

APPENDIX 1

Business plan for the Norwich City Council and Homes and Communities Agency strategic partnership

April 2015 to March 2016

Foreword – NCC and HCA

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1. Overview

In September 2009, Norwich City Council (NCC) and the Homes and Communities Agency (HCA) entered into a collaboration and investment agreement (CIA), which established the Norwich and HCA strategic partnership (NAHCASP). The CIA sets out the formal legal basis for the partnership and the objectives that would be achieved over its 10 year life. The original business plan forms part of the CIA and sets out the short-term outputs and outcomes that were to be achieved. The CIA requires the business plan to be updated at least annually and that any variation to the business plan requires the prior consent of NAHCASP strategic board.

This business plan covers the financial year 2015-6.

The NAHCASP is based on the combination of assets from NCC and investment from the HCA. It was intended to create a self-supporting finance arrangement, through the reinvestment of the income from development in future projects, which meet agreed objectives.

This business plan commits expenditure for 2015-6 and sets out how this investment will be monitored and controlled, to ensure outcomes are achieved; how projects for future investment will be developed; and decisions on future funding allocations will be made. The initial £8M investment from HCA is now fully committed so there is a need to consider the approach of the Partnership in future.

2. Partnership vision

The partnership's vision and over-arching objective is to deliver and strengthen sustainable communities through innovative approaches to joint working.

The partnership will develop the assets (including those identified initially and any others ring-fenced for partnership investment in the future) in order to

satisfy the objectives listed below and ultimately deliver the outcomes agreed by the NAHCASP strategic board.

3. Strategic objectives

The strategic objectives for the partnership are to:

- accelerate the delivery of affordable homes
- increase the supply of private homes
- improve the quality of existing homes
- maximise the opportunities for local employment
- deliver early outputs
- create sustainable communities
- deliver strategic regeneration projects within Norwich such as eco retrofit programme or estate renewal.

4. Quality standards

All affordable housing developments will be delivered to the HCA design standards (currently under review) as a minimum requirement, or other such standards as agreed by the strategic board. In respect of Three Score, which will be developed in phases, the partnership will ensure the development is constructed to the standards agreed by the strategic board.

5. Performance management

The performance of projects is managed at a number of levels.

- Project briefs, which set out the outputs and outcomes to be achieved at a project level, are approved by the strategic board.
- All projects are managed in accordance with the city council's agreed project management framework.
- Monthly highlight reports are considered in detail by the implementation board in order to monitor progress against agreed project milestones.
- Performance is monitored on a quarterly basis by the strategic board.

6. Risk management

Individual project risk and issues registers are maintained by the individual project managers. An overall partnership risk register and issues log is maintained. Risks are reported to the implementation board and strategic board on a regular basis so that appropriate steps can be taken to manage and mitigate these.

Key strategic risks at this stage relate to the development of the Three Score site.

- The timing of providing infrastructure and undergrounding, upgrading and diverting services and utilities to serve the whole development, linked to the delivery of the first phase of development and the housing with care facility.
- The timing of phase 2 in order to secure a financial return following investment in infrastructure.

7. Partnership governance

The partnership governance structure is established through the CIA and is shown in appendix one. The strategic board and implementation board are now well established and effectively managing and overseeing the progress of the partnership and its activities.

8. Cost control and reporting

Any expenditure on projects will require approval from the strategic board. The strategic board has agreed expenditure delegation levels for the implementation board.

In order to secure agreement to any expenditure, a proposal will be prepared and submitted for approval. This will include the reason for the expenditure, the amount, value for money together with a recommendation for the board.

The following are the only ways in which expenditure can be committed on an agreed project.

i) Implementation Board

The implementation board will be responsible for agreeing all expenditure by the partnership provided it is within the limitations of the delegation levels agreed by the strategic board.

ii) Project team/s

The project team/s will not be allowed to agree to any expenses unless permission has been delegated by the implementation board. If this occurs, then the strategic board shall be notified of the level of delegation prior to the commitment being made. In any event, the implementation board may only delegate permission to a project team to the extent it is consistent with the permission delegated to it by the strategic board.

9. Procurement of goods, works, services or equipment

The procurement of any goods, works, services or equipment by NCC in relation to joint venture activities shall be in accordance with clause 7 of the CIA.

It should be noted that a public procurement threshold exists and if it is exceeded then the full Official Journal of the European Union (OJEU) process must be followed. The head of procurement at NCC or HCA should advise on this process. Use of the HCA panels may be made by the partnership in order to simplify the procurement process through use of mini tenders.

Delivery in 2014-5

10. Budget and expenditure in 2014-5

The following table shows the total allocation of funds for 2014-5 along with the actual year-end expenditure.

		Anticipated Remaining NAHCASP funding	2013-4 Adjustment	Final Remaining NAHCASP funding	Allocations for 2014-5	Forecast Expenditure 2014-5	Variance to Allocation	Anticipated Remaining NAHCASP funding
Strategic Funding	Priorities	2,126,180	8,715	2,134,895	2,126,180	651,885	(1,474,295)	(1,483,010)
Programme Management		133,705	(14,412)	119,293	67,250	60,281	(6,969)	(59,012))
Total		2,259,885	(5,697)	2,254,188	2,193,430	712,166	(942,316)	(1,003,074)

The following table shows a breakdown of allocations from the programme management budget together with year- end expenditure.

Programme Management Budget 2014-15	Funding 2014-5	Forecast Expenditure 2014-5	Variance
Project Director *	18,750	8,884	(9,866)
Project Director Contingency *	3,000	239	(2,762)
Bowthorpe overall programme management	37,500	42,769	5,269
Bowthorpe Transportation advice	7,500	8,389	889
Bowthorpe Community Engagement advice	500	0	(500)
Subtotal	67,250	60,281	(6,969)
Unallocated	52,043		(52,043)
Subtotal	119,293	60,281	(59,012)

* *Revenue funding.*

The following table shows a breakdown of allocations from the strategic priorities funding and the year-end expenditure.

Strategic Priorities Funding for 2014-15	Funding 2014-5	Forecast Expenditure 2014-5	Variance (To Carry Forward)
Second Payment for Overhead Lines (held for 2016/17)	47,500	0	(47,500)
Outstanding payment for infrastructure strategy and brief	700	560	(140)
Contingency	14,330	0	(14,330)
Commitment made by SB in Dec 2013 and delegated to IB - carried forward to 2014 -15	226,178	189,075	(37,103)
Remaining balance for construction of road/ infrastructure	1,835,353	462,250	(1,373,103)
Memorial gardens	2,119	0	(2,119)
Subtotal	2,126,180	651,885	(1,474,295)
Unallocated	8,715		(8,715)
TOTAL	2,134,895	651,885	(1,483,010)

11. Progress in 2014-5

The NAHCASP has made considerable progress over the last year. The partnership focused its attention on the development of Three Score:

- Infrastructure to serve the whole development
- Housing with care and dementia care facility
- Phase 2 housing

The employment and skills supply side package, “Building Futures in Norwich”, will form an integral part of all these projects.

In addition, the Strategic Board allocated £2,119 from the Memorial gardens project to kick start a fund raising effort to secure the restoration and relocation of the Lutyens Roll of Honour.

a) Infrastructure to serve the whole development

Detailed design work on the road, drainage and associated landscaping was carried out in the early part of the year and reserved matters planning consent

was obtained. The procurement process to appoint a contractor for the road and infrastructure started in July 2014-5. Mott MacDonald were appointed as project manager for this process. The procurement used the Eastern Highways Alliance framework Agreement and LaFarge Tarmac were selected as the contractor. Whilst the procurement process was underway, work continued to discharge pre-commencement planning conditions relating to the road to avoid any delay in starting construction, once the contractor was appointed. Work started on site in December 2014.

In October 2014, the deed of grant between the Council and UK Power Networks was completed. This requires UK Power to complete the undergrounding of the 132kv line and the 11kv lines crossing the site by the end of December 2016

The partnership has committed the balance of Strategic Priorities funding to deliver the road and infrastructure. The Council has agreed to fund the balance of the costs (up to a total of £4M) with the partnership funding being used to cover any interest charges. A final fixed price will be agreed once design work has been completed.

An application for funding from the Local Infrastructure Fund (through the greater Norwich city deal) was made to secure a low interest loan for the Council to cover the additional infrastructure costs.

b) Housing with care and dementia care facility

The land transfer documents were completed in September 2014, providing for the land for the 172 unit housing with care and dementia care facility to Norsecare at nil value. Saffron housing association was appointed as the registered provider to manage the housing with care facility. RG Carters were appointed as the contractor for the scheme and work on site started in August 2014. The target completion date for the scheme is March 2016 with residents likely to move into the scheme in the summer of 2016.

There is ongoing collaboration around the delivery of this scheme alongside the construction of the road/ infrastructure and the development of phase 2.

c) Phase 2 housing

The Council has agreed to take forward phase 2 acting as direct developer. The blocks of housing to be included in this phase are shown on Plan 1. During the course of the year NPS Norwich were appointed to project manage the design and procurement and delivery of the phase. Detailed designs for the development were drawn up and public consultation took place in the autumn 2014. There was generally positive feedback about the proposals. The design evolved to take account of issues raised during the public consultation relating to landscaping and parking. In January 2015, the Strategic Board and the Council agreed to submit a reserved matters planning application for phase 2. This was submitted in February 2015 and approval was granted on 14 May 2015. The scheme consists of 172 dwellings, of which 112 are to be to Passivhaus standards. This makes it the largest development of its kind anywhere in the UK. 33% affordable housing will be provided.

The Council and the Partnership agreed to procure a contractor for phase 2 following a full OJEU process. It was decided that a framework of contractors should be established to allow the Council to use this for other sites that the Council intends to develop.

The strategic board and the Council also considered options for management of the open space within the development. It was agreed that a management fee should be charged and that further consideration should be given to the Council or a trust/ local company taking on the management responsibility

d) The employment and skills supply side package, Building Futures in Norwich.

There is a requirement as part of the road/infrastructure contract and housing with care contract to use the Building futures in Norwich project. This will ensure that local people gain opportunities for local jobs and training as part of the construction contracts. It will also be a contractual requirement for phase 2.

e) Memorial Gardens Project.

A fund raising strategy has been developed and funding applications have been made to various local and national trusts. Once funding is secured a more detailed programme will be developed. It is likely that this funding will be needed in 2015-6.

12. Priorities for April 2015 to March 2016

The main priorities for the coming year relate to the continuing development of the Three Score site:

- a) Infrastructure to serve the whole development
- b) Housing with care and dementia care facility
- c) Phase 2 housing

The employment and skills supply side package, “Building Futures in Norwich”, will continue to form an integral part of all these projects.

Fund raising will continue for the Roll of Honour as the final element of the Memorial gardens project.

a) Infrastructure to serve the whole development

The contract will continue in 2015-6 with a target completion of Autumn 2015. The main constraint is to ensure that the permanent access arrangements and drainage are available for the housing with care facility.

During the course of the year, therefore the remaining balance of Strategic Priorities Partnership funding will be spent (aside from the remaining payment to the consultant who negotiated the removal of the overhead lines). The Council will cover the balance of the costs of completing the road/infrastructure. The strategic priorities funding budget for 2015-6 is allocated as follows:

Strategic Priorities Funding (Carried Forward from 2014-5)	2015-16	2016-7
Second Payment for Overhead Lines (held for 2016-7)		47,500
Remaining balance for construction of road/ infrastructure	1,433,391	
Memorial gardens	2,119	
TOTAL	1,435,510	47,500

b) Housing with care and dementia care facility

The partnership will continue to work with NPS, Norse Care and Norfolk County Council to deliver the dementia care and housing with care facility. There will be ongoing collaboration with the construction of the road/ infrastructure and the development of phase2. This will require careful coordination especially as work starts on site for phase 2.

c) Phase 2 housing

- d) Assuming reserved matters planning consent is granted early in 2015-6, the Council will be able to mobilise to start the construction of phase 2 in 2015-6. It is likely that a contractor for phase 2 will be appointed by September 2015 and so that work can start on site at the start of the new year. A 2-3 year construction programme is envisaged. The Partnership has agreed that for phase 2 a cost neutral scheme will be progressed. This means that the surplus from the sale of private units will be used to allow the construction of private rented units. The Three Score site is considered to be in a good location where there is strong demand for private rented properties given the proximity to the Norfolk and Norwich Hospital, University of East Anglia and the Research Park. 57 affordable units (85% social rent and 15% shared ownership) will be provided alongside private houses for sale and rent. This will provide a good mix of tenure and type of housing to create a balanced community. It will also generate an income stream for the council. The proposed mix for phase 2 is as follows:

36 x 1 bedroom flats

14 x 2 bedroom flats

46 x 2 bedroom houses

39 x 3 bedroom houses

32 x 4 bedroom houses

5 x 5 bedroom houses

d) The employment and skills supply side package, Building Futures in Norwich. This project will be contractually linked with all construction contracts taken forward by the partnership. The project should be able to sustain itself without any further funding from the partnership.

e) Future phases of development at Three score.

During the course of 2015-6, the Partnership will start to progress work on future phases of development, in particular to decide which area should be taken forward as phase 3 and the timescale and programming of preliminary work. In addition the Partnership will need to determine whether it wishes to sell all private dwellings and generate a capital receipt for investment into future Partnership projects or continue with a mixed tenure approach including private rent. The aim will be that planning permission and a contractor is in place so that work on phase 3 can start as soon as phase 2 is complete. It will be important to apply the lessons learned from phase 2 to any work on the next phase.

f) Memorial gardens

The fund raising programme will continue and a timetable for implementing the restoration and relocation of the roll of honour will be worked up in detail once funding is secure. It is envisaged that the total project costs will be around £40K and the remaining HCA funding will be spent in 2015-6.

13. Other resources for delivery

Programme management

The £500,000 programme management budget, which was established in the original business plan in 2009 to cover the costs of project management relating to the original regeneration projects to be delivered by March 2011, has been drawn down very sparingly. The fund has a balance of £57,147.58 at the start of 2015-6.

Norwich City Council will continue to provide the project director role to March 2016 at a maximum cost to the Partnership of £15,000 (including support from the HCA project assistant and LGSS finance) with the Council bearing the remainder of the costs. This will be the only revenue funding from the partnership funds and represents around 1% of the total partnership budget for the year.

The following staff time for City Council fee based staff, will also be funded from Programme management budget. (All other staff resources will be covered by the Council). These are capital costs as they are fees directly related to the development of the Three Score site

- £35,000 to provide overall programme management for the Bowthorpe project - coordinating the different work streams - including infrastructure, housing with care and phase 2, plus looking ahead to future phases
- £5,000 is allocated to provide transportation advice at Bowthorpe.
- £500 is allocated for community engagement advice.

14. Budget for 2015-16

The tables below summarise the proposed budget for 2015/16.

Proposed Programme Management Budget 2015-6	59,012
Project Director *	17,000
Project Director Contingency *	1,512

Bowthorpe overall programme management	35,000
Bowthorpe Transportation advice	5,000
Bowthorpe Community Engagement advice	500
Total Committed	59,012
Unallocated	0

** Revenue funding.*

	NAHCASP Budget	Allocations for 2015-6
Strategic Priorities Funding	1,483,010	1,435,510
Programme Management	59,012	59,012
Total	1,542,022	1,494,522

Delegation of budgets and responsibilities

1. To expedite project delivery, the following delegation levels are proposed:

Strategic Board responsibilities:

- Strategic management of contracts for the road/ infrastructure and Phase 2, specifically approving any contract variations including changes to budget or programme. Detailed management will be dealt with by the Implementation Board and project team.
- Recommending to the Council the agreed final fixed contract price with LaFarge Tarmac for the road/ infrastructure.
- Recommending to the Council the appointment of contractor for the construction of phase 2 at Three score.
- Agreeing the future housing outcomes and the Three Score project plan.

The Strategic Board delegates to the Implementation Board:

- The delivery of the Three Score project plan for 2014-5 (appendix 1) including:
- management of the contract with Mott MacDonald and LaFarge Tarmac for the road/ infrastructure:
- Managing the contract with NPS for Phase 2
- securing planning permission for phase 2 and discharge of pre-commencement conditions
- the procurement of a contractor for phase 2 establishing the detailed mechanisms for managing the public open space at Three score.

The Implementation Board delegates to the Three Score project team:

- Delivery of the project work streams including procurement of any individual contracts up to the value of £10K.
- Day- to- day management of consultants and contractors working on the project.

Advice will be procured in line with the Council's procurement standing orders and target operating model, which includes working with partners NPS Norwich, NPLaw and LGSS. All projects will be managed in line with the Council's approved project management procedures.

15. Communications plan and activities

The CIA requires a communications plan to be developed for the partnership. This was approved initially by the strategic board in November 2009. The document is a living document and is updated regularly to respond to changing circumstances and specific communications activities. The strategic board will approve any budgets for any future communications activity as required.

A communications protocol has also been agreed which ensures that there is an agreed process (between HCA and NCC) for agreeing press releases and handling media enquiries.

Community engagement will continue to be a vital part of the partnership work especially in relation to Three Score as delivery progresses.

Case studies and awards

The HCA has developed a case study about the partnership for its website and its skills and knowledge directorate has developed a case study on the learning aspects of the partnership's activity. There is a general presumption that the partnership welcomes showcasing activity where there is no cost to the partnership.

The partnership will continue to promote its achievements through future awards.

16. Further development of the partnership

The CIA allows for further sites to be brought into the partnership. It does not preclude further investment by the HCA, although none is specifically committed. It is important that the partnership has a process for bringing forward new sites and project ideas for consideration and develops emerging priorities to take advantage of future funding which will come through the partnership or direct from the HCA or other sources. This could include opportunities for shared expertise as well as spend on capital projects. The partnership will use the HCA "enabling" support to provide expertise where appropriate. The following approach is proposed.

- The implementation board considers any new sites or project ideas on a quarterly basis.
- The implementation board makes an assessment of how the project idea meets the partnership objectives.
- Any project ideas that have merit are reported to the strategic board as part of the project director's report.

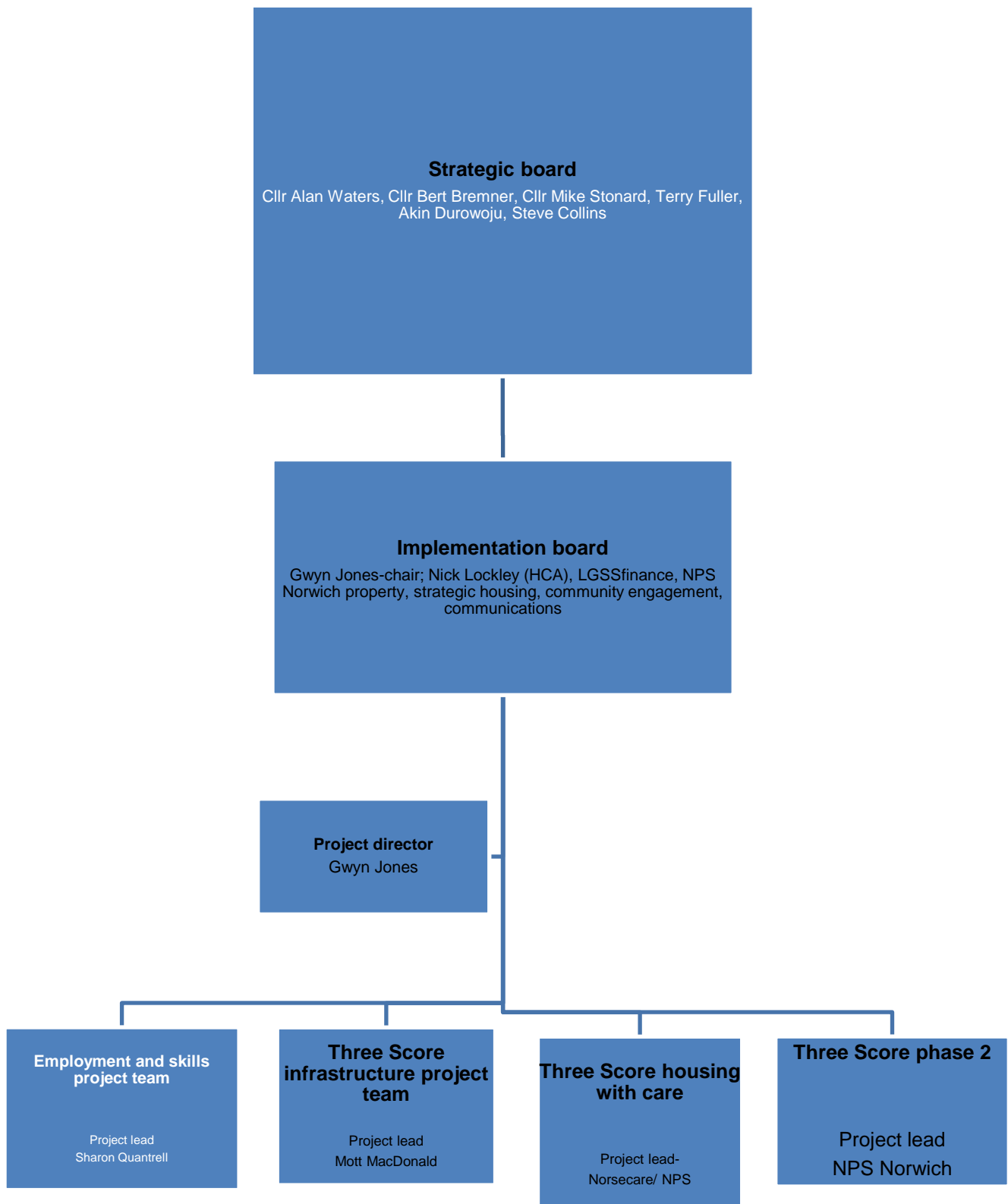
- Any proposed amendments to the business plan to be reported for approval by the respective partners.

17. Further funding

The partnership will continue to look for opportunities for further external funding and pursue relevant bids or agreements.

The Greater Norwich City Deal (signed December 2013) may provide further opportunities for funding for the partnership e.g. for infrastructure.

Appendix 1- Governance structure – June 2015



Appendix 2 - Project outputs, outcomes, milestones etc.

Project	Outputs/ Outcomes	Key milestones 2015-6
Three Score	Completion of construction of road/ infrastructure to serve whole development	Autumn 2015
	Completion of link from spine road to estate road	Autumn 2015
	Completion of ped/ cycle link/ temp operational access for HWC	March 2016
	Completion of construction for HWC/ Dementia care facility	March 2016
	Secure reserved matters planning consent for Phase 2	May 2015
	Appoint contractor for phase 2	Autumn 2015
	Start construction of phase 2	Early 2016
	Commence assessment for phase 3	Summer 2015

