of:-

nplaw / 38536

……………………………………

Authorised Signatory

nplaw / 38536

SCHEDULE 1

Annual Growth Programme
Relating to GNGB Partner Draw-down and Borrowing Authorisations Agreement

Dated ____________________________ 20[ ]

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL
&
NORFOLK COUNTY COUNCIL

- Project
- Project Period
- Background
- Agreed terms
- Project period
- Additional Terms & Conditions
- Fees and expenses
- Repayment and review
- Payment schedule: loan repayment profile to include interest payments

Repayment Date	Repayments (£)	Repayment Date	Repayments (£)

VOLUNTARY PREPAYMENTS

Details to be considered/set out.

Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]
Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]
Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]
Signed by [ ] Section 151 Officer for and on behalf of [ ]	.... [ ]

SCHEDULE 2

Annual Growth Programme Project re Construction of the Norwich Northern Distributor Road

Relating to GNGB Partner Draw-down and Borrowing Authorisations Agreement

Dated ____________________________ 20[ ]

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL

&

NORFOLK COUNTY COUNCIL

---

1 **Project**

- Construction of the Norwich Northern Distributor Road (the 'NDR')

2 **Project Description**

- The NDR is a dual carriageway all-purpose strategic distributor road, which will link the A1067 Fakenham Road near Attlebridge to the A47 Trunk Road (T) at Postwick. This will be over a length of approximately 20.4km. The NDR will improve connectivity and accessibility across both the northern part of the Norwich urban area and areas of the county in an arc from the northwest to the east of this main urban area. Such improvement will ease the relative disadvantage of the peripheral location of these areas and provide the basis of the transport infrastructure required to address existing and future problems, and to achieve the growth objectives which have been identified for Norwich and its surrounding area.

- The NDR is an essential piece of transport infrastructure that releases an estimated £1bn of economic benefits for Norwich and Norfolk by reducing congestion and offering new access to key strategic employment and growth locations.

3 Project Period

- The project is due to mobilize in autumn 2015 with essential ground clearance work to be carried out before ground nesting season commencing late October 2015. Should this be achieved, full mobilization and construction will begin in March 2016 with a majority of the works completed by autumn 2017.

4 Background

- As part of the consultation on a revised Norwich Area Transportation Strategy (NATS) undertaken in 2003, the public were asked if they supported a NDR. The consultation indicated strong local support for the NDR with 78% of respondents being in favour.
- The overall strategy for the revised NATS was agreed in 2004. It recognised the Norwich Area as a centre where growth would be focussed and therefore the strategy looked to provide the essential infrastructure needed to accommodate this growth, including a Northern Distribution Road.
- The NDR is of national significance pursuant to a direction made by the Secretary of State for Transport under section 35 of the Planning Act 2008.
- Following public consultation in 2013 and examination in public during summer 2014 the panel of inspectors from the Planning Inspectorates report recommended the NDR for development. SoS Patrick Mcloughlin MP signed a Development Consent Order (DCO) giving permission for the NDR to be constructed

5 **Agreed terms**

- Loan funding would be repaid over a 25 year period

6 **Additional Terms & Conditions**

- In accordance with paragraph 5.4 of the Agreement, Liabilities in respect of any overspend or delay in respect of Project Schedule timeframes and milestones shall be shared as follows:

Partner	Share of overspend risk	Share of timeframes and milestones risk
Norfolk County Council	100%	100%

7 **Fees and expenses**

- The County Council shall borrow funds from various sources as they are identified to assist with the delivery of the Growth Programme. The County Council shall ensure that the cost of any borrowing (up to £40m) for this purpose will be undertaken at the equivalent of the prevailing Public Works Loan Board preferential rate as set out in the City Deal dated 12 December 2013.
- Funding from the Infrastructure Investment Fund for the purposes of the NDR shall be capped at £40 million plus any associated borrowing costs incurred by the County Council as provided for herein.

8 **Repayment and review**

- In accordance with paragraph 3.4 of the Agreement, Norfolk County Council shall use the Infrastructure Investment Fund to fund the costs of borrowing costs in accordance with the following schedule.

Illustrative costs of borrowing to be funded from Infrastructure Investment Fund:

DRAFTING NOTE: The interest rate incorporated within this costs of borrowing table is that applicable at the end of June 2015 and will be updated by the County Council at the date of funds drawdown.

Financial year	Borrowing requirement	Re-payment	Annual costs of borrowing to be funded	Cumulative costs of borrowing to be funded

		year	from Infrastructure Investment Fund	from Infrastructure Investment Fund
	£		**£**	**£**
2015/16	7,623,953			
2016/17	19,100,380			
2017/18	10,075,949	1	1,913,679	1,913,679
2018/19	2,749,718	2	2,066,707	3,980,386
2019/20	450,000	3	2,229,269	6,209,655
2020/21		4	2,256,747	8,466,402
2021/22		5	2,256,747	10,723,149
2022/23		6	2,256,747	12,979,896
2023/24		7	2,256,747	15,236,643
2024/25		8	2,256,747	17,493,390
2025/26		9	2,256,747	19,750,137
2026/27		10	2,256,747	22,006,884
2027/28		11	2,256,747	24,263,631
2028/29		12	2,256,747	26,520,378
2029/30		13	2,256,747	28,777,125
2030/31		14	2,256,747	31,033,872
2031/32		15	2,256,747	33,290,619
2032/33		16	2,256,747	35,547,366
2033/34		17	2,256,747	37,804,113
2034/35		18	2,256,747	40,060,860
2035/36		19	2,256,747	42,317,607
2036/37		20	2,256,747	44,574,354
2037/38		21	2,256,747	46,831,101
2038/39		22	2,256,747	49,087,848
2039/40		23	2,256,747	51,344,595
2040/41		24	2,256,747	53,601,342
2041/42		25	1,831,986	55,433,328
Total	**£40,000,000**		**£55,433,328**	

9 VOLUNTARY PREPAYMENTS

If the Parties agree to make additional repayments over and above those listed above, a new schedule will be produced based on the remaining outstanding debt, including interest, in accordance with paragraph 16 of the Agreement “Variation”.

Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]
Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]
Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]
Signed by [ ] Section 151 Officer	....
for and on behalf of [ ]	[ ]

nplaw / 38536