

Greater Norwich Growth Board

Date: 27 September 2023

Time: 3:00pm

Venue: County Hall, Council Chamber

Name	Organisation	Role
Cllr Kay Mason Billig (Chair)	Norfolk County Council	Board Member
Tom McCabe	Norfolk County Council	Officer
Chris Starkie	Norfolk County Council	Officer
Cllr Sue Holland (Vice Chair)	Broadland District Council	Board Member
Trevor Holden	South Norfolk Council & Broadland District Council	Officer
Phil Courtier	South Norfolk Council & Broadland District Council	Officer
Cllr Mike Stonard	Norwich City Council	Board Member
Louise Rawsthorne	Norwich City Council	Officer
Graham Nelson	Norwich City Council	Officer
Cllr John Fuller	South Norfolk Council	Board Member

FOR FURTHER INFORMATION PLEASE CONTACT:

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Greater Norwich Projects Team, Norfolk County Council, Martineau Lane, Norwich, NR1 2DH



If you would like this agenda in large print, audio, Braille, alternative format or in a different language, please call Grace Burke, Greater Norwich Project Team Leader on 01603 222727 or email grace.burke@norfolk.gov.uk

Access



Please call Grace Burke, Greater Norwich Project Team Leader on 01603 222727 or email grace.burke@norfolk.gov.uk in advance of the meeting if you have any queries regarding access requirements.

Greater Norwich Growth Board Meeting Minutes

Date: Tuesday 27 June 2023

Time: 2pm

Venue: Council Chamber, County Hall, Martineau Lane, Norwich NR1 2DH

Present

Name	Organisation	Role
Cllr Mike Stonard	Norwich City Council	Board Member
Graham Nelson	Norwich City Council	Officer
Louise Rawsthorne	Norwich City Council	Officer
Cllr John Fuller	South Norfolk Council	Board Member
Phil Courtier	South Norfolk Council & Broadland District Council	Officer
Cllr Sue Holland	Broadland District Council	Board Member
Cllr Kay Mason Billig	Norfolk County Council	Chair
Matt Tracey	Norfolk County Council	Officer

In Attendance

Name	Organisation	Job Title
Grace Burke	Norfolk County Council	Greater Norwich Project Team Leader
Thomas Cushan	Norfolk County Council	Greater Norwich Project Officer
Ruth Oyeniyl	Norfolk County Council	Greater Norwich Senior Project Officer
Cherry Harper Jones	Norfolk County Council	Geospatial Data Analyst
Daniel Voisey	Norfolk County Council	Geospatial Data Analyst

Minutes

Item	Minute
1.	Handover of Chair Cllr Kay Mason-Billig was duly elected as Chair for the ensuing year. The Board thanked Cllr John Fuller for his year as Chair.
2.	Apologies for absence There were no apologies received.
3.	Declarations of Interest
4.	Minutes of the meeting held on 30 March 2023 The minutes of the meeting held on 30 March 2023 were agreed as an accurate record.
5.	Project Showcase: Ormiston Victory Academy
5.1	The Board received a presentation from Isabel Horner, Sufficiency Delivery Manager at Norfolk County Council, which showcased the expansion that had taken place at Ormiston Victory Academy. The Board had invested £4 million into the project. The presentation is attached at appendix A.
5.2	It was noted that the new learning environment would help engage the pupils. Having been part of building the new facilities and the planning process, the pupils would have found this extremely beneficial, and it was hoped that by being part of the process, it had shown pupils career paths into construction as well as feeling much more engaged with their learning environment.
5.3	The Board thanked officers for the presentation and noted the excellent work that had been carried out.

Item	Minute
6.	Recommended financial option to support the work of Norfolk Environmental Credits Ltd
6.1	The Board received the report which provided an overview of Nutrient Neutrality (the requirement for applicants seeking planning permission to evidence that development will be nutrient neutral) and gave an update regarding the actions taken by different bodies to support applicants to meet this requirement.
6.2	As previously directed by the Greater Norwich Growth Board (GNGB), the Greater Norwich Infrastructure Delivery Board (IDB) had reviewed the financing options that were available to the partners and were returning to recommend a mechanism for providing potential financial loan support to Norfolk Environmental Credits Ltd (NECL), a joint venture whose work would ultimately provide evidence of nutrient mitigation and therefore enable planning decisions to proceed again.
6.2	<p>The following points were discussed</p> <ul style="list-style-type: none"> • It was clarified that the whole £20 million was not going to be spent on nutrient neutrality. The money would be released and it was likely there would be bidding put in place for the loan funding. While paperwork was being drawn up and arrangements made, South Norfolk had put in place some seed funding on a loan basis so time was not lost in gaining the biodiversity and environment credits. • Although it was hoped that Government would be able to sort the arrangements on a national basis, it was important to have this running on a local basis. • The Director of Place, Broadland and South Norfolk Council reported that the NECL had been set up and was functioning. A general manager had also been appointed.
6.3	<p>RESOLVED</p> <p>i) To commit to accelerating the development of the City Deal Borrowing loan fund.</p> <p>(ii) To welcome an application to this new fund on behalf of Norfolk Environmental Credits Limited. This will be subject to due diligence, consideration of a full business case and a formal unanimous agreement by the GNGB at a future meeting.</p>

Item	Minute
7.	Greater Norwich Infrastructure Plan 2023
7.1	The Board received the report which introduced the Draft Greater Norwich Infrastructure Plan (GNIP) 2023. This year's version of the GNIP was published as a PDF and also on a digital platform to create a more engaging and user-friendly experience. The Board also received a live demonstration of the new digital platform which the GNIP appeared on and were shown how to navigate around the site.
7.2	<p>The following points were discussed and noted</p> <ul style="list-style-type: none"> • The new online format of the GNIP was useful to be able to dig deep into the detail without having to look through a lot of pages. It was also useful to see on a map how many local plans there were. • The new digital platform was a result of a lot of hard work, and the Board were pleased to see it come to fruition. It would mean that honest conversations could be held with developers who pay the CIL to show what the priorities of the Board were, and it would enable residents to see what local CIL money was spent on. • The GNIP had been made more accessible and more transparent and was an excellent piece of work.
7.3	<p>RESOLVED</p> <p>(i) To accept the Draft GNIP 2023. (Appendix A)</p> <p>(ii) To note that by accepting the GNIP this will initiate the opening of the 'call for projects' for the Infrastructure Investment Fund (IIF-strategic pooled CIL).</p>
8.	Greater Norwich Green Infrastructure Strategy – Progress update
8.1	The Board received the report which provided an update on the delivery of the Greater Norwich Green Infrastructure Strategy, which was approved by the GNGB at their meeting on 2nd December 2021, with delegated authority granted to the Greater Norwich Infrastructure Delivery Board. The strategy commenced in August 2022 and was due to be completed by June 2024.
8.2	The Board received a presentation on the baseline report. The baseline report was the first main output of the GN GI Strategy and was signed off by the IDB in March 2023. It provided a summary of all the information currently available about GI provision in Greater Norwich and was based on the most robust evidence base to date. Whilst the report had produced some estimates on access to green spaces, final figures were subject to change as the validation process continued.
8.3	The Board also received a mapping demonstration which showed the systematic approach to analysing the proximity of accessible greenspace in relation to where people lived.

Item	Minute
8.4	In relation to being able to measure improvements based on the increase of the greenspace areas, Officers explained that whilst the strategy would consider what greenspaces already existed, allocated sites would also be taken into consideration. With the tools that had now been developed, potential impact on the population would be able to be assessed.
8.5	The Board challenged that the analysis was repeating what was already know and that resources could be used to produce different outcomes. Whilst it was an interesting analysis, it was suggested that it was stating the obvious. Officers clarified that the analysis included all accessible greenspaces as well as public rights of way. This was just one strand of analysis that was being used to inform the GN GI Strategy.
8.6	The board felt that the presentations were an interesting starting point, and there was concern expressed about working with Natural England and their standards, however the Board looked forward to seeing further analysis, especially what the public said about greenspaces. It was noted that the county had a lot of greenspaces and it was important that they were protected and looked after, especially as they had been so important to individuals during the Covid-19 pandemic.
8.7	The Board noted the update and progress made and looked forward to further updates.
9.	<p data-bbox="328 1155 1043 1256">The date of the next meeting was confirmed as 27 September 2023 at 3:00pm County Hall, Council Chamber</p> <p data-bbox="328 1301 1374 1400">Cllr Fuller expressed concern at the next meeting date in conjunction with steps that will be needed to be taken in relation to the Long Stratton Bypass approval. Officers would look into this.</p>

City Deal Borrowing Loans Fund – Establishment of Processes
Chris Starkie, Director of Growth & Investment, Norfolk County Council

Summary

This paper details the proposed processes and templates to support the implementation of the City Deal Borrowing Loans fund, which will be repaid to form the Strategic Investment Fund.

Recommendations

- (i) GNGB to approve the proposed processes for the City Deal Borrowing Loans Fund
- (ii) GNGB to grant delegated authority to the Greater Norwich Infrastructure Delivery Board to oversee the continued management and development of City Deal Borrowing processes and documents as detailed in section 4.

Report

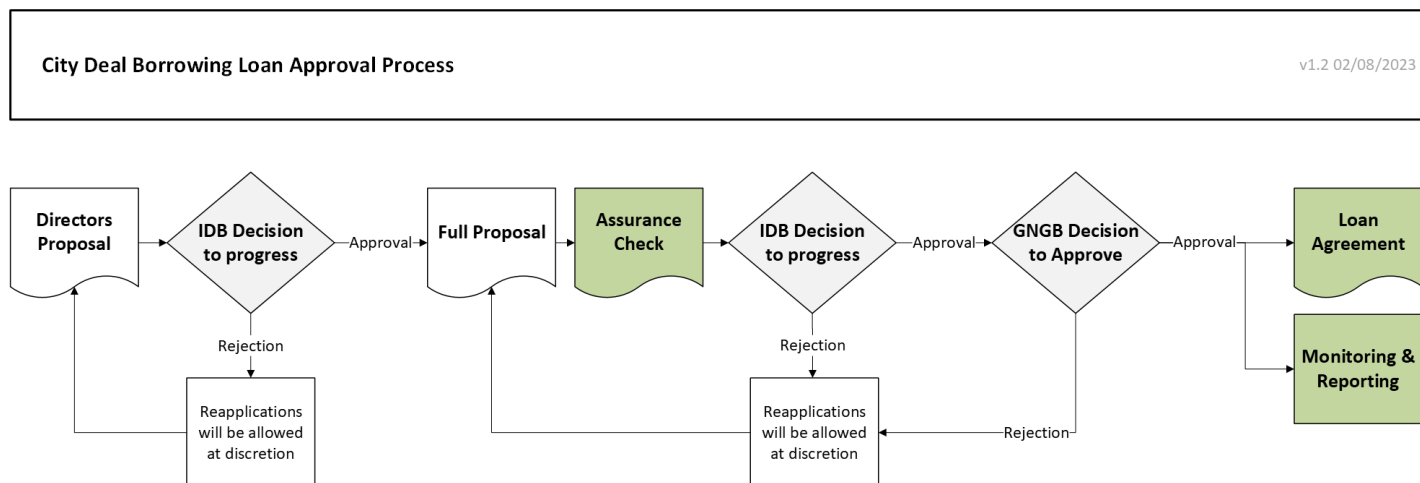
1. Introduction

- 1.1. As part of the Greater Norwich City Deal agreement signed with Government in 2013, the GNGB were afforded the opportunity to access lower-cost loan funding from the Public Works Loan Board (PWLB).
- 1.2. The borrowing is allocated to specific projects:
 - £60 million for strategic infrastructure projects:
 - £40m for the Broadland Northway
 - £10m for the Long Stratton Bypass
 - £10m for Central Norwich Road network schemes
 - £20m to establish a Local Infrastructure Fund (LIF)
- 1.3. To date, only the £40m for the Broadland Northway has been drawn down; This loan runs until June 2041 and is repaid in instalments from the Infrastructure Investment Fund (IIF - pooled Community Infrastructure levy). A further £10m for the Long Stratton Bypass has been agreed by all partners but is yet to be drawn down.
- 1.4. In 2021 the GNGB agreed in principle to repurpose the £20m borrowing capacity allocated to the Local Infrastructure Fund, to a new City Deal Borrowing (CDB) Loans Fund. This facility will provide the partners upfront loan funding to support the delivery of key infrastructure in the Greater Norwich area. Monies repaid will in turn establish a new cyclical fund called the Strategic Investment Fund (SIF). Work to develop the fund progressed during 2022, draft terms of reference were agreed and the GNGB was granted delegated authority to manage the allocation of the £20m CDB loan money by all four partner cabinets in July 2022. On the 27 June 2023, the GNGB committed to accelerating the development of the CDB Loans Fund. The Greater Norwich Project Team have since worked with the Infrastructure Delivery Board to develop the fund and allow applications to be received. This paper introduces the proposed processes and templates to support the implementation of the CDB Loans Fund.

2. CDB Loan Approval Process

2.1. In order for a loan agreement to be progressed, a proposal will be taken through several levels of scrutiny before being brought to the GNGB for final approval. Figure 1 shows the steps involved in the approval process with further details of each step provided below.

Figure 1 City Deal Borrowing Loans Fund Approval Process



- **Directors Proposal** prepared by Applicant Authority. This document provides an initial overview of a potential project for funding by CDB. It is brought to the IDB by the applicant authority's director. Partner directors are asked if they approve the progression of a Full Loan Proposal and mandate the GNPT to conduct an Assurance Check. The GNPT do not provide support in the preparation of the Directors Proposal.
- **Decision made by IDB**, on whether to progress a Full Loan Proposal.
- **Full Proposal** prepared by Applicant Authority, with support and guidance from GNPT. This will form the basis of a report which will inform the IDB and GNGBs decision about the loan. Once received by the GNPT, this serves as a trigger for the GNPT to prepare an Assurance Check. This document will provide the background information.
- **Assurance Check** prepared by GNPT, on receipt of the full proposal. It provides a financial review of the loan, detailing affordability and impact on the IIF and SIF. It will provide the financial information about the project for both the IDB and the GNGB to support their decision making.
- **Decision made by IDB**, on whether to take Full Loan Proposal and Assurance Check to GNGB for Decision.
- **Decision made by GNGB**, on whether to approve Full Loan Proposal. If approved:
- **Loan Agreement progressed** by GNPT and Norfolk County Council (as the GNGB's Accountable Body.)
- **Monitoring of project and loan drawdowns** by GNPT, through established growth programme processes.
- **Reporting on loan agreement and finances** incorporated into annual 5 Year Infrastructure Investment Plan.

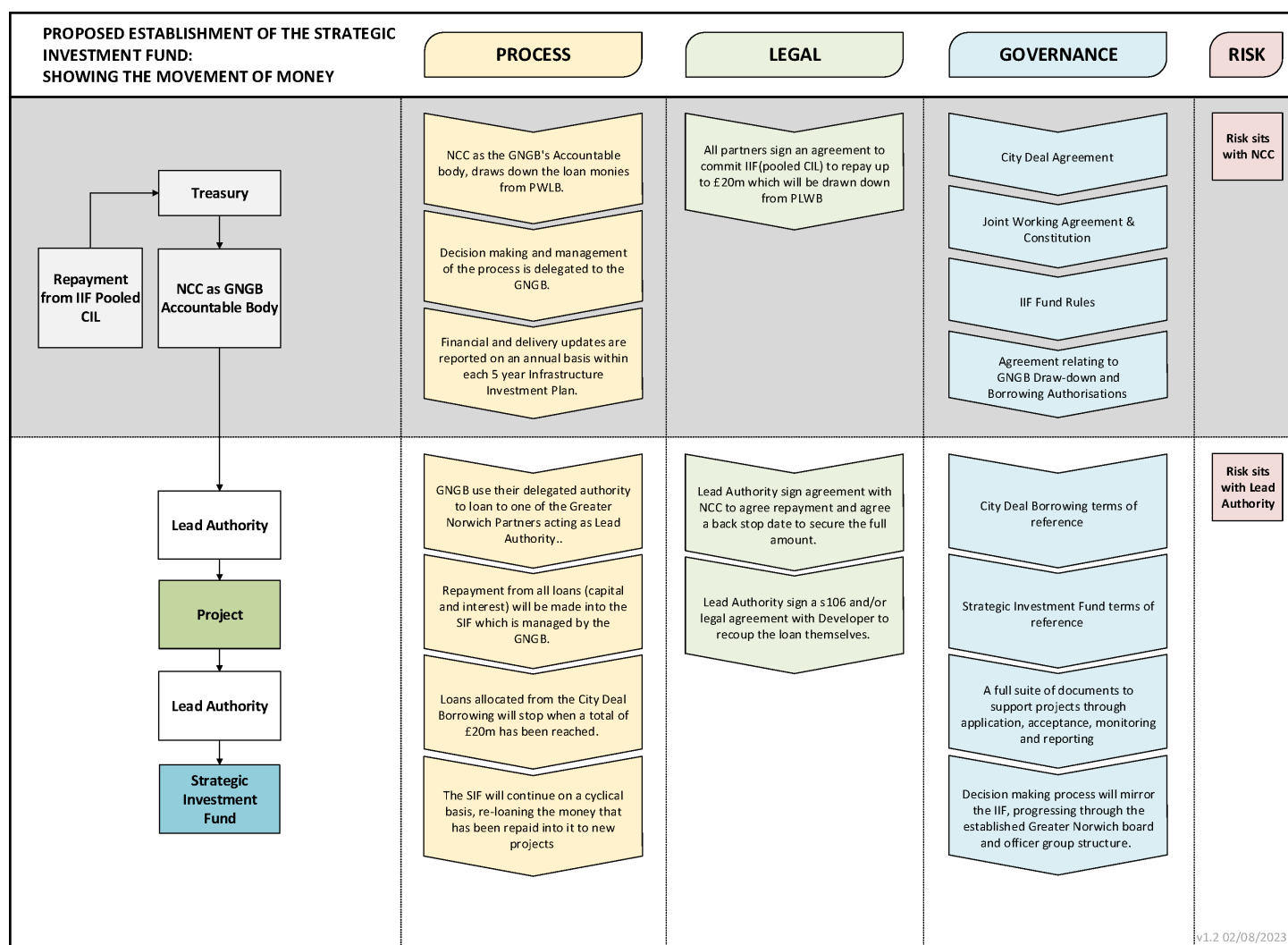
3. CDB Loan Process

3.1. Figure 2, summarises the steps which will be taken once a loan is approved by the GNGB. The left hand side shows the movement of the City Deal loan money, and the additional columns seek to provide clarity by detailing the process of progressing a loan together with the legal arrangements, governance documents and risk ownership of each stage.

3.2. In summary:

- NCC as the GNGB's Accountable Body draws down the loan monies from PWLB.
- GNGB use their delegated authority to loan to one of the Greater Norwich Partners acting as the Lead Authority. At this stage the risk of the loan is transferred from NCC to the Lead Authority.
 - Lead Authority will sign an agreement with NCC to agree the repayment schedule and a backstop date.
 - Lead Authority will underwrite their own risk through the signing of a s106 agreement or alternative legal agreement with any third party as appropriate.
- Loans allocated from the City Deal Borrowing will stop when a total of £20m has been reached, or when the repayments are no longer deemed affordable.
- Repayments of the loan (capital and interest) from the Lead Authority to NCC will be made into the new Strategic Investment Fund (SIF), which is managed by the GNGB.
- The SIF will continue on a cyclical basis, reloaning the money that has been repaid into it, to new projects.
- Financial and Delivery updates for both the CDB and SIF are publicly reported on an annual basis within each 5 Year Infrastructure Investment Plan.

Figure 2 – Process Diagram for establishment of a Strategic Investment Fund using City Deal Borrowing Loans



4. Governance Documents

4.1. The City Deal Borrowing and future Strategic Investment Fund will be underpinned by a suite of governance documents.

- **City Deal Agreement** – signed by all partners Dec 2013.
- **Joint Working Agreement and Constitution** – signed by all partners Sept 2014.
- **IIF Fund Governance Rules** and supporting **legal agreement relating to the GNGB partner drawdown and borrowing authorisations**- signed by all partners Oct 2015.
- **IIF Process documents**– Delegated authority was granted to the Infrastructure Delivery Board to oversee the internal administrative processes of the IIF (which is pooled CIL). This includes established fund rules which have been successfully used to support the Greater Norwich Growth Programme since 2018.
- **CDB Process Documents** – These have been designed to support the overall fund process, Delegated authority is sort by the IDB to oversee the continued management and development of these documents:
 - City Deal Borrowing Terms of Reference – draft agreed by all partners July 2022
 - Strategic Investment Fund Terms of Reference – draft agreed by all partners July 2022

- City Deal Borrowing Fund Rules
- Directors Proposal Template
- Full Proposal Template
- Assurance Check Template
- Assurance Check Guidance
- Highlight Report Template

5. Recommendations

- (i) *GNGB to approve the proposed processes for the City Deal Borrowing Loans Fund.*
- (ii) *GNGB to grant delegated authority to the Greater Norwich Infrastructure Delivery Board to oversee the continued management and development of City Deal Borrowing processes and documents as detailed in section 4.*

6. Issues and Risks

6.1. Resource Implications

6.1.1. Work to support the City Deal Borrowing Loans Fund will be undertaken by the existing resource of the Infrastructure Delivery Board and Greater Norwich Projects Team, working alongside specialist financial and legal resources provided by the partner authorities.

6.2. Legal Implications

6.2.1. The £20m City Deal borrowing will be drawn from the Public Works Loan Board by NCC as the GNGBs Accountable Body.

6.2.2. The drawing down of up to £20m City Deal borrowing is dependent upon a legal borrowing agreement being signed by all four partner authorities, to agree that the interest and loan repayments will be made from the IIF for the full term of the loan. A draft version of this agreement was agreed by all partner Cabinets in July 2022. Upon each staged draw down (totalling no more than £20m), the Greater Norwich Growth Board has been granted delegated authority to sign the final legal agreement together with their s151 officers, under the direction of Norfolk County Council as the Accountable Body and in accordance with their signed Joint Working Agreement.

6.2.3. The Greater Norwich Growth Board's Joint Working Agreement was signed and sealed by all partners on 26 September 2016. This agreement requires all recommendations and decisions of the board to be unanimous.

6.3. Risks

6.3.1. No decision is being requested to allocate any loan funding in this report.

6.3.2. The financial model being proposed will protect the Greater Norwich Growth Board from the risk of third-party loans because loans can only be granted to one of the partners, acting as Lead Local Authority. A long stop date will be agreed, securing the final date for the repayment of the loan from the Lead Local Authority to the SIF. The Lead Local Authority will have a separate agreement between themselves and any third party that the money is loaned to.

6.4. Equality

6.4.1. No specific issues arising from the implementation of these processes.

6.5. Environmental implications

6.5.1. No specific issues arising from the implementation of these processes.

7. Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

Name	Telephone Number	Email address
Grace Burke	01603 222727	grace.burke@norfolk.gov.uk
Tom Cushan	01603 225784	thomas.cushan@norfolk.gov.uk

Application to City Deal Borrowing Loans Fund

Phil Courtier, Director of Place, South Norfolk and Broadland District Councils

Summary

A Full Proposal has been received from South Norfolk Council to draw down £4.5m from the City Deal Borrowing Loans Fund. This loan would forward fund Long Stratton Bypass Developer's Contribution, enabling the bypass to come forward for development sooner. Having been reviewed by the Greater Norwich Infrastructure Delivery Board, it is being recommended for approval to the Greater Norwich Growth Board.

This report provides details of the application and provides a summary of the potential cost of this loan to Greater Norwich.

Recommendations

- (i) ***The Greater Norwich Infrastructure Delivery Board (IDB) recommend the Greater Norwich Growth Board(GNGB) approve £4.5m to be drawn down by Norfolk County Council through the City Deal agreement, and loaned to South Norfolk Council to support the delivery of Long Stratton Bypass.***

Subject to agreement of (i)

- (ii) ***The GNGB to instruct the Infrastructure Delivery Board to progress the loan draw down of £4.5m to support the delivery of Long Stratton Bypass. This will be dependent on the signing of a legal agreement:***
- a. ***A £4.5m loan schedule to be legally signed by all partners and added as an addendum to the existing legal agreement entitled 'GNGB partner draw-down and borrowing authorisations' which was signed by all partners in Oct 2015. This will secure the capital and interest repayments to be made to the Public Works Loan Board against the Infrastructure Investment Fund (IIF – Pooled Community Infrastructure Levy). In addition, the capital and interest to be paid by South Norfolk Council (the Lead Local Authority), will be secured with a backstop date ensuring the latest date the full repayment will be received by Norfolk County Council (as the Greater Norwich Growths Boards accountable Body).***

Report

1. Introduction

- 1.0 As part of the Greater Norwich City Deal, the GNGB were afforded the opportunity to access lower-cost loan funding from the Public Works Loans Board (PWLB). With £20m of borrowing available to establish a cyclical loans fund, to support local infrastructure projects.
- 1.1 The lower cost borrowing is a discount of 0.4% below the published PWLB interest rates, instead of the 0.2% discount that all local authorities are offered for borrowing.
- 1.2 In 2021, the GNGB agreed to seek to use the £20m City Deal Borrowing to establish a new fund called the Strategic Infrastructure Fund (SIF). Work progressed and a draft terms of

reference was developed which lead to the establishment of this new fund being agreed by each partner's Cabinet in July 2022, authorising:

Norfolk County Council, as the Greater Norwich Growth Boards Accountable Body, to draw down up to £20m from the Public Work Loans Board to create a cyclical fund to support local infrastructure projects as agreed in the Greater Norwich City Deal

and

Upon each staged draw down totalling no more than £20m, the Greater Norwich Growth Board to be granted delegated authority to sign the legal agreement together with their s151 officers, under the direction of Norfolk County Council as the Accountable Body and in accordance with their signed Joint Working Agreement.

- 1.3 One or more of the partners, acting as the Lead Local Authority (LLA), are able to apply for a loan from the GNGB, which if approved, will be drawn down from the from the Public Works Loan Board (PWLB) and repayments will be made from the Infrastructure Investment Fund (IIF- pooled Community Infrastructure Levy). This loan will then be reloaned from the LLA to an organisation or developer to forward fund key infrastructure, to accelerate the delivery of growth in Greater Norwich. The organisation/developer who benefitted from the loan will repay it with interest at agreed points throughout the project to the LLA, and these repayments will be directed back to the GNGB and paid into a new Strategic Investment Fund (SIF). Once City Deal Borrowing has been drawn down and money recouped back into the SIF, the Greater Norwich authorities will use the SIF as an ongoing cyclical loans fund, making further loans available to the LLA's directly from the SIF.
- 1.4 At the GNGB meeting on 27th June 2023, the Board committed to accelerating the development of the City Deal Borrowing Loans fund (CDBL). The Greater Norwich Project Team have since worked with the Infrastructure Delivery Board to develop the templates and processes necessary to allow applications to be received. (These have been reported to the GNGB for agreement within an earlier item within this meeting, 27th September 2023)
- 1.5 The ambition of the City Deal Borrowing Loans fund is to enable and where possible accelerate the delivery of growth within the Greater Norwich area, maximising the opportunities for jobs, homes and prosperity for local people.
- 1.6 It is important to note that the discounted interest rate of the loans is available to the GNGB until end March 2026, and to date, none of the £20m has been drawn down.
- 1.7 The City Deal allocated to this loans fund should be drawn down for a term of no more than 20 years. The reports that supported the decision making which led to the agreement to establish the City Deal Loan Fund used a 20-year term to model potential loans.
- 1.8 The S106 agreed as part of the Long Stratton Bypass planning permission has secured a model of repayment to the GNGB over a 10 year period. Therefore, the term of the loan to be drawn down from PWLB is also proposed to be 10 years. Norfolk County Council as the GNGB's Accountable body support this reduced term because the shorter term reduces the financial risk being taken by all parties involved.

2. Proposed Project

- 2.0 An application, for drawdown of City Deal Borrowing has been received from South Norfolk Council for £4.5m to support the delivery of Long Stratton Bypass; a single carriageway

road that will provide a new junction at Church Lane to the north, extending from this junction on the east side of Long Stratton in a southerly direction for approximately 3.9km, where it will re-join the existing A140 just south of Oakside farm.

- 2.1 The bypass is required to be complete prior to the occupation of the 250th dwelling, therefore delivery of the bypass is critical to the remaining 1600 approved houses, being built and occupied.
- 2.2 The S106 agreement has secured a £4.5m developer contribution towards the delivery of the bypass, however given current project timelines the first repayment from the developer would not be due until Autumn 2027.
- 2.3 The requested loan funding would be used to forward fund the developer's contribution, allowing construction of the bypass to commence earlier than at the receipt of the developer's contribution.
- 2.4 Subject to agreement by the GNGB, the loan is likely to be drawn down from the Public Works Loan Board (PWLB) in March 2025 by Norfolk County Council, as the GNGB's Accountable Body. Repayments to the PWLB will be made from the Infrastructure Investment Fund (IIF) on an annual basis over a 10-year period. South Norfolk Council will then repay the GNGB a fixed sum every year for 10 years, commencing on the second anniversary of the completion of the bypass (Autumn 2027). Repayments from South Norfolk will be made into the new Strategic Investment Fund.
- 2.5 Assuming a successful business case, all the DfT monies will be drawn down first. The following *approximate* draw down structure indicates the order the other funding streams will be called upon:
 - Q3 2024/25 - £10m GNGB Loan
 - Q1 2025/26 - £4.5m Loan ('Developer Contribution')
 - Q2 2025/26 – Remaining match funding
- 2.6 An initial Directors Proposal was presented at the Infrastructure Delivery Board (IDB) on 14 July 2023 for consideration. The Infrastructure Delivery Board agreed the recommendation and instructed the Greater Norwich Project Team to work with South Norfolk Council to progress this to a Full Proposal.
- 2.7 On 11 August 2023 the Infrastructure Delivery Board considered the Full Proposal (attached in Appendix 6a), alongside the assurance check document and are recommending the loan for approval to the Greater Norwich Growth Board.
- 2.8 If approved by the GNGB, the project will be included in the next Annual Growth Programme and an annual update provided in the 5 Year Infrastructure Investment Plan.

3. Assurance Check

- 3.0 An assurance check has been undertaken on the Full Proposal, to consider the financial implications the new loan request would have on the IIF.
- 3.1 The assurance check consists of a review of the existing IIF financial commitments and sets these against forecasted CIL income and the potential loan repayments that will be required from the IIF to PWLB. The review includes some analysis of future CIL income, highlighting the implications on CIL income that could occur if the bypass is not delivered. In addition to this, the loan repayment schedule has been forecasted to demonstrate the potential balance of the Strategic Investment Fund, setting out a timeframe of when this

new fund could begin to reloan the CDBL monies. The document also contains detail on the risks and mitigating factors for Greater Norwich.

- 3.2 Attached in Appendix 6b is the assurance check document for Long Stratton Bypass.
 - 3.3 The completed assurance check has identified that this loan is likely to be affordable for the IIF. The forecasted financial modelling demonstrates that providing a loan to this project would leave a limited balance in the IIF to support other projects and would result in a return of £5,981,509 to the GNGB by 2037.
 - 3.4 Key considerations from the assurance check are listed in sections 4 – 10. The interest rate used to inform the assurance check was that on the 21/08/2023, at 5.54%, however the final agreed interest rate will be the rate charged by PWLB on the day the loan is drawdown, therefore any figures discussed are an 'in principle' rate.
- 3.5 Please note that the financial modelling used to inform the next sections uses current interest rates and information known on the date of calculation. These figures are expected to change either up or down.

4. Cost of the Loan to the Infrastructure Investment Fund:

- 4.0 Approving this £4.5m City Deal Borrowing Loan application would cost a total of £5,981,509 to the IIF over a 10-year period. This would be an annual commitment of £598,151 from March 2026.
- 4.1 In 2024/25 the GNGB will also draw down a £10m loan for Long Stratton Bypass from PWLB, which will be repaid from the IIF. This loan is required to be over a 25-year period, and will result in an annual commitment of £755,710.
- 4.2 If the GNGB approve this new request, a combined commitment of £1,353,861 from the IIF will be required for the 10-year period, and a commitment of £755,710 for the following fifteen years.
- 4.3 A cash reserve equal to one year's City Deal Borrowing Loan repayment is also required. An additional £1,353,861, will need to be set aside in the IIF, if both loans are progressed.
- 4.4 Based on current projections and taking into consideration existing loans, the existing Growth Programme, the applications for this year's Growth Programme, an assumed allocation of £2.5 to education for the next five years as well as and the two proposed loans for LSBP, it is unlikely that the IIF would retain sufficient funds to be able to open a new call for projects in 2024/25.
- 4.5 However, it should be noted that CIL forecasting is inherently cautious to avoid over estimations of income (See Section 6 and 7 for more details)

5. City Deal Borrowing

- 5.0 The City Deal Borrowing Loans Fund has £20m PWLB borrowing available at the discounted project rate until March 2026. (0.4% below their published rates).
- 5.1 To date, no applications have come forward requesting funding.
- 5.2 One other project, Norfolk Environmental Credits Ltd (the Nutrient Neutrality Joint Venture) was expected to come forward for a loan. The recent government announcement that the need for housing schemes to mitigate Nutrient Neutrality is to be lifted which was later overturned by the House of Lords, means it is unclear whether this will still be required.

- 5.3 £10m of City Deal Borrowing remains ringfenced for a Norwich City transport measures, but the specific scheme is yet to be identified. This point is addressed in more detail in Section 8.
- 5.4 It is anticipated that not drawing down the City Deal Borrowing by March 2026 could have a negative knock-on effect with any future funding requests to government.

6. Forecasting Community Infrastructure Levy Income

- 6.0 CIL forecasting is deliberately cautious to avoid overestimation of income. As a result, the common income trend is that the IIF receives more income than had previously been forecast.
- 6.1 Schemes which are currently delayed by Nutrient Neutrality (NN) are factored into forecasts with a minimum of 18 months delivery delay (See Section 7 for more detail on NN). Site allocations progressing within the Greater Norwich Local Plan (GNLP) are not yet included.
- 6.2 When Nutrient Neutrality mitigation measures start coming forward and the GNLP is adopted, there is likely to be an increase in CIL income within the forecasts, however it is not possible to predict how much this will be.
- 6.3 Current plans include 1800 homes at Long Stratton and all but 250 of these are dependent on the completion of Long Stratton Bypass. Therefore, completing the bypass is essential to unlocking housing growth at Long Stratton.
- 6.4 Without this loan, the £4.5m developer contribution for Long Stratton Bypass is not due to be paid until the 2nd anniversary of completion of the bypass, in 5 pre-agreed instalments or until occupation of specific phases, whichever comes first. Forward funding the developer's contribution will allow the bypass and housing to be unlocked at an advanced rate.
- 6.5 The forecasted CIL income to be received by South Norfolk as a result of delivering the housing schemes at Long Stratton is £9.6m; This equates to neighbourhood CIL ~£2.4m and residual Contribution to Pooled CIL (the IIF) ~£6.7m.
- 6.6 Of the residual contribution to Pooled CIL, ~£1m is expected pre 2029 and ~£5.5m post 2029.
- 6.7 If the Long Stratton Bypass is not delivered this will result in a net decrease of ~£6/7m available to the IIF over a 10-year period.
- 6.8 Long Stratton Town Council are actively discussing ideas for the £2.4m Neighbourhood CIL they are expected to receive.

7. The impact of Nutrient Neutrality

- 7.0 Nutrient Neutrality has resulted in many planning delays in Greater Norwich, and this has significantly reduced forecasted CIL income.
- 7.1 On 29th August the government announced an amendment to be made to the Levelling up and Regeneration Bill, removing the requirement for Natural England to advise councils not to approve housing schemes in affected areas. This amendment was overturned on 13th September by the House of Lords so the need for mitigation to be evidenced remains.
- 7.2 The development of nutrient pollution mitigation is a new area of work, and is likely to result in a gradual growth in housing delivery before being able to reach the rates of delivery and CIL income as previously achieved. This is not only because it will take some time for the authorities to address all the backlog, but because the housing market will need some time to remobilise and progress to the point of delivery
- 7.3 It is likely that CIL income forecasts for 24/25 and beyond will increase as more schemes resolve their NN issues and come forward.

8. Affordability of City Deal Borrowing for Norwich Transport Scheme

- 8.0 £10m of City Deal Borrowing remains ringfenced for Norwich City transport measures, although a specific scheme is yet to be identified.
- 8.1 A forecast has been provided to demonstrate the potential impact on the IIF if this £10m was also drawn down. Although this currently shows the IIF balance slipping into the negative, it is considered that this potential loan draw down is sufficiently far enough away that many of the factors currently negatively impacting CIL forecasts will be more clear. These include:
- Delays caused by Nutrient Neutrality
 - GNLP sites adopted and schemes coming forward
 - Interest rates will be known and potentially reduce

All of these factors, in addition to the fact that the IIF usually receives more income than previously forecast, means that the City Deal borrowing facility will continue to be a viable option in the future, when Norwich City Council decide upon a project.

9. Cost to the applicant:

- 9.0 South Norfolk Council will pay
- the PWLB drawdown fee of circa £1,575 (current PWLB draw down charges are 35pence per £1000 drawn down)
 - all Nplaw fees associated with the legal agreements required to support the borrowing. (An initial estimate is £500 but may increase based on work required)
 - pay a Greater Norwich Project Team fee. (Pending development of GNPT charging schedule)
- 9.1 South Norfolk Council will repay the loan and interest as a fixed amount every year for 10 years, commencing in autumn 2027 (the second anniversary of completion of the bypass).
- 9.2 The total repayment for the loan and interest will be £5,981,509, which will be an annual payment of £598,151. (but will be subject to change)

10. Strategic Investment Fund:

- 10.0 The first repayment of £598,151 into the Strategic Investment Fund is forecasted to be in 2027/28.
- 10.1 It is anticipated that by 2033/34 the Strategic Investment Fund will have received the original £4.5m loan amount.
- 10.2 By 2036/37 the loan and interest will be repaid in full, and the Strategic Investment Fund is likely to have ~£6.8m unrestricted funding.
- 10.3 An initial repayment date of autumn 2027 would mean the first opportunity for SIF applications to be received would be in 2028/29 for projects up to £1.2m.

11. Recommendations

Having considered the details provided with this report:

- (i) ***The Greater Norwich Infrastructure Delivery Board (IDB) recommend the Greater Norwich Growth Board(GNGB) approve £4.5m to be drawn down by Norfolk County Council through the***

City Deal agreement, and loaned to South Norfolk Council to support the delivery of Long Stratton Bypass.

Subject to agreement of (i)

(ii) The GNGB to instruct the Infrastructure Delivery Board to progress the loan draw down of £4.5m to support the delivery of Long Stratton Bypass. This will be dependent on the signing of two legal agreements:

a. A £4.5m loan schedule to be legally signed by all partners and added as an addendum to the existing legal agreement entitled 'GNGB partner draw-down and borrowing authorisations' which was signed by all partners in Oct 2015. This will secure the capital and interest repayments to be made to the Public Works Loan Board against the Infrastructure Investment Fund (IIF – Pooled Community Infrastructure Levy). In addition, the capital and interest to be paid by South Norfolk Council (the Lead Local Authority), will be secured with a backstop date ensuring the latest date the full repayment will be received by Norfolk County Council (as the Greater Norwich Growth Boards accountable Body).

12. Issues and Risks

12.0 Resource Implications

12.0.1 The City Deal Borrowing Loan Fund will be managed in line with existing Greater Norwich partnership working arrangement, which includes continuous monitoring and annual reporting to all partners. This will be managed by the existing resource of the Greater Norwich Projects Team under the direction of the Infrastructure Delivery Board.

12.0.2 Resources for project delivery will be the responsibility for the individual project manager and sponsor.

12.1 Legal Implications

12.1.1 The £4.5m City Deal borrowing will be drawn from the Public Works Loan Board by NCC as the GNGBs Accountable Body.

12.1.2 The Greater Norwich Growth Board's Joint Working Agreement was signed and sealed by all partners on 26 September 2016. This agreement requires all recommendations and decisions of the board to be unanimous.

12.1.1 The drawing down of the £4.5m City Deal borrowing is dependent upon a legal agreement being drawn up and signed:

- a £4.5m loan schedule to be legally signed by all partners and added as an addendum to the existing legal agreement entitled 'GNGB partner draw-down and borrowing authorisations' which was signed by all partners in Oct 2015. This will confirm that the interest and loan repayments will be made from the IIF for the full term of the loan. A draft version of this agreement was agreed by all partner Cabinets in July 2022. The GNGB has been granted delegated authority to sign the final legal agreement together with their s151 officers, under the direction of Norfolk County Council as the Accountable Body and in accordance with their signed Joint Working Agreement.
- Included within the same agreement will be a breakdown of the repayment schedule to be made by South Norfolk Council (as the Lead Local Authority) to Norfolk County

Council (as the Greater Norwich Growth Boards Accountable Body). This will include a backstop date for full final repayment, providing the GNGB with reassurance that this money will be repaid.

12.2 Financial Risks

12.2.1 The GNGB will be responsible for repaying the loan to the Public Works Loan Board from the Infrastructure Investment Fund, therefore there is a risk that the Infrastructure Investment Fund does not have sufficient funds to manage these repayments. In order to mitigate against the financial risk of taking out the loan, the GNGB will allocate a cash reserve equal to one year's City Deal Borrowing Loan repayment to safeguard the IIF. The adopted partnership working practices mean that the Infrastructure Delivery Board (IDB) will continue to monitor the IIF balances regularly and review the annual balance when any new commitments are being considered. The IIF annual balance will also continue to be reconciled against CIL forecasts and published within the annual 5 Year Infrastructure Investment Plan (5YIIP) which also requires approval by each CIL receiving authority. This provides assurance to each partner that the Infrastructure Investment Fund is in a good financial position and has clear governance arrangements to manage future commitments.

12.2.2 In August 2020 the Planning For The Future - White Paper, proposed the cessation of CIL in favour of a new Infrastructure Levy. This change was re-confirmed in the Levelling Up the United Kingdom – White Paper in February 2022 and the Levelling up and Regeneration Bill which is currently progressing through parliament. A technical consultation on the proposed new Infrastructure Levy was undertaken in March 2023 responses to which will be used to inform the design of the new Levy, but government has confirmed that moving over to the new Levy represents a significant change to the system, one that will be brought forward gradually over time using a 'test and learn' rollout. To safeguard against any future changes, CIL is defined as

The "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.

Within the legal agreement relating to GNGB draw-down and borrowing authorisations signed by all partners and dated 21st Oct 2015.

12.2.3 There is a further risk to the Greater Norwich Growth Board that Long Stratton Bypass gets caught up in programme delays, this could be due to planning consents, land agreements, S106 obligations, a slow down in the housing market etc. This could have large implications for the Greater Norwich Growth Board as the City Deal Borrowing Loan (CDBL) mechanism is only available until March 2026, therefore there is a risk that this funding is not utilised. This could have reputational impacts and potentially other opportunities could be missed. In order to mitigate this risk, the Greater Norwich Project Team (GNPT) will be in regular communication with the project delivery team to ensure that we are aware of any delays and can factor this into any future funding considerations. Further from this the Greater Norwich Growth Board have the ability to draw down the funding from PWLB ahead of when South Norfolk Council require the funding.

12.2.4 Unforeseen changes to the financial market could have a large impact on the Greater Norwich Growth Boards ability to loan this money onto South Norfolk Council. For example, if interest rates dramatically increase and remain high for a sustained period it could mean that the IIF can no longer afford to repay the loan to the PWLB. To mitigate this risk, the assurance check models the current interest rate and +2/-2% to understand whether this loan, at varying interest rates, is still viable.

12.2.5 There is a risk that that the PWLB borrowing becomes less favourable due to higher than forecast interest rates. An alternative option could be for the full £4.5m to be allocated directly from the IIF in one year rather than be borrowed and repaid from the IIF over the term of the loan. This is something that should be considered by the GNGB at the point of borrowing but any decision to do this would be subject to receiving agreement from all district cabinet and councils.

12.3 Equality

12.3.1 No specific issues arising from this City Deal Borrowing Loan Fund application.

12.3.2 Project specific issues are the responsibility of the project manager and sponsor.

12.4 Environmental implications

12.4.1 The project manager and sponsor will be required to meet their own environmental obligations.

Appendix 6a - Full Proposal

Appendix 6b - Assurance Check

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

Name	Telephone Number	Email address
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Full Project Proposal

Lead Authority: South Norfolk District Council
Greater Norwich Director Phil Courtier

Project Overview

Project Title: Long Stratton Bypass funding - £4.5m loan to SNC
Project Location: South Norfolk
Infrastructure type: Transport

Project Description:

The proposed new A140 bypass will be a single carriageway road that will provide a new junction at Church Lane to the north, extending from this junction on the east side of Long Stratton in a southerly direction for approximately 3.9km, where it will re-join the existing A140 just south of Oakside farm.

Delivery of Long Stratton bypass is linked to the aims and objectives stated within the adopted Joint Core Strategy (JCS) and the Long Stratton Area Action Plan (LSAAP). It is also a priority infrastructure project for Norfolk County Council and is identified in the Norfolk Strategic Infrastructure Delivery Plan. It is key to supporting the delivery of much needed housing and employment growth in the area, and its completion will enable the development of 1875 homes.

Following submission of the Outline Business Case (OBC), in July 2021 DfT awarded funding of £26.2m to the project (subject to Full Business Case approval). Subsequently the estimated costs contained within the OBC have been reviewed and updated to reflect the progression of the design as well as the impacts of world events over the past 2-3 years, and this exercise has identified an increase in the cost estimate to £46.232m

A £4.5m developer/landowner contribution towards delivery of the bypass is being secured through the planning S106 agreement with the bypass required to be completed prior to the occupation of the 250th dwelling to address any highway implications as a result of planned growth. This loan would forward fund the developer contribution.

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Assuming a successful business case, all the DfT monies will be drawn down first.

The following *approximate* draw down structure indicates the order the other funding streams will be called upon:

Q3 2024/25 - £10m GNGB Loan

Q1 2025/26 - £4.5m Loan ('Developer Contribution')

Q2 2025/26 – Remaining match funding

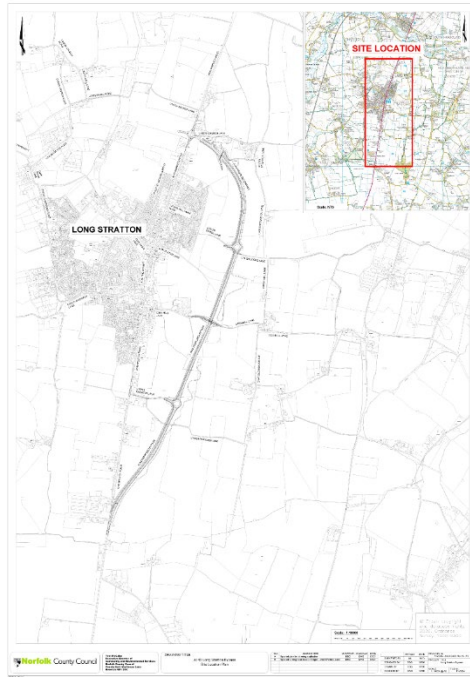
Site Map:

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Project Background:

Long Stratton is part of the *Greater Norwich* area and was identified as a key growth location for 1800 dwellings in the Joint Core Strategy for Broadland, Norwich and South Norfolk.

Without a bypass the capacity for Long Stratton to grow is limited with delivery of all but 250 of the allocated homes contingent on delivery of the bypass. The bypass is a key part of the essential infrastructure required to deliver the wider planned housing and employment growth for Greater Norwich in a form which reflects local characteristics and settlement pattern and will:

- Significantly enhance the function of the A140, which has been identified as part of the Government's Major Route Network (MRN).

This document provides the initial proposal made by South Norfolk Council. Its contents do not reflect a commitment from the GNGB.

- Improve quality of life for existing residents.
- Facilitate further growth in the town.

Transport East submitted a Regional Evidence Base to the Department for Transport (DfT) in Summer 2019, which identified the bypass as a regional priority for MRN funding. An outline business case bidding for MRN funding to help facilitate delivery of the project was submitted to the DfT and subsequently approved by government in July 2021

Is this project part of a wider scheme?

Over 1800 homes are allocated to Long Stratton, all but 250 of which are contingent on delivery of the bypass. Completion of the Bypass will directly unlock these sites for development, and therefore resolve this problem. The bypass scheme is being brought forward in tandem with major development (residential and employment) within the town. The combined planning applications for Long Stratton (SNC applications 2018/0111 (east) and 2018/0112 (west)) identify 1875 new dwellings, 9.5 ha of employment land, a western relief road, a primary school site, community facilities, associated infrastructure and public open space.

Implementation of the bypass will also allow public realm improvements and implementation of further active/sustainable travel measures within the town and wider area. As part of the MRN, the A140 corridor had to be wide enough to deal with large volumes of traffic, as well as non-motorised users. With the large majority of the traffic volume removed from the town, there are opportunities to promote change in how the available space is utilised for the benefit of the town, its residents and businesses.

What process has the project followed to gain approval from the Lead Local Authority?

- 2012 - LSBP identified as a priority in the Norfolk Infrastructure Plan
- 2014 – JCS adopted and establishes principle of growth to support a bypass.
- 2016 – LSBP included in Norfolk Strategic Infrastructure Delivery Plan
- Oct 2019 – DfT approved Strategic Outline Business Case for LSBP
- Feb 2021 – LSBP is included in Greater Norwich Local Plan
- July 2021 – DfT approve Outline Business Case for £26.2m funding
- 2022 – GNGB agrees to commit £10m funding to LSBP
- March 2023 – LSBP planning approved by SNC

Total project cost: £46.232m

As part of the development of the project, the estimated costs contained within the OBC have been reviewed and updated to reflect the progression of the design, as well as the impacts of world events over the past 2-3 years. The outcome of that exercise has identified an increase in the cost estimate to £46.232m.

Total Match funding secured: £40.7m

- £26.2m Department for Transport (DfT)
- £10m Local contribution from GN City Deal borrowing to be repaid from pooled CIL.
- £4.5m Developer contribution agreed through the signing of a s106 agreement.
- £6m To be secured Contingency funding, to be shared between GN Strategic Projects Fund, SNC Capital Programme and NCC Capital Programme – subject to future decisions.

Project Partners:

- Norfolk County Council - Highways Authority, Lead authority for project delivery
- South Norfolk Council - Funding partner
- Department for Transport - Funding partner
- Greater Norwich Growth Board - Funding partner

Project management:

Delivery of the project will be managed by Norfolk County Council

Has the project secured planning permission and any other required consents? Please reference the planning application number and set out any conditions. If *planning permission is outstanding, please set out how and when this will be achieved, if it is required.*

Planning permission granted by committee, 15 March 2023, subject to a S106 and the imposition of conditions necessary to make the development acceptable as set out in the report and any further necessary at the discretion of officers in completing any decision and resolving the following key issues:

- Open space phasing
- Nutrient neutrality

- Drainage matters from the LLFA
- Re-consultation with the Integrated Care Board (ICB) in respect of the identified impacts on health and in particular the impact on Long Stratton Medical Centre

Anticipated project commencement date: Spring 2024

Anticipated project completion date: Autumn 2025

Risk: *please provide brief details explaining how the LLA will manage the financial risk of this loan. Please provide the project risk register*

South Norfolk Council has agreed to underwrite the £4.5m loan and provision is made in the Capital Programme for this purpose. The repayment mechanism for the promotor/landowner to repay the £4.5m contribution will be secured by legal agreement and associated option agreement, and safeguards will be secured in these agreements - notably the step in rights and associated option agreement, which mitigate the risk of default or lack of repayments arising from land sales.

Strategic Fit

How does this project meet the ambitions of the Greater Norwich Growth Board? *Please refer to the Joint Core Strategy, Greater Norwich Local Plan, Greater Norwich Infrastructure Plan, Greater Norwich City Deal. Where applicable, reference to national and regional strategies may be used.*

How the project helps to deliver the Joint Core Strategy and the emerging GNL

The Joint Core Strategy (JCS) for Broadland, Norwich and South Norfolk sets out the long-term vision and objectives for the area, including strategic policies for steering and shaping development. There are four policies outlined within the JCS that are relevant in terms of the delivery of Long Stratton Bypass and wider growth in the town and beyond.

- **Policy 4 – Housing Delivery:** Includes a commitment to provide 36,820 new homes in the JCS area between 2008 and 2026, with 15,524 of these in South Norfolk District. The combined Long Stratton application identifies 1875 new dwellings,

the majority of which are contingent on delivery of the bypass. Completion of the bypass will unlock this growth, directly supporting this policy.

- **Policy 6 – Access and Transportation:** Implementation of the bypass will support access to Norwich from the south of the County, as well as improving transport linkages between on the strategic route between Ipswich and Norwich. Delivery of the bypass will also support bus usage, cycling and walking due to reduced conflict in Long Stratton. Users of the A140 will also benefit from reduced journey times and better journey duration reliability following delivery of the bypass.
- **Policy 9 – Strategy for Growth in the Norwich Policy Area:** Direct reference is made to the provision of 1800 new dwellings in Long Stratton alongside appropriate infrastructure needed to deliver growth and support the local economy including the expansion of local employment. Delivery of Long Stratton Bypass is key to bringing forward this policy objective.
- **Policy 10 - Locations for major new or expanded communities in the Norwich Policy Area:** The Policy states that major growth, including at Long Stratton, will be master-planned as attractive, well serviced, integrated mixed-use development ... and designed to address current service and infrastructure deficiencies to benefit existing communities. Delivery of a new bypass is specifically identified as part of the policy objective and crucial to provision of the policy's aims.

The emerging Greater Norwich Local Plan (GNLP) references an enhanced transportation system including infrastructure improvements, the A140 being one of these. Implementation of the bypass will offer individuals travel choices, which are intended to include sustainable and active options. The potential for more efficient and punctual public transport services for Long Stratton brought about by removal of through traffic, helps to support the aim of the GNLP.

How the project addresses the thematic group's strategic priorities set out in the latest version of the Greater Norwich Infrastructure Plan (GNIP)

Long Stratton bypass is already identified within the Greater Norwich Infrastructure Plan (GNIP) as part of the Long Stratton housing growth site. Long Stratton is the only housing growth site that is not located within the GNIP Strategic Growth Area that is considered of strategic scale. The GNIP identifies 9 strategic priorities for transport projects. Long Stratton Bypass delivers against several of these.

- **Improving Air Quality** - The bypass will improve air quality in Long Stratton Town Centre by reducing the number of cars travelling through

- **Supporting Growth Areas** – The bypass will ensure that necessary transport infrastructure is in place in a key strategic growth location
- **Meeting Local Needs** – The bypass is supported by significant local demands.
- **Reducing the dominance of traffic** – The bypass will directly reduce the amount of traffic travelling through long Stratton centre. This will in turn allow for public realm and active travel improvements as the existing roads will no longer need to be as wide.

How the project meets the priorities or objectives of a relevant themed Greater Norwich strategy

Greater Norwich Strategy – Transport for Norwich

The Policy **Strategic Connections** in Transport for Norwich (TfN), states that “Strategic connections and hinterland access will be promoted to enhance the role of Norwich as the regional capital”. A key action identified under **5.9** is “We will ensure that new strategic connections are optimised to benefit the economy, this includes rail enhancements to Cambridge, Stansted, London and other destinations, main bus and coach links, the Norwich Western Link, A47 improvements, and Long Stratton Bypass.” Also, on page 33 of TfN, Long Stratton Bypass is identified as one of five planned strategic connections necessary for Greater Norwich. This demonstrates that the delivery of Long Stratton Bypass is specifically identified as a priority and objective for Greater Norwich in the Transport for Norwich Strategy.

How the project addresses countywide, regional, or national issues or strategies.

LSB supports many Countywide strategies, in particular NCC’s ‘A vision for Norfolk 2021’ outlining the County’s high level aims. Listed below are the 4 of the 6 aims the Authority has to work better together with public partners and businesses and how the bypass proposal supports those aspirations.

- **Build communities we can be proud of** - The bypass will improve the quality of life for people in Long Stratton and allow the town to grow in a sustainable and planned way;
- **Install infrastructure first** - The bypass is an essential pre-condition to the delivery of housing and employment development in Long Stratton;
- **Build new homes to help young people get on the housing ladder** - The bypass will enable delivery of major new housing development in Long Stratton, helping to reduce the pressures which drive up housing prices;

- Make the most of our heritage, culture and environment - The bypass will improve the environment of the traditional town centre by removing through traffic.

In terms of Regional strategies, LSB will contribute to the New Anglia Local Enterprise Partnership (NALEP) Integrated Transport Strategy (ITS) aims. The ITS identifies 'Deliver a reliable Major Road Network with improved journey times between our priority places' as a major aim. LSB will be a significant improvement to the MRN and will reduce journey times and provide better journey duration reliability between Ipswich and Norwich.

In July 2020, Government set out a plan to create a step-change in cycling and walking activity in the coming years called Gear Change (2020). The government envisages half of all journeys in towns and cities should be cycled or walked by 2030. To facilitate this, actions are grouped into four central themes:

- Better streets for cycling and people;
- Cycling and walking at the heart of transport, place-making and health policy;
- Empowering and encouraging local authorities;
- Enabling people to cycle and protecting them when they do.

The greatest impact the scheme will have on supporting Gear Change will be by removing the majority of traffic from the A140 running through the centre of Long Stratton. An estimated reduction in traffic volumes in excess of 80% from the levels before the bypass, which is a significant improvement, will provide a much safer environment for pedestrian and cyclists. The scheme will also unlock the interdependent housing and economic development in the town, which will enable additional walking and cycling infrastructure, and accompanying urban realm improvements, to be implemented in line with the Masterplan proposals.

How the project addresses infrastructure needs and requirements set out within local strategies and neighbourhood plans

The Long Stratton Area Action Plan (AAP) specifically identifies a need for the Bypass. The bypass is key to unlocking growth within Long Stratton and the surrounding area. The AAP is clear that delivery of residential growth above 250 units within Long Stratton must be linked to the provision of the bypass. The Long Stratton Neighbourhood Plan recognises the need for the Bypass and that it is due to be delivered, and sets out needs for future works after its delivery.

Decarbonisation and Sustainability

Implementation of the bypass will allow Long Stratton town centre to become an environment that is not motor vehicle dominated. The removal of through traffic will allow sustainable and active travel options to flourish within the wider area, as highway space becomes more available, safer and adaptable for all user types. Residents will be empowered to choose their mode of transport, particularly shorter journeys within the town, as they will not have to compete with motor vehicles. Public transport will be able to operate to a more reliable timetable, as there will not be queuing traffic for buses to contend with. Operators will be able to service stops efficiently through the town, improving the offering to users. With the majority of heavy goods vehicles bypassing the town and the removal of large scale queuing traffic, positive benefits in terms of improved air quality and reduced noise will be immediate.

Care has been taken through the progression of the project, to ensure that sustainability has been considered through different facets of development. Ensuring that the design has considered the requirement for alternative transport modes so that benefits of shifting to walking, cycling and use of public transport can be supported. Identifying and making best use of materials existing on site to avoid large scale transportation in and out of materials has been specified in the Contract documentation. Working with environment and ecology colleagues to generate as high a Biodiversity Net gain as possible within the scheme, to safeguard as many current and future habitats as possible. Guiding Bidders through their Quality submission to identify Carbon improvements such as the potential for use of lower carbon products and processes, or how the site will be managed to reduce vehicle movements, will support reduction of either carbon emissions or embedded CO2. All of these elements, amongst many others, are supporting both the decarbonisation and sustainability credentials of the proposal.

Has the project taken best practice learning from previous similar projects?

Experienced gained within NCC from the development and delivery of other major infrastructure projects such as Broadland Northway, Great Yarmouth Third River Crossing and Norwich Western Link has provided a wealth of knowledge and competency that has been utilised to support progression of LSB. This experience has been utilised not only within the development of the project itself, but also within the contractual and commercial elements required for successful implementation of the proposal.

How does this project meet the vision and purpose of the City Deal Borrowing Fund?

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This project meets the vision of the City Deal borrowing fund which is to enable and accelerate the delivery of growth within the Greater Norwich area, maximising the opportunities for job, homes and prosperity for local people. As detailed above, this loan will facilitate early delivery of the Long Stratton bypass, and release development of over 1800 homes, all but 250 of which are contingent on delivery of the bypass. Completion of the Bypass will directly unlock these sites for development.

Upfront funding for onsite infrastructure is one of the biggest barriers to the creation of new homes and jobs and, like most development sites of this size, the landowner/promotor for the development at Long Stratton does not have sufficient upfront funds to pay the entire contribution of £4.5m towards the delivery of the bypass until the land parcels have been sold and development has commenced.

By utilising the borrowing allocated within the City Deal to fund the 'developer contribution' of the project budget, Long Stratton Bypass will be delivered much earlier in the overall Long Stratton development and committing this funding now will also help underpin Norfolk County Council's final business case to Department for Transport for circa £26.5m which must demonstrate that the full cost of the road is secured at the outset of the scheme.

As the loan repayments are made, the subsequent establishment of the Strategic Investment Fund (SIF) will create a recyclable pot and enable the GNGB to provide loans to developers which will accelerate the delivery of major strategic infrastructure projects and support housing and employment growth across the Greater Norwich area, by providing site specific funding support to enable infrastructure to be delivered quickly and in advance of any specified development trigger points.

The SIF will enable the scope of beneficiary infrastructure projects to be extended beyond that currently allowed by the Greater Norwich Infrastructure Investment Fund, whose use is restricted by CIL legislation, and broaden the definition of infrastructure projects to match the original definition agreed within the City Deal - 'This fund will be used to support infrastructure required to open up sites for housing or employment development'.

Project Outcomes

Table 1 Table of project outputs

Output	Forecasted Completion date:
Output 1: Completion of the implementation of Long Stratton Bypass – a 4km long single carriageway highway, bypassing Long Stratton, providing a new junction at Church Lane to the north and joining the existing A140 just south of Oakside Farm.	Autumn 2025

Table 2 Table of project outcomes

Outcome	Forecasted Completion date:
Outcome 1: Removal of 80-85% through traffic will reduce issues associated to noise, greenhouse gases, air quality and community severance, all of which will show significant improvement as a consequence of the opening of the bypass which will also provide reduced journey times and improved confidence associated to journey duration.	Autumn 2025
Outcome 2: Unlocking of development proposals contained within planning applications 2018/0111 & 2018/0112, namely 1875 dwellings, 9.5 ha of employment area, new primary school, community facilities (east and west), associated infrastructure and public open space provision.	Autumn 2025
Outcome 3: Identification of Active and Sustainable travel measures within Long Stratton and the surrounding area. Reworking of existing Highway space to ensure opportunities for non-car based trips are promoted.	Autumn 2025 onwards

Loan Request

City Deal Borrowing loan request: £4.5m

This document provides the initial proposal made by South Norfolk Council. Its contents do not reflect a commitment from the GNGB.

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Anticipated drawdown date: March 2025

Anticipated final repayment date: Autumn 2035

How will the City Deal Borrowing Loan be repaid to the Greater Norwich Growth Board? Please note any dependent factors.

The loan will be repaid by SNC to the GNGB in 5 equal instalments, plus interest, every 2 years from the second anniversary of completion of the bypass.

The developer's contribution, which will cover the £4.5m loan, will be index linked and paid in line with the following:

- (1) In the event that the entire east site is acquired by a single developer: the repayments will be paid in 5 pre-agreed instalments* every 2 years following the completion of the bypass. The final repayment will be received 10 years after completion, or
- (2) In the event that different phases of the residential development are acquired by separate developers: 20% of the respective, pre-agreed instalment will be repaid at the point of sale of the land and 80% will be repaid prior to the occupation of 25% of the homes on the respective phase.

The west side of the development are to be brought forward by a single developer who has the relevant option and the associated repayments will have the same triggers as (2)

Furthermore, for scenario (2), if none of the land is acquired by developers and therefore repayments have not been made, the draft agreement secures 'step-in rights' for South Norfolk Council to acquire phase(s) of the residential land at 3, 6 and 10 years. In the event that South Norfolk Council exercises this option the relevant bypass contribution will be deducted from the land value.

*pre-agreed instalments:

Table 3 Phasing of developer contributions to the bypass

Phase (as identified on the Masterplan)	Bypass Contribution for that Phase	Trigger for payment of Bypass Contribution
A	£470,600.00	Second anniversary of the Bypass Completion Date or prior to 90% Occupation of that Phase (whichever the earlier)
B	£647,075.00	Fourth anniversary of the Bypass Completion Date or prior to 90% Occupation of that Phase (whichever the earlier)
C	£729,430.00	Sixth anniversary of the Bypass Completion Date or prior to 90% Occupation of that Phase (whichever the earlier)
D	£470,600.00	Eighth anniversary of the Bypass Completion Date or prior to 90% Occupation of that Phase (whichever the earlier)
E	£682,295.00	Tenth anniversary of the Bypass Completion Date or prior to 90% Occupation of that Phase (whichever the earlier)

Further contributions from West side:

Table 4 - Table of further developer contributions to the bypass

Phase (as identified on the Masterplan)	Bypass Contribution for that Phase
1	£532,500.00
2	£187,500.00
3	£780,000.00

First repayment date: Autumn 2027
Proposed backstop date: 10 years

Table 5 - Proposed Repayment Schedule

Anticipated repayment date	Amount
Autumn 2027	£900,000*
Autumn 2029	£900,000*
Autumn 2031	£900,000*
Autumn 2033	£900,000*
Autumn 2035	£900,000*

This document provides the initial proposal made by South Norfolk Council. Its contents do not reflect a commitment from the GNGB.

Greater Norwich

City Deal Borrowing

www.greaternorwichgrowth.org.uk

Full Project Proposal Growth Board

Anticipated repayment date	Amount
	£4,500,000*

**plus interest*

Greater Norwich Growth Board

Loan Request

Project Title: Long Stratton Bypass

CDBL Request: £4,500,000

Proposed Repayment Schedule: South Norfolk Council will repay the £4.5m loan with interest (at the agreed interest rate on the day of drawdown) as a fixed amount every year for 10 years, commencing in autumn 2027, on the second anniversary of the completion of the bypass.

Anticipated drawdown date: March 2025

Anticipated final repayment date: Autumn 2035

Cost of the Loan to the Infrastructure Investment Fund:

(Please note the text below uses figures relating to the current interest rate at 5.54%.)

Table 1 shows the annual cost of this £4.5m loan to the Infrastructure Investment Fund (IIF), on the basis that the requested loan is taken out on a 10-year repayment period. The interest rate will not be set until the date of drawdown, so the table provides a window of rates to give an indication of what the cost could be if the rate increases or decreases.

Table 1 – Proposed £4.5m loan at different PWLB interest rates

Details of Proposed Loan	Current Rate - 2%	Current Rate (21/08/2023)	Current Rate + 2%
Rate	3.54%	5.54%	7.54%
Loan	£4,500,000	£4,500,000	£4,500,000
Interest	£921,776	£1,481,509	£2,067,846
Total Cost to the IIF	£5,421,776	£5,981,509	£6,567,846
Period (Years)	10	10	10
Annual cost to the IIF	£542,178	£598,151	£656,785

Approving this loan on the current rate would total £5,981,509 to the IIF. The loan would be drawn down in March 2025, with the first repayment due to the Public Works Loan Board in September 2025. An annual commitment of £598,151 is required, to repay the loan to the Public Works Loan Board (PWLB), over a period of 10 years.

In 2021, the Greater Norwich Growth Board (GNGB) committed to draw £6.733m of borrowing from the Public Works Loan Board to support the delivery of Long Stratton Bypass (LSBP), this was increased to the originally agreed City Deal figure of £10m in 2022. This is part of the £60m that was allocated to Strategic Infrastructure projects within the signed City Deal agreement. It is allocated as funding rather than a loan, so it will not be repaid to the GNGB. This borrowing is programmed to be drawn down in November 2024 with the first repayment to PWLB due May 2025. **On the current rate the £10m loan will cost a total of**

£18,892,759 to the IIF. This equates to an annual commitment of £755,710 from the IIF over a 25-year period. This prior commitment must be considered alongside the proposed loan of £4.5m.

If both loans are progressed, from 2025/26, an annual commitment of £1,353,861 is required from the IIF for a 10-year period, with an additional 15 years required for the £10m loan repayments at £755,710. (The drop in repayment beyond 10 years is because the £10m is to be borrowed over 25 years whereas the £4.5m will be borrowed over 10 years.)

To mitigate against the financial risk of any loans, the GNGB retains a cash reserve equal to one year's City Deal Borrowing Loan repayment. Therefore, an additional £1,353,861, will need to be set aside in the IIF to cover both the £10m and £4.5m loans.

Table 6 shows all the committed funds and overall balance of the IIF. Circa £3.5m of IIF applications have been received this year and for the purposes of this forecast it has been assumed that all these applications are approved. The tables include repayments for the £10m and £4.5m loans commencing in the 2025/26 financial year. They show that **including the repayments for the loan, the IIF would continue to have a positive balance, although it is unlikely, based on current assumptions, that the IIF would retain sufficient funds to be able to open a new call for projects in the summer of 24/25.**

It should be noted that CIL forecasting is inherently cautious to avoid over estimations. Schemes which are currently delayed by Nutrient Neutrality are factored in with a minimum of 18 months delivery delay, plus new site allocations progressing within the Greater Norwich Local Plan (GNLP) are not included. **When Nutrient Neutrality mitigation measures start coming forward and the GNLP is adopted, we expect an increase in CIL income within the forecasts,** however it is not possible to predict how much this will be at present. The section on CIL Forecasting provides further detail on the approach taken to forecasting.

Varying interest rates are demonstrated in Table 1, Table 2, Table 3, Table 4, with Table 7, Table 8 and Table 9 demonstrating the effect of specific interest rates on the IIF Balance Sheet.

Summary of Risk

The GNGB will be responsible for repaying the loan to the Public Works Loan Board from the Infrastructure Investment Fund, therefore there is a risk that the Infrastructure Investment Fund does not have sufficient funds to manage these repayments. In order to mitigate against the financial risk of taking out these loans, the GNGB will allocate a cash reserve equal to one year's City Deal Borrowing Loan repayment to safeguard the IIF. The adopted partnership working practices mean that the Infrastructure Delivery Board (IDB) will continue to monitor the IIF balances regularly and review the annual balance when any new commitments are being considered. The IIF annual balance will continue to be reconciled against CIL forecasts and published within the annual 5 Year Infrastructure Investment Plan (5YIIP) which also requires approval by each CIL receipting authority. This provides assurance to each partner that the Infrastructure Investment Fund is in a good financial position to manage future commitments.

In August 2020 the [Planning For The Future - White Paper](#), proposed the cessation of CIL in favour of a new Infrastructure Levy. This change was re-confirmed in the [Levelling Up the United Kingdom – White Paper](#) in February 2022 and the [Levelling up and Regeneration Bill](#) which is currently progressing through parliament. [A technical consultation on the proposed new Infrastructure Levy](#) was undertaken in March 2023 followed by an [All-Party Parliamentary Group inquiry into the Developer Contributions system](#). Responses to these will be used to inform the design of the new Levy, but government has confirmed that moving over to the new Levy represents a significant change to the system, one that will be brought forward gradually over time using a 'test and learn' rollout. To safeguard against any future changes, CIL is defined in the signed legal agreement relating to GNGB draw-down and borrowing authorisations dated 21st Oct 2015 (Appendix F):

The "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.

To further mitigate the risk of taking on this loan, Norfolk County Council (as the GNGB's accountable body) will have a legal agreement in place with South Norfolk Council (as the Lead Local Authority) that passes the risk of repaying the PWLB loan across to the Lead Local Authority. This legal agreement will include a breakdown of the repayment schedule and will implement backstop dates for repayments, providing the GNGB with reassurance that this money will be repaid.

There is a further risk to the Greater Norwich Growth Board that Long Stratton Bypass gets caught up in programme delays, this could be due to planning consents, land agreements, S106 obligations, a slow down in the housing market etc. This could have large implications for the Greater Norwich Growth Board as the City Deal Borrowing Loan (CDBL) mechanism is only available until March 2026, therefore there is a risk that this funding is not utilised. This could have reputational impacts and potentially other opportunities could be missed. In order to mitigate this risk, the Greater Norwich Project Team (GNPT) will be in regular communication with the project delivery team to ensure that we are aware of any delays and can factor this into any future funding considerations. Further to this, the Greater Norwich Growth Board have the ability to draw down the funding from PWLB ahead of when South Norfolk Council require the funding.

Unforeseen changes to the financial market could have a large impact on the Greater Norwich Growth Board's ability to loan this money onto South Norfolk Council. For example, if interest rates dramatically increase and remain high for a sustained period it could mean that the IIF can no longer afford to repay the loan to the PWLB. To mitigate this risk, the GNPT have forecasted the current interest rate and +2/-2% to understand whether this loan, at varying interest rates, is still viable.

There is a risk that that the PWLB borrowing becomes less favourable due to higher than forecasted interest rates. An option could be for the full £4.5m to be allocated directly from the IIF in one year rather than be borrowed and repaid from the IIF over the term of the loan. This is something that should be considered by the GNGB at the point of borrowing but would be subject to receiving agreement from all district cabinet and councils to do so.

City Deal Borrowing

Through the signing of the Greater Norwich City Deal, the UK government made available a total of £80m at the reduced Public Works Loan Board Project Rate, to be drawn down by March 2026. £60m was made available to invest in strategic infrastructure, of which £40m was drawn down in 2016 for the NDR and £10m will be drawn down in 2024/25 for Long Stratton Bypass, with costings to the IIF shown in *Table 4*. A further £20m was available to create a cyclical strategic investment fund, through the City Deal Borrowing Loan Fund, however none of this funding has been utilised to date. Long Stratton Bypass is the first project to come forward for this loaned funding. There is currently one other potential applicant for the City Deal Borrowing Loan Fund: Norfolk Environmental Credits Ltd, the Nutrient Neutrality Joint Venture. The recent government announcement that the need for housing schemes to mitigate Nutrient Neutrality is to be lifted which was later overturned by the House of Lords, means it is unclear whether this will still be required.

£10m of City Deal Borrowing has been ringfenced for a yet undefined transport scheme in Norwich, detail around this is provided in *Impact on Affordability of CDB Drawdown for Norwich City Centre*. The Long Stratton Bypass City Deal Borrowing Loan Fund application has been presented alongside the pre-agreed £10m borrowing, in *Table 4*, to demonstrate the full impact LSBP would have on the IIF if this £4.5 loan is also agreed.

Table 2 - Current Allocations for Strategic Infrastructure

Scheme	Amount	Status
NDR/ Broadland Northway	£40m	Drawn down
Long Stratton Bypass	£10m	Agreed by partners but not yet drawn down
TBC	£10m	Currently ringfenced to Norwich City centre transport measures

Table 3 - Current Allocations for the City Deal Borrowing Loan Fund (please note that this is referred to as the Local Infrastructure Fund within the original City Deal Document)

Amount	Status
---------------	---------------

£20m Unallocated

Table 4 – Proposed £10m loan at different PWLB interest rates (please note that the current interest rate for the £10m is different to the £4.5m above because they will be borrowed over different periods)

Details of Proposed Loan	Current Rate – 2%	Current Rate (21/08/2023)	Current Rate + 2%
Rate	3.64%	5.64%	7.64%
Loan	£10,000,000	£10,000,000	£10,000,000
Interest	£5,399,879	£8,892,759	£12,703,757
Total Cost to the IIF	£15,399,879	£18,892,759	£22,703,757
Period	25	25	25
Annual cost to the IIF	£615,995	£755,710	£908,150

Table 5 - Proposed £4.5m and £10m loans at different PWLB interest rates and for 10yrs and 25 years respectively.

Details of Proposed Loan	Current Rate - 2%	Current Rate	Current Rate +2%
CDB Loan Rate	3.54%	5.54%	7.54%
CDB Loan Total Cost	£5,421,776	£5,981,509	£6,567,846
CDB Loan Annual Repayment	£542,178	£598,151	£656,785
Strategic Infrastructure Loan Rate	3.64%	5.64%	7.64%
Strategic Infrastructure Loan Total Cost	£15,399,879	£18,892,759	£22,703,757
Strategic Infrastructure Loan Annual Repayment	£615,995	£755,710	£908,150

Details of Proposed Loan	Current Rate - 2%	Current Rate	Current Rate +2%
Total Cost to the IIF	£20,821,655	£24,874,268	£29,271,603
Annual cost to the IIF	£1,158,173	£1,353,861	£1,564,935

PWLB Interest Rate

The Public Works Loan Board (PWLB) interest rate changes twice daily. *Figure 1* shows that over the past three years the rates have seen a steady upward trend. If this increase were to continue at the same rate, the interest rate would be circa 8.2% when the £4.5m loan is drawn down in March 2025. This may be an overestimate, as it is not a robust means of forecasting and does not involve economic analysis.

Figure 2 shows that the longer-term trend from 2015 is also upward, but at a slightly steadier pace. If the rate of increase were to return to this trajectory, the interest rate in March 2025 would be circa 3.4%. This is likely an optimistic estimate given the rate of increase over the past three years.

Table 1, Table 4, and Table 5 demonstrate the impact that the varying interest rates could have on the total repayment due by the Greater Norwich Growth Board in relation to both loans. It is important to note that Norfolk County Council, as the Accountable Body for the Greater Norwich Growth Board, could exert some flexibility over the timing of the final drawn down. Discussions on drawdown times will be held with the Lead Local Authority closer to the time of drawdown when interest rates and the current trends are reviewed regularly, this will allow the drawdown to take place at the most cost-effective time.

Advice from s151 officers is that “Most commentators believe there may be one further 0.25% rise to the Base rate in September but thereafter wide divergence on how long they remain at that level before being reduced. Likely to be in the range 9 months to 1 year.”

Figure 1 - Historical Trend Analysis - 2020 Onwards, PWLB Interest rates over time

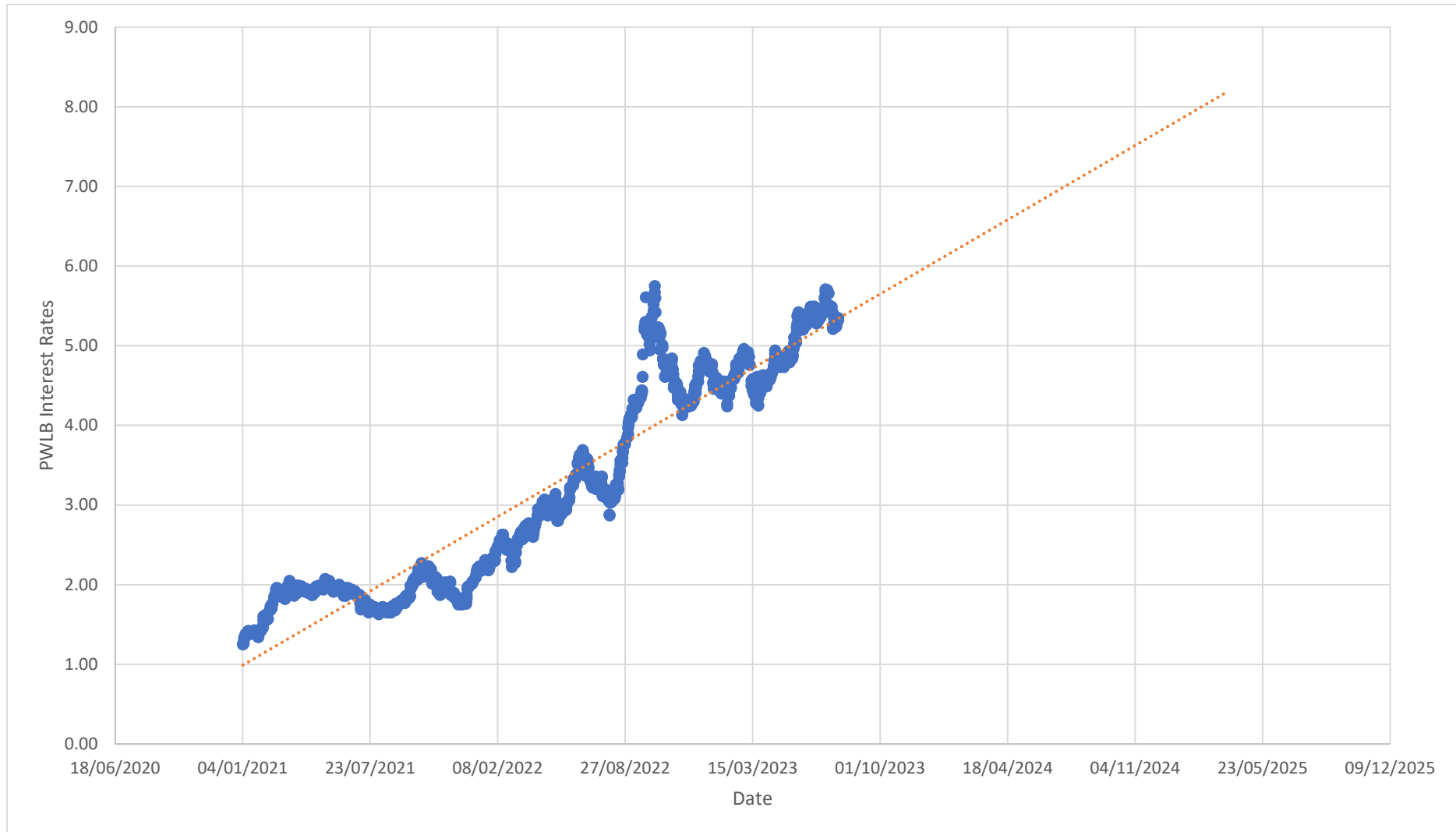
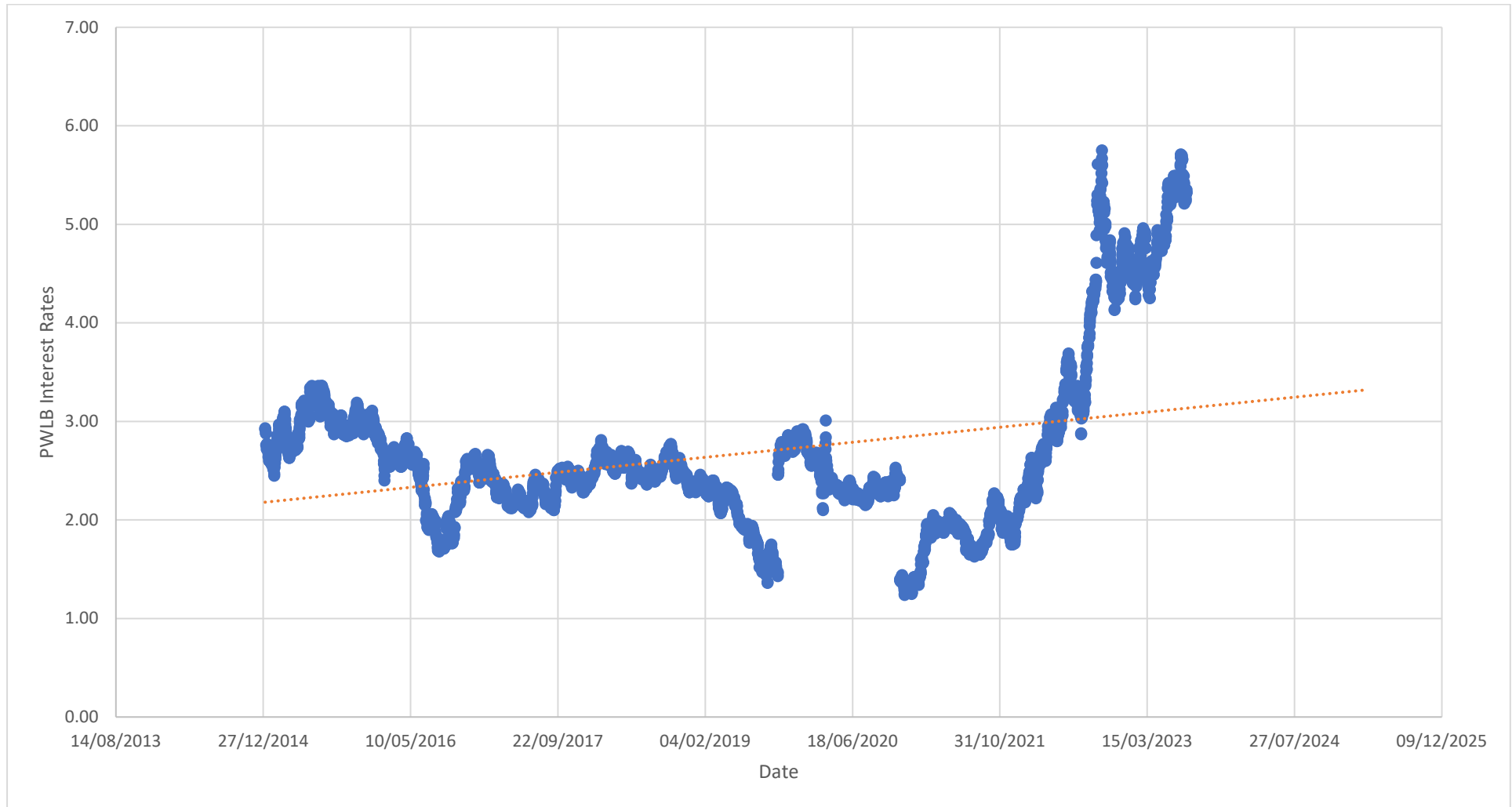


Figure 2 - Historical Trend Analysis - 2015 Onwards, PWLB Interest rates over time



IIF Finances, including current forecast and forecast loan repayments

The Infrastructure Investment Fund forecasts below have been calculated based on three different potential interest rates; Current Rate, Current Rate + 2% and Current Rate -2%. The interest rate was accurate at time of writing, on 21 August 2023, but will no longer be current when this paper is reviewed.

The IIF Expenditure tables include all the costs for the Full Growth Programme which assumes an annual £2.5m commitment is made to education for the next 5 years. The Infrastructure Investment Fund closed for project applications on the 04 August 2023 and submitted proposals are now being appraised by the Greater Norwich Project Team. The new project applications received for the 24/25 Growth Programme totalled ~£3.5m. For the purposes of the financial projections in this assurance check, all these projects have been assumed to be approved. This means that when the applications are taken through the appraisal process, the GNGB can guarantee that there is sufficient balance in the IIF to fund all the projects which are recommended. In a typical year, it would be unusual for all project applications to be successful. This means that it is unlikely that all of the ~£3.5m will be used for these purposes, so the overall balances are likely to be higher.

The initial £10m drawdown from City Deal Borrowing to fund LSBP is programmed to November 2024. The £4.5m, which is the subject of this application, is programmed for March 2025. This means the first repayments for both would be in the 2025/26 financial year.

Figure 3 – Forecasted IIF Annual balance after a total of £14.5m CDB Loans are drawn down, modelled at different rates and assuming no new CIL payments received.

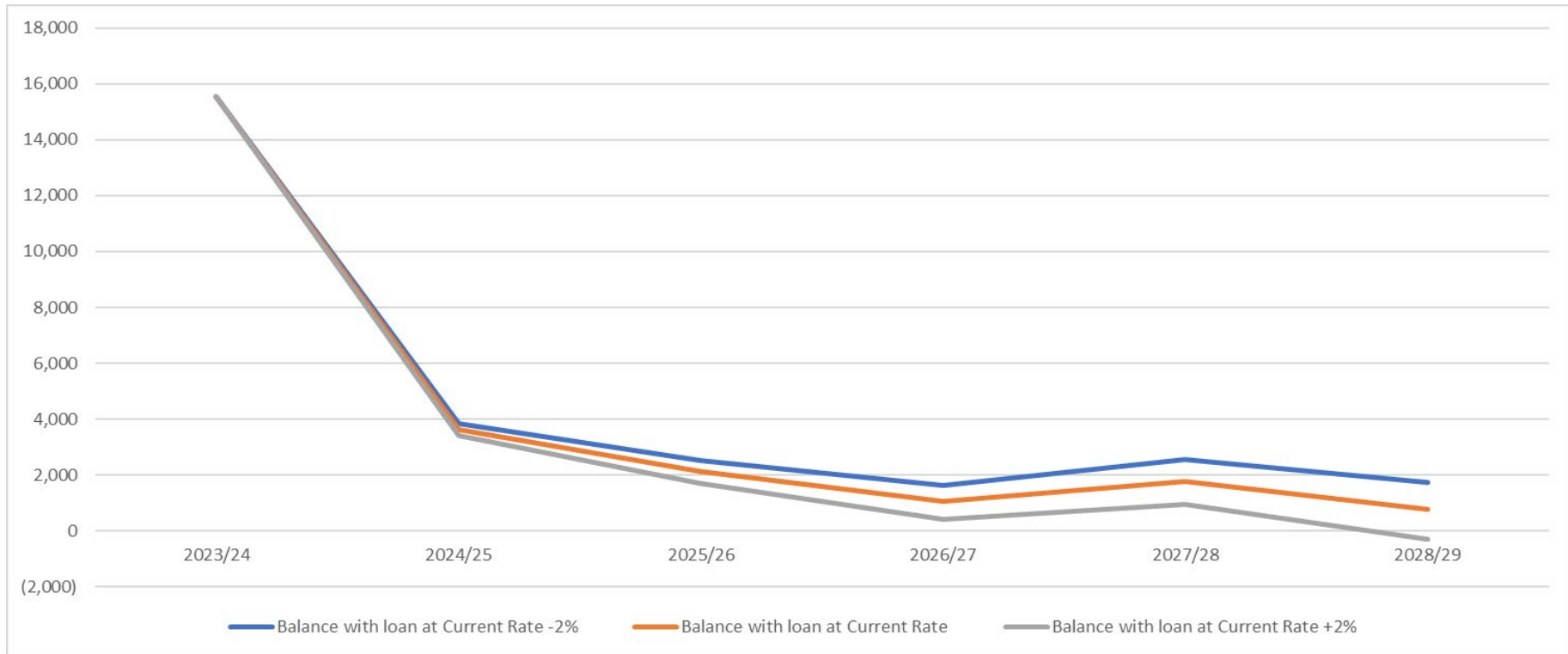


Table 6 – Forecasted IIF Annual balance after a total of £14.5m CDB Loans are drawn down, modelled at different rates

Interest Rates	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Balance with loan at Current Rate -2%	15,548	3,835	2,523	1,641	2,569	1,749
Balance with loan at Current Rate	15,548	3,640	2,131	1,054	1,786	771
Balance with loan at Current Rate +2%	15,548	3,428	1,709	420	942	(285)

Table 7 - Forecasted IIF Expenditure with £14.5m CDB Loans drawn down at Current Rate –2%

IIF Expenditure	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Full Growth Programme	(17,042)	(11,440)	(2,691)	(2,500)	(2,500)	(2,500)
Cash Reserves - Equal to one years City Deal loan repayment	0	(1,158)	0	0	0	0
Cash Reserves - Proposed Match Funding	(4,000)	0	0	0	0	0
GP25 Broadland Northway (amount borrowed)	0	0	0	0	0	0
Interest and loan repayment against borrowing	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)
Loan set up fee	0	0	0	0	0	0
GP26 Long Stratton Bypass (proposed amount borrowed)	0	(10,000)	0	0	0	0
Forecasted interest and loan repayments against the borrowing	0	0	(616)	(616)	(616)	(616)
Forecasted loan set up fee	0	0	0	0	0	0
City Deal Borrowing Loans Fund	0	(4,500)	0	0	0	0
LSBP Developer Contribution	0		(542)	(542)	(542)	(542)
TOTAL borrowing costs (annual payment made from pooled CIL)	(2,057)	(2,057)	(3,215)	(3,215)	(3,215)	(3,215)
TOTAL pooled CIL funding requirement	(23,099)	(14,655)	(5,906)	(5,715)	(5,715)	(5,715)
Actual pooled CIL Income	0	0	0	0	0	0
Forecasted pooled CIL Income	10,098	2,942	4,594	4,833	6,643	4,896
Forecasted annual pooled CIL surplus / (deficit)	(13,001)	(11,713)	(1,313)	(882)	928	(819)
CIL Interest Earned	0	0	0	0	0	0
Forecasted Cumulative CIL balance (including interest)	15,548	3,835	2,523	1,641	2,569	1,749
Forecasted Cumulative CIL income	57,602	60,544	65,137	69,970	76,614	81,509
Forecasted Cumulative CIL commitment	(54,983)	(69,639)	(75,545)	(81,260)	(86,975)	(92,690)

Table 8 - Forecasted IIF Expenditure with £14.5m CDB Loans drawn down at Current Rate

IIF Expenditure	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Full Growth Programme	(17,042)	(11,440)	(2,691)	(2,500)	(2,500)	(2,500)
Cash Reserves - Equal to one years City Deal loan repayment	0	(1,354)	0	0	0	0
Cash Reserves - Proposed Match Funding	(4,000)	0	0	0	0	0
GP25 Broadland Northway (amount borrowed)	0	0	0	0	0	0
Interest and loan repayment against borrowing	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)
Loan set up fee	0	0	0	0	0	0
GP26 Long Stratton Bypass (proposed amount borrowed)	0	(10,000)	0	0	0	0
Forecasted interest and loan repayments against the borrowing	0	0	(756)	(756)	(756)	(756)
Forecasted loan set up fee	0	0	0	0	0	0
City Deal Borrowing Loans Fund	0	(4,500)	0	0	0	0
LSBP Developer Contribution	0		(598)	(598)	(598)	(598)
TOTAL borrowing costs (annual payment made from pooled CIL)	(2,057)	(2,057)	(3,411)	(3,411)	(3,411)	(3,411)
TOTAL pooled CIL funding requirement	(23,099)	(14,851)	(6,102)	(5,911)	(5,911)	(5,911)
Actual pooled CIL Income	0	0	0	0	0	0
Forecasted pooled CIL Income	10,098	2,942	4,594	4,833	6,643	4,896
Forecasted annual pooled CIL surplus / (deficit)	(13,001)	(11,909)	(1,508)	(1,078)	732	(1,015)
CIL Interest Earned	0	0	0	0	0	0
Forecasted Cumulative CIL balance (including interest)	15,548	3,640	2,131	1,054	1,786	771
Forecasted Cumulative CIL income	57,602	60,544	65,137	69,970	76,614	81,509
Forecasted Cumulative CIL commitment	(54,983)	(69,834)	(75,936)	(81,847)	(87,758)	(93,669)

Table 9 - Forecasted IIF Expenditure with £14.5m CDB Loans drawn down at Current Rate +2%

IIF Expenditure	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Full Growth Programme	(17,042)	(11,440)	(2,691)	(2,500)	(2,500)	(2,500)
Cash Reserves - Equal to one years City Deal loan repayment	0	(1,565)	0	0	0	0
Cash Reserves - Proposed Match Funding	(4,000)	0	0	0	0	0
GP25 Broadland Northway (amount borrowed)	0	0	0	0	0	0
Interest and loan repayment against borrowing	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)
Loan set up fee	0	0	0	0	0	0
GP26 Long Stratton Bypass (proposed amount borrowed)	0	(10,000)	0	0	0	0
Forecasted interest and loan repayments against the borrowing	0	0	(908)	(908)	(908)	(908)
Forecasted loan set up fee	0	0	0	0	0	0
City Deal Borrowing Loans Fund	0	(4,500)	0	0	0	0
LSBP Developer Contribution	0	0	(657)	(657)	(657)	(657)
TOTAL borrowing costs (annual payment made from pooled CIL)	(2,057)	(2,057)	(3,622)	(3,622)	(3,622)	(3,622)
TOTAL pooled CIL funding requirement	(23,099)	(15,062)	(6,313)	(6,122)	(6,122)	(6,122)
Actual pooled CIL Income	0	0	0	0	0	0
Forecasted pooled CIL Income	10,098	2,942	4,594	4,833	6,643	4,896
Forecasted annual pooled CIL surplus / (deficit)	(13,001)	(12,120)	(1,719)	(1,289)	521	(1,226)
CIL Interest Earned	0	0	0	0	0	0
Forecasted Cumulative CIL balance (including interest)	15,548	3,428	1,709	420	942	(285)
Forecasted Cumulative CIL income	57,602	60,544	65,137	69,970	76,614	81,509
Forecasted Cumulative CIL commitment	(54,983)	(70,045)	(76,358)	(82,480)	(88,602)	(94,724)

CIL Forecasting

Early attempts to calculate the amount of CIL that would be available within the IIF, led to vastly inflated and unrealistic levels being forecasted. It quickly became apparent how complex it was to calculate, so officers used their learnt understanding of CIL to develop a new methodology for forecasting. This has continued to be used to forecast CIL income each year since 2018/19.

Many assumptions must be made to forecast CIL. Having up to date delivery programmes from developers is an important factor for the calculation, but there is a vast array of other external factors that can affect the timing and amount of CIL income that is received. The events of the last few years such as the Covid-19 outbreak, Brexit, the war in Ukraine and the need to mitigate Nutrient Neutrality, could not be anticipated and have had a negative impact on the income we have received. To safeguard against the financial risk of the GNGB overcommitting the IIF, a cautious approach is taken to CIL forecasting. Once initial calculations are completed, deductions are made to allow for changes to be managed. Having undertaken these calculations for 5 years, officers report that they can be more confident with forecasts for years 1-2 but those provided for years 3-5 are subject to significant variations and are adjusted accordingly.

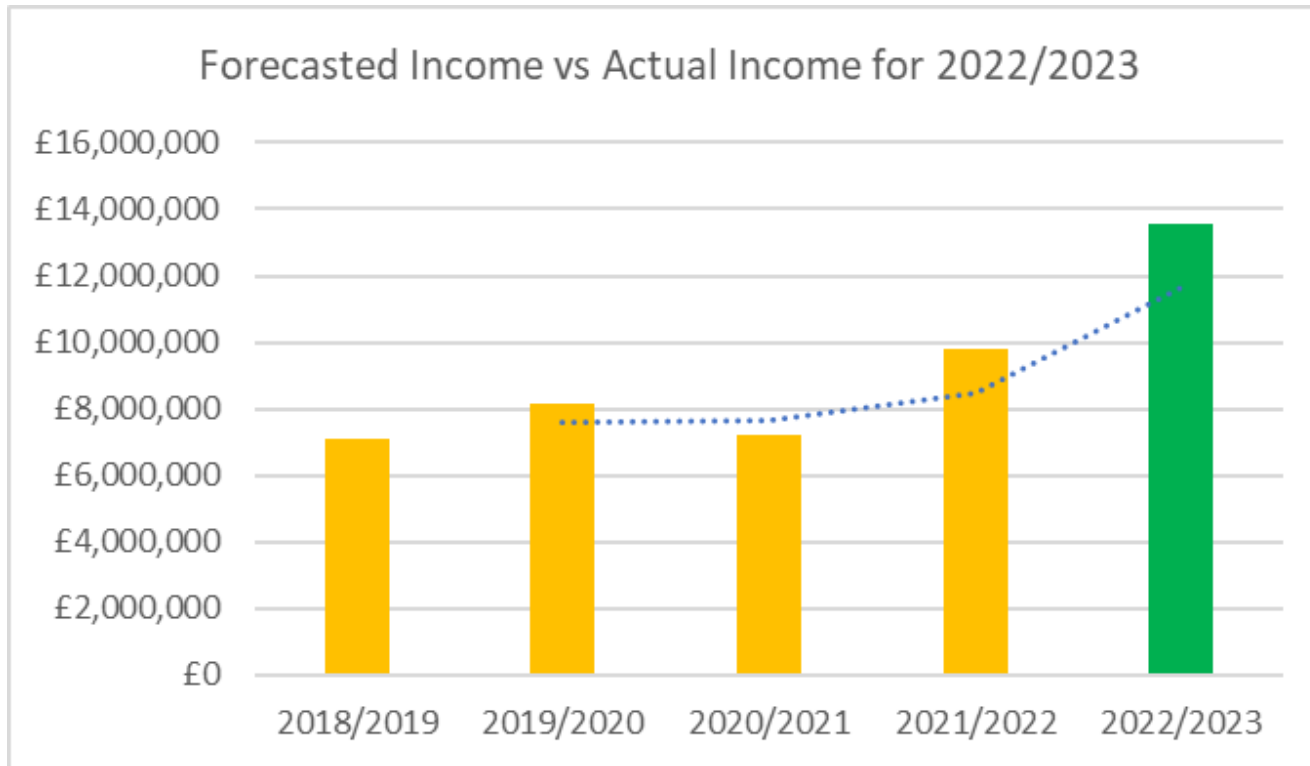
A key consideration to note is that new site allocations progressing within the Greater Norwich Local Plan are not included in CIL forecasts. They will not be included until the GNLP is adopted and each site is agreed. When this happens the forecasted income will increase. Equally, sites which have not been able to apply for planning permission due to nutrient neutrality are not included in forecasts, but will be once they start to come forward again.

The Greater Norwich forecasting approach is deliberately cautious to protect against financial risk. It is better to receive a bit more income than to fall short and not be able to deliver everything as planned. Forecasting in this way supports the GNGB's annual cycle of decision making allowing them to make new commitments to groups of 'smaller projects' which have applied to the IIF, at a point when income is more certain.

CIL forecasting is complex, but the common **income trend is that the IIF receives more income than had previously been forecast.** *Figure 4* Shows the amount of CIL income that was received in 22/23 compared to the amounts that had been forecast in the same year in each of the previous 4 years. Forecasts gradually increase as 22/23 got closer, and the final received amount is greater than any amount forecasted. This is because it is easier to assess the impact of the wide range of variables over the short

term, as over the long-term things are less certain. Equally, not all schemes come forward at the same rate. Smaller schemes and commercial sites are considered as windfall and can lead to an uplift in income as each year approaches.

Figure 4 - CIL income for 2022/23, as forecast in different years



Of the 1800 homes allocated to Long Stratton, all but ~250 of them are contingent on delivery of the Bypass. Sites at Long Stratton are forecast to provide net £9,604,762 CIL Income, the majority of which will not be received if the bypass is not completed. This is the total amount of CIL to be receipted, an amount will be deducted for administration and 25% will be retained as the neighbourhood CIL contribution leaving £6.5m for the IIF. *Table 10* demonstrates this breakdown and shows that over the short

term (pre 2029) Long Stratton will generate ~£1m in contributions to the IIF. Post 2029, Long Stratton will generate an additional ~£5.5m.

Table 8 and *Table 9* show the CIL forecasts for Greater Norwich without sites at Long Stratton, and with sites at Long Stratton respectively.

The delivery of Long Stratton Bypass will create opportunities in Long Stratton Town Centre for public realm improvements. Long Stratton Town Council have already prepared a neighbourhood plan for the town, and alongside consultants Aecom have prepared a masterplan for town centre improvements. Whilst still at an early stage at the time of writing, officer level discussions between South Norfolk Council and Norfolk County Council have taken place. These discussions have focused initially on identifying funding opportunities beyond the CIL and S106 funding derived from planned development and the offer the district and county councils can make to the Town Council to collaboratively deliver improvements to the town, in a manner that is consistent with Town Council's masterplan and which also fulfils the aspirations and objectives of the district and county plans and strategies. This group will help make best use of Long Strattons Neighbourhood CIL allocation and help lever in additional funding from elsewhere.

Table 10 - CIL Forecast for Greater Norwich, not including homes at Long Stratton

Local Authority	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Norwich	£1,030,678	£1,256,000	£1,259,000	£1,729,000	£1,699,000	£1,673,000	Unknown
South Norfolk (Without Long Stratton)	£8,661,143	£6,831,505	£1,158,667	£1,094,951	£2,289,391	£3,113,141	£4,254,289
Broadland	£3,097,469	£2,010,182	£329,880	£1,203,642	£644,849	£1,143,668	£641,451
Total	£12,789,290	£10,097,687	£2,747,547	£4,027,593	£4,633,240	£5,929,809	£4,895,740
Cumulative Total	£12,789,290	£22,886,977	£25,634,524	£29,662,117	£34,295,357	£40,225,166	£45,120,906

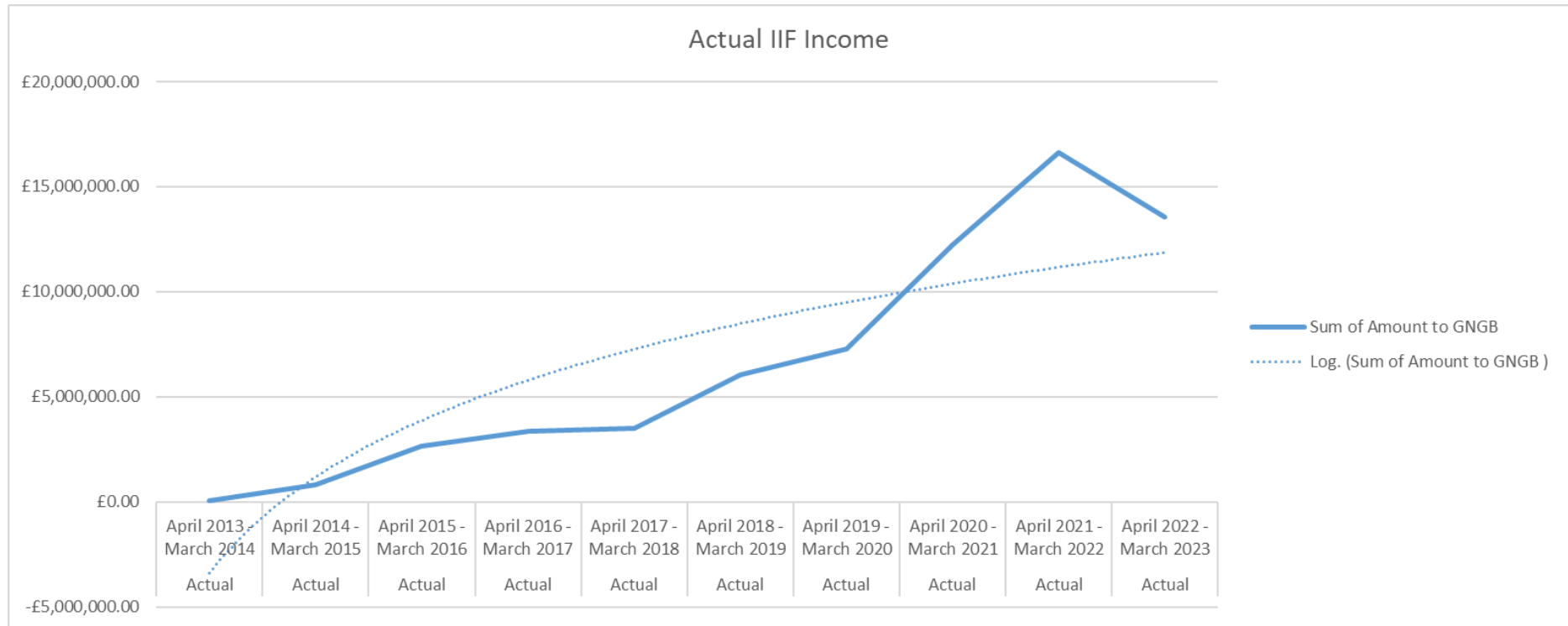
Table 11 - CIL Forecast for Greater Norwich, including homes at Long Stratton.

<i>Local Authority</i>	<i>2022/23</i>	<i>2023/24</i>	<i>2024/25</i>	<i>2025/26</i>	<i>2026/27</i>	<i>2027/28</i>	<i>2028/29</i>	<i>29+</i>
<i>Norwich</i>	£1,030,678	£1,256,000	£1,259,000	£1,729,000	£1,699,000	£1,673,000	Unknown	Unknown
<i>South Norfolk (With Long Stratton)</i>	£8,661,143	£6,831,505	£1,353,244	£1,660,867	£2,489,437	£3,826,513	£4,254,289	£7,930,851
<i>Broadland</i>	£3,097,469	£2,010,182	£329,880	£1,203,642	£644,849	£1,143,668	£641,451	Unknown
Total	£12,789,290	£10,097,687	£2,942,124	£4,593,509	£4,833,286	£6,643,181	£4,895,740	£7,930,851
<i>Cumulative Total</i>	£12,789,290	£22,886,977	£25,829,101	£30,422,610	£35,255,896	£41,899,077	£46,794,817	£54,725,668

Table 12 - CIL Forecast for Long Stratton, assuming delivery of Bypass

	<i>FYR</i>	<i>2024/25</i>	<i>2025/26</i>	<i>2026/27</i>	<i>2027/28</i>	<i>2028/29</i>	<i>2029/30 and beyond</i>	<i>Total</i>
CIL Forecast		£194,576.60	£565,916.46	£200,046.17	£713,372.18	£0.00	£7,930,851.00	£9,604,762.41
Admin at 5%		£9,728.83	£28,295.82	£10,002.31	£35,668.61	£0.00	£396,542.55	£480,238.12
Neighbourhood Contribution at 25%		£48,644.15	£141,479.11	£50,011.54	£178,343.05	£0.00	£1,982,712.75	£2,401,190.60
Residual Contribution to Pooled CIL		£136,203.62	£396,141.52	£140,032.32	£499,360.53	£0.00	£5,551,595.70	£6,723,333.69

Figure 5 - Actual IIF Income since 2013, with trendline



Impact of Nutrient Neutrality (NN)

In March 2022 Natural England wrote to seventy-four local authorities and advised them, as the Competent Authority under the Habitats Regulations, to carefully consider the nutrients impacts of any new plans and policies. Almost the entirety of the Greater Norwich Strategic Growth Area falls within Areas of Conservation (SACs) that need to be protected from rising nutrient levels. It is estimated that between 1,750 and 2,200 homes per year are currently on hold across Norfolk due to the nutrient neutrality constraints. In addition, there is a significant backlog equating to approximately 12,000 homes which were already in the planning system but were halted on the 16 March 2022. The majority of these planning delays are within Greater Norwich, and this is **significantly reducing CIL income forecasts.**

Prior to nutrient neutrality, housing completions maintained at a steady rate. *Figure 8* shows the actual housing completions, and forecast housing completions for Greater Norwich, as reported in the 2021 Housing Monitoring Report. This is the most up to date version of the Housing Monitoring Report as housing completions are reported with a delay. The forecast shows the expected delivery of houses prior to the announcement of NN, which were anticipated to maintain a steady rate of delivery.

NN has had a significant impact on housing delivery, although housing completion figures are not available this can be interpreted through IIF income. *Figure 6* shows the IIF income received to date in blue, and the forecasted future income in orange. The initial drop in income after April 2022 could be attributed to a range of factors, but the continued downturn in income across the next 5 years is predominantly related to the delays caused by NN. This reduction in income forecasts demonstrates a divergence from calculation made prior to the introduction of NN measures. *Figure 7* shows the current forecasts as with *Figure 6*, overlaid with the forecast from the 2021 Greater Norwich Five Year Infrastructure Investment Plan. Current forecasts for 2024/25 are £5m less than they were pre NN, and current forecasts for 2025/26 are £3m less than they were pre NN.

The development of nutrient pollution mitigation is a new area of work that is being developed by a growing number of parties, authorities, and national bodies. It's an area of work that is progressing at pace and is continuing to evolve as new information comes to the fore. The Norfolk planning authorities have been working together since March 2022 to try to resolve the situation. Their work has led to the establishment of a joint venture called Norfolk Environmental Credits Limited (NECL) which will seek out and develop a mixed programme of mitigation measures and planned to convert the amount of mitigation into credits and act as an official body for developers to buy nutrient credits from. NECL announced the release of their first set of credits at the beginning of August, which were anticipated to be sufficient to support more than 3000 homes in the Yare Catchment. On 29th August the

government announced an amendment be made to the Levelling Up and Regeneration Bill. This amendment was overturned on 13th September by the House of Lords so the need for mitigation to be evidenced remains.

The development of nutrient pollution mitigation is a new area of work, and is likely to result in a **gradual growth in housing delivery before being able to reach the rates of delivery and CIL income as previously achieved**. This is not only because it will take some time to for the authorities to address all the backlog but also because **there will be a lag in time before they reach the point of paying CIL**. This is because CIL is tied to housing delivery which is dependent upon market driven factors including supply of labour, availability and cost of building materials, the number of active developers and demand from buyers. It is not possible at this stage to estimate how long this lag will be however once new housing schemes receive planning permission, they will be included in CIL forecast calculations.

Historically, housing completions have maintained at a relatively steady rate. *Figure 8* shows that a local housing need and local plan housing target of circa 2000 per annum are planned across the projected completions. These targets remain in place, and once NN mitigation is provided local authorities will be working to get housing completions back to this level as soon as possible.

In summary, **it is expected that CIL income forecasts for 24/25 and beyond as more schemes resolve their NN issues and come forward**. The expectation is that there will be a gradual growth in income in the short term before being able to return to the rates of housing delivery and CIL income as achieved prior to NN.

Figure 6 - Actual IIF Income & Forecast

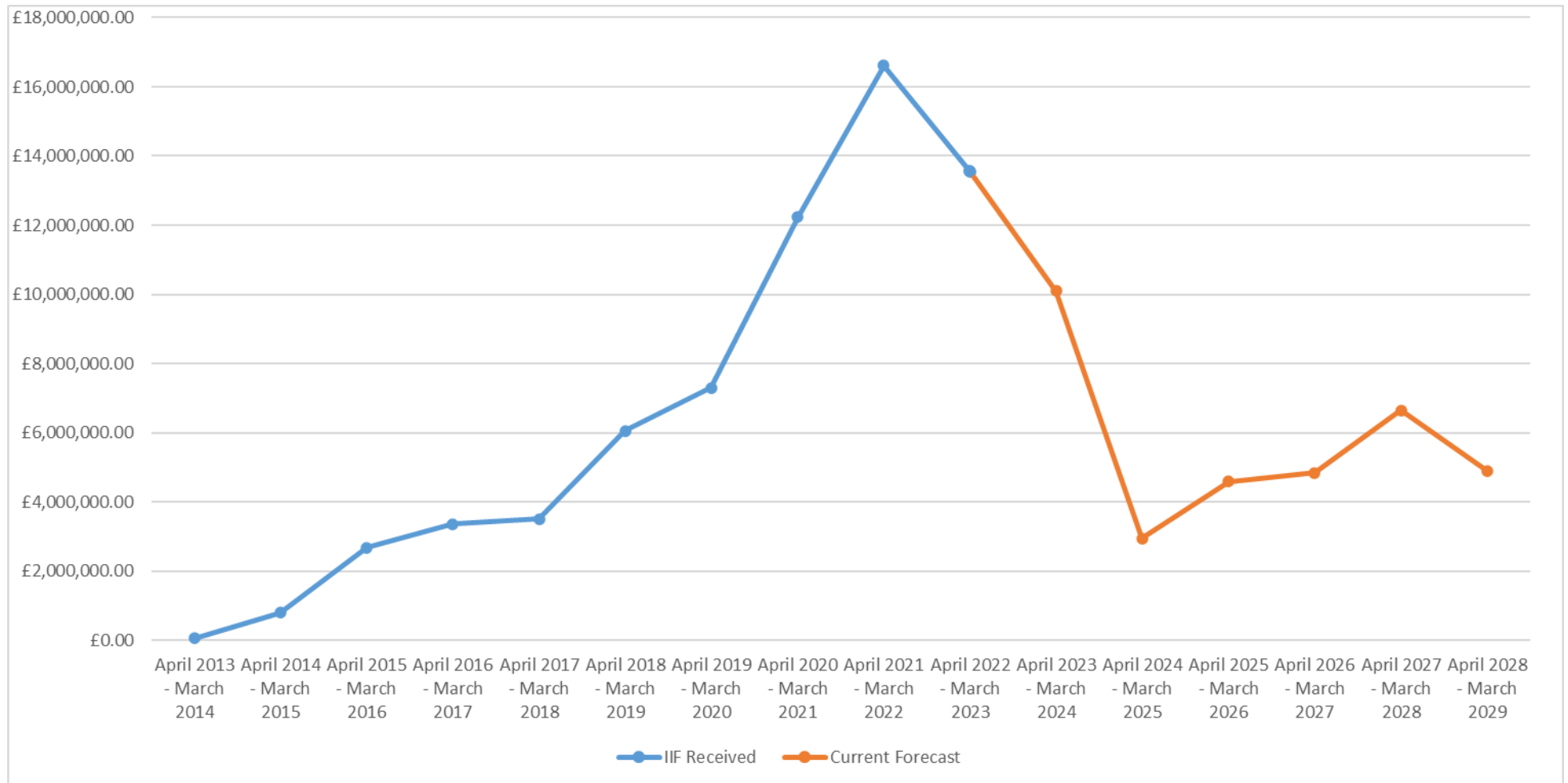


Figure 7 – IIF Income and Forecast, overlayed with IIF income forecast calculated in 2021.

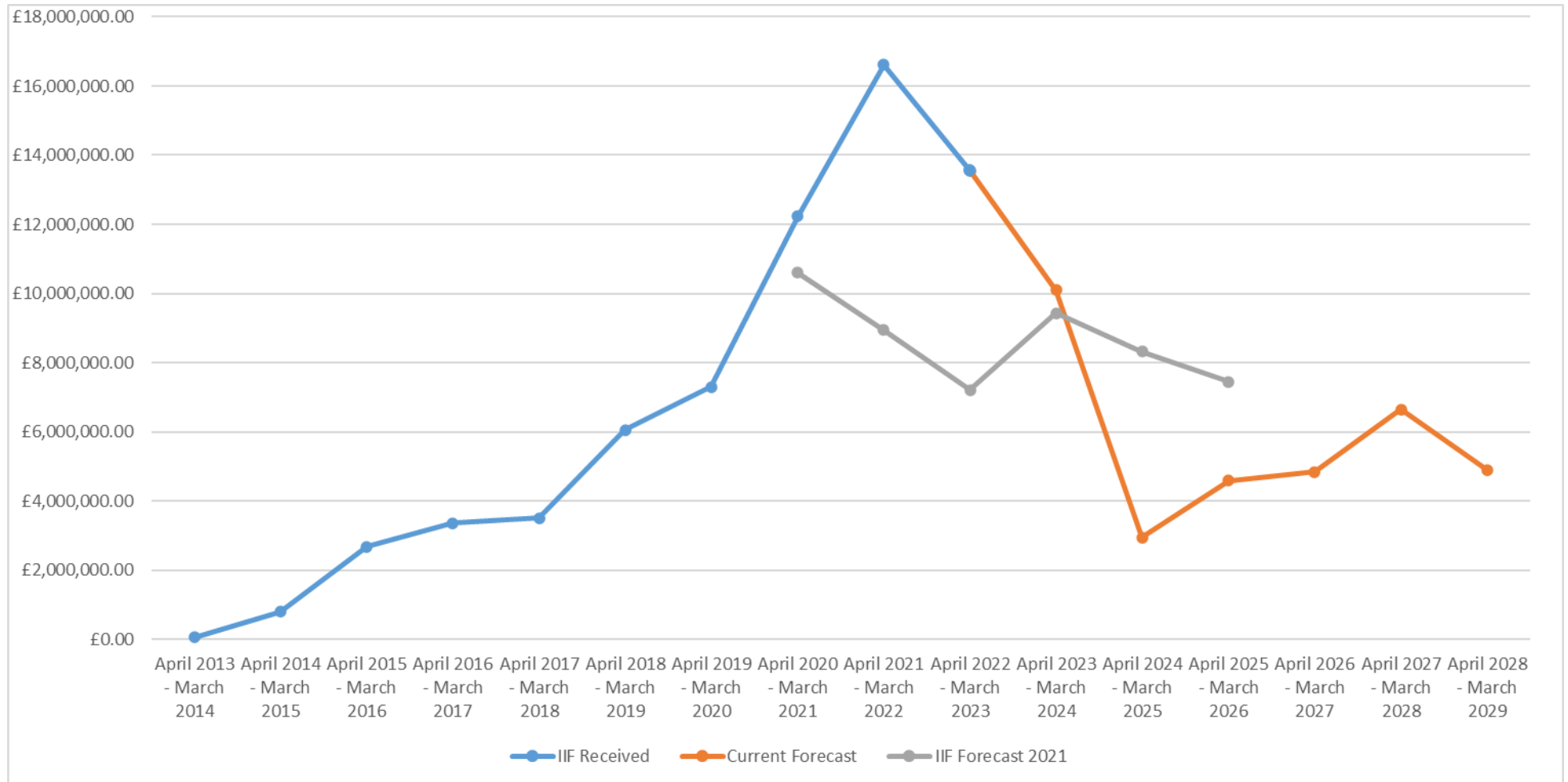
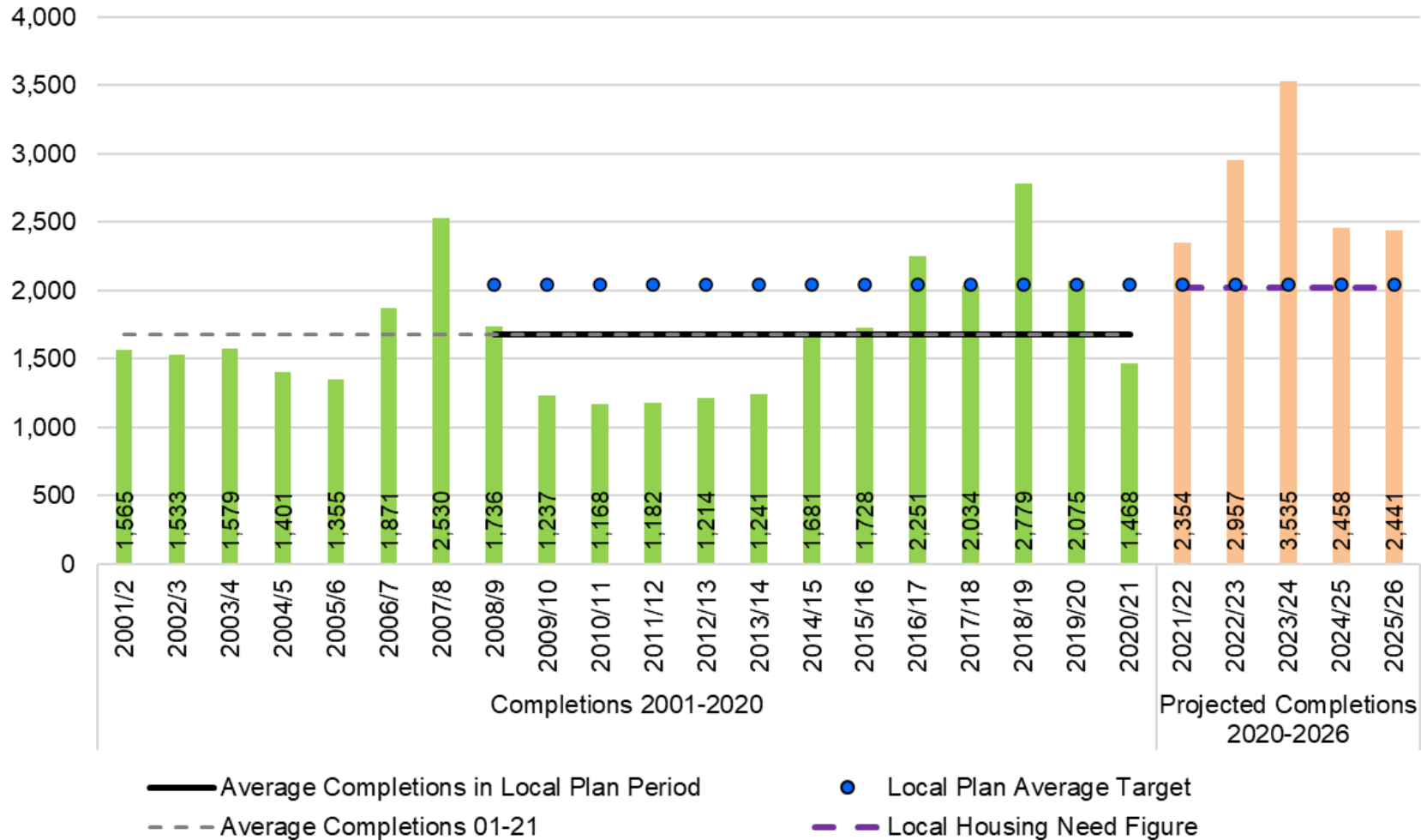


Figure 8 - House completions, actual and projected, as reported in the Housing Monitoring Report 2021



Impact on Affordability of CDB Drawdown for Norwich City Centre

£10m of the City Deal Borrowing allocated to strategic infrastructure remains unallocated. This amount is available for Norwich City Council to utilise. It has been earmarked to support Norwich City Centre transport measures, but the Greater Norwich partners have been successful in securing alternative funding streams, such as the Cycling City Ambition Grant and Transforming Cities funding, delaying the need for this borrowing to be drawn. This alternative funding is coming to an end, and there is a potential need for the remaining £10m borrowing to continue the programme of infrastructure delivery and it is helpful for the board to be aware of the remaining capacity within the IIF to support any further draw downs, particularly as the preferential rate is only available until the end March 2026.

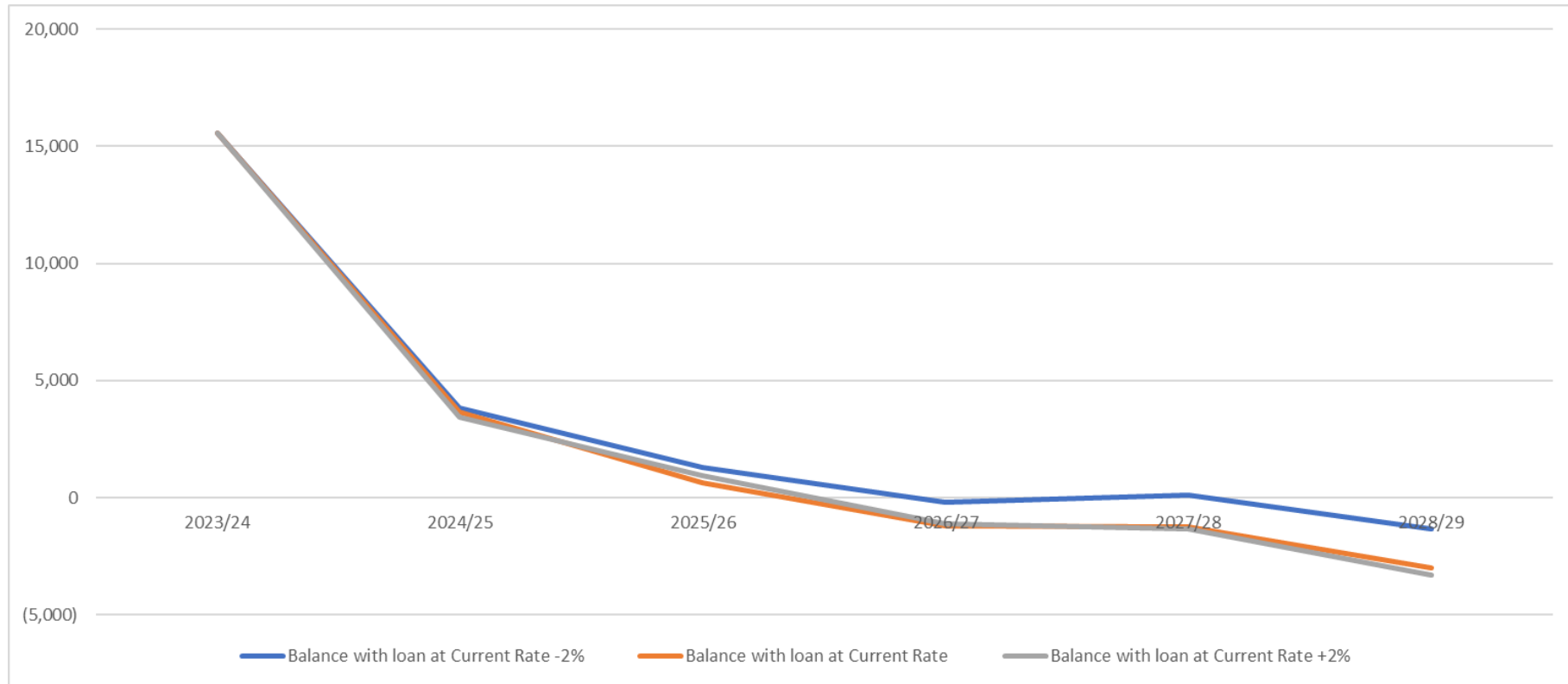
Table 11 and Figure 9 demonstrate the impact of Norwich City Council utilising the remaining £10m allocated within the City Deal for Strategic Infrastructure in 2025/26. It should be noted that although all 3 interest rates show that the IIF would be in a negative balance by 2028/29, there are many different factors that will alter these figures by the time the money is drawn down and repayments from the IIF are scheduled. Furthermore, these figures don't take into consideration the funding that will separately be available to the GNGB in the SIF (the fund to which loan repayments from South Norfolk will be paid into.)

By 2025/26 the two loans for Long Stratton Bypass are forecasted to be drawn down, therefore there will be an accurate understanding of the annual commitment of the IIF, similarly CIL forecasting for the corresponding year will be within the higher accuracy forecasting bracket therefore allowing us to forecast the proposed drawdown against exact and up to date figures. A clearer picture will be available regarding the impact caused by nutrient neutrality against the IIF plus the GNLP should be adopted, therefore unlocking new schemes to come forward. It is also possible that interest rates may reduce over this time, plus £4m currently set aside in the IIF to match fund projects, could be reassessed if required. All of these factors in addition to the fact that the IIF usually receives more income than previously forecast, means that the City Deal borrowing facility will continue to be a viable option in the future, when Norwich City Council decide upon a project.

Table 13 - Forecasted IIF Annual balance after £10m CDB is drawn down, in addition to the £14.5m, modelled at different rates

IIF Expenditure	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Balance with loan at Current Rate -2%	15,548	3,835	1,291	(207)	105	(1,331)
Balance with loan at Current Rate	15,548	3,640	620	(1,214)	(1,237)	(3,008)
Balance with loan at Current Rate +2%	15,548	3,428	953	(1,091)	(1,326)	(3,307)

Figure 9 - Forecasted IIF Annual balance after £10m CDB is drawn down, in addition to the £14.5m, modelled at different rates



Cost of the loan to the applicant

Please note that this is indicative, as figures are based on interest rates from 21 August 2023. A final version will need to be issued on the day of draw down. The Lead Local Authority will be liable for the final cost of the loan, which is dependent on the interest rate on the day of draw down.

Table 14 - Cost to the applicant of the proposed £4.5m loan at different PWLB interest rates

Details of Proposed Loan	Current Rate - 2%	Current Rate (21/08/2023)	Current Rate + 2%
Rate	3.54%	5.54%	7.54%
Loan	£4,500,000	£4,500,000	£4,500,000
Interest	£921,776	£1,481,509	£2,067,846
Total Cost to the Applicant	£5,421,776	£5,981,509	£6,567,846
Period (Years)	10	10	10
Annual cost to the Applicant	£542,178	£598,151	£656,785

Additional Fees would be payable:

- **Public Works Loan Board Drawdown Fee:** Circa £1,575.00 (*Current PWLB rate is 0.35 per every £1,000 drawn down*)
- **NPLaw Fee:** Circa £ 500 (Initial estimate, may increase based on work required)
- **Greater Norwich Project Team Fee:** £ TBC (Pending development of GNPT charging schedule)

Repayment Schedule

South Norfolk Council will repay the loan and interest (at the agreed interest rate on the day of drawdown) as a fixed amount every year for 10 years, commencing in autumn 2027, on the second anniversary of completion of the bypass.

A fee will be payable to the GNPT on approval of the loan by the GNGB. This fee will be based upon the GNPT charging schedule and will vary based on the needs of the project and the work required to support it.

South Norfolk Council will pay the PWLB Drawdown Fee and NPLaw Fee when the loan has been drawn down.

Summary of Risk for applicant

South Norfolk Council will be onward loaning this money to an organisation to forward fund their developer's contribution, this will allow the development of the bypass to come forward quicker. Consequently, this will allow the development of the remaining 1550 homes to occur at an advanced rate. South Norfolk Council and the developer will have a legal agreement in place to ensure the agreement is sound.

South Norfolk Council has also agreed to underwrite the £4.5m loan and provision is made in their Capital Programme for this purpose. The repayment mechanism for the promotor/landowner to repay the £4.5m contribution will be secured by legal agreement and associated option agreement, and safeguards will be secured in these agreements - notably the step in rights and associated option agreement, which mitigate the risk of default or lack of repayments arising from land sales.

SIF Income

Table 15 - Total Income to the SIF

Details of proposed loan	Current Rate - 2% (3.54%)	Current Rate (5.54%)	Current Rate + 2% (7.54%)
Loan	£4,500,000	£4,500,000	£4,500,000
Interest	£921,776	£1,481,509	£2,067,846
Total Income	£5,421,776	£5,981,509	£6,567,846
Annual Payment	£542,178	£598,151	£656,785

If the delivery of Long Stratton Bypass goes ahead as planned, with completion in Autumn 2025, it is forecasted that the Greater Norwich Growth Board will receive their first City Deal Borrowing Loan repayment to the Strategic Investment Fund in Autumn 2027. This payment will be 1/10 of the total loan and interest amount and is anticipated to be between £500k and £650k, depending on the interest rate the day the loan is taken out. It is expected that it will take between 7 - 8 years for the original £4.5m loan taken out, to be available for projects within the Strategic Investment Fund.

The repayment schedule for the Long Stratton Bypass loan is based on fixed payments every year after the completion of the bypass. Therefore, **by 2035/36 South Norfolk Council will have repaid the loan and interest back to Greater Norwich, resulting in the Strategic Investment Fund having between £6m and £7m available to allocate to strategic projects.** This fund will be unrestricted by CIL legislation.

An initial repayment date of Autumn 2027 would mean the first cohort of SIF applications could be received in the 2028/29 financial year for commencement April 2029.

Table 16, Table 17, and Table 18 illustrate the repayments of the Long Stratton Bypass City Deal Borrowing Loan into the Strategic Investment Fund, indicating when funds will be available for other strategic projects to apply for loan funding. The Interest Earned in the SIF is calculated at 2.8%, based on the Treasury Advisors forecast from June 2023, with the assumption that interest will not be earned until the next financial year.

Table 16 - SIF Balance Forecast if £4.5m loan is taken out at Current Rate –2% (3.54%)

Financial Year Starting April:	27	28	29	30	31	32	33	34	35	36
Programme	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Outgoing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
CDBL Request 1: LSBP	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178
Total Income	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178	£542,178
SIF Interest Earned	£0	£15,181	£30,787	£46,830	£63,322	£80,276	£97,705	£115,622	£134,040	£152,974
Forecasted Cumulative SIF balance (including interest)	£542,178	£1,099,536	£1,672,501	£2,261,508	£2,867,008	£3,489,462	£4,129,345	£4,787,144	£5,463,362	£6,158,513

Table 17 - SIF Balance Forecast if £4.5m loan is taken out at Current Rate (5.54%)

Financial Year Starting April:	27	28	29	30	31	32	33	34	35	36
Programme	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Outgoing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
CDBL Request 1: LSBP	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151
Total Income	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151	£598,151
SIF Interest Earned	£0	£16,748	£33,965	£51,665	£69,859	£88,564	£107,792	£127,558	£147,878	£168,767
Forecasted Cumulative SIF balance (including interest)	£598,151	£1,213,050	£1,845,166	£2,494,982	£3,162,992	£3,849,707	£4,555,650	£5,281,359	£6,027,388	£6,794,306

Table 18 - SIF Balance Forecast if £4.5m loan is taken out at Current Rate +2% (7.54%)

Financial Year Starting April:	27	28	29	30	31	32	33	34	35	36
Programme	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Outgoing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
CDBL Request 1: LSBP	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785
Total Income	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785	£656,785
SIF Interest Earned	£0	£18,390	£37,295	£56,729	£76,707	£97,245	£118,358	£140,062	£162,374	£185,310
Forecasted Cumulative SIF balance (including interest)	£656,785	£1,331,959	£2,026,039	£2,739,552	£3,473,044	£4,227,074	£5,002,217	£5,799,063	£6,618,222	£7,460,316

Proposed new funding source for the Greater Norwich Project Team

Chris Starkie, Director of Growth & Investment, Norfolk County Council

Summary

The Infrastructure Delivery Board have undertaken a review of the Greater Norwich Project Team's resource against the Team Workplan and have agreed that the team is no longer suitably resourced to complete everything requested of it. This report outlines a proposed change to the way the team are funded and confirms the route of decision making for these changes to be progressed and implemented.

Recommendations

- (i) GNGB are recommended to agree that a new programme management fee should be allocated from the Infrastructure Investment Fund, as a contribution towards funding the work of the Greater Norwich Project Team
- (ii) GNGB are recommended to agree to pre-commit in the region of £115,000 for the cost of programme management in 24/25, within the Greater Norwich Five Year Infrastructure Investment Plan 2024-29, and to recommend its approval to the three partner district cabinets in Jan/Feb 2024.

Report

1 Introduction

- 1.1 The Greater Norwich Project Team (GNPT) have provided a dedicated partnership resource, working to deliver all workstreams as directed by the GNGB since their establishment in 2014. During this time, the teams work has become well established and respected on both a local and national scale, with central government and other local authorities seeking to learn from Greater Norwich's partnership working practices.
- 1.2 In more recent years, the scope of the team's work has broadened, developing beyond the management of a programme of projects which have been funded by the Infrastructure Investment Fund (IIF). The team now develop and manage a programme of interdependent financial streams, that need to be monitored with skill and knowledge to mitigate the financial risk to all partners, whilst ensuring all workstreams align with CIL legislation.
- 1.3 The Greater Norwich Infrastructure Delivery Board (IDB) reviewed the team workplan in March 2023 (included as Appendix A) and agreed that the team is no longer suitably resourced to complete everything requested of it. They instructed a re-review of the workplan and for options for securing additional resource to be explored.
- 1.4 Having undertaken this work, the IDB are proposing a change to the way the GNPT is funded which will enable the team to increase in size and deliver the extended scope of works.

2 The current source of the team's resource

- 2.1 The GNPT currently includes a total of 3.2 FTEs, with an additional 1FTE recruited on a short-term secondment basis, agreed as an interim measure to progress urgent

workstreams. The team is mainly funded by annual contributions from the four partner authorities. A contribution of £40,000 was received from each partner for 23/24. This contribution will continue to be required and is adjusted each year in line with inflationary budget increases.

3 The proposed change to the team resource

- 3.1 It is proposed that the team resource should be increased to a total of 5.4FTEs, a portion of which will be funded by Community Infrastructure Levy, a planning charge paid by developers. The additional staff resource will be utilised to bring forward the delivery of the Greater Norwich Growth Programme (IIF funded projects) and will free up the senior officer's time to progress new and emerging workstreams.

4 How could the budget uplift be funded

- 4.1 Having considered other funding options, the IDB propose that the additional resource budget requirement should be funded from the IIF, which is pooled Community Infrastructure levy (CIL).
- 4.2 Section 59 of the CIL regulations states that CIL can be applied to the 'provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area'
- 4.3 The GNPT are instrumental in the provision of infrastructure. Together, they drive forward the delivery of the 100+ infrastructure projects that have been allocated funding from the IIF.
- 4.4 A summary of the team's roles include:
- Preparing and publishing the evidence base which supports all partnership decision making to allocate funding to projects from the IIF
 - Provide dedicated support to all projects funded by the IIF
 - Support all applicants through the process of applying for IIF
 - Processing, monitoring, and reporting all IIF funding draw downs
 - Developing and progressing all project change requests
 - Reporting quarterly programme updates to the IDB
 - Managing the IIF call for projects and application appraisal process
 - Publishing programme delivery updates on an annual basis
- 4.5 It is accepted and common practice for individual projects to claim costs from the IIF to cover the project management related to the delivery. This proposal introduces a new 'programme management' fee, to cover the work that is undertaken to support the overall programme of funded projects.
- 4.6 For clarity, this proposal is not recommending the use of the 5% administration fee that is detailed under Section 61 of the CIL regulations. That income is not managed by the GNPT, instead it is allocated by each district charging authority at the point of initially receipting the CIL income from developers and has been confirmed as being fully committed elsewhere.

5 The approach to implementing this change

- 5.1 Using IIF to partly fund the team marks a change to previous partnership funding arrangements. The Greater Norwich partnership working arrangements requires all new allocations from the IIF to be agreed by the three CIL receipting authorities. The Five-Year Infrastructure Investment Plan (5YIIP) provides the evidence against which new funding decisions can be agreed, so the decision to use IIF to partly fund the team needs to progress with the next version of this Plan and cannot be implemented in advance of 1st April 2024. The draft 5YIIP is tabled for review by the GNGB on 30 November and will then progress to each Cabinet and Council in Jan/Feb 2024 for their agreement.
- 5.2 It is proposed that an amount to cover the teams budget uplift is allocated as programme management in the forthcoming version of the 5YIIP. The IDB are seeking the GNGBs agreement in principle to support this proposed change, and request they agree to pre commit an allocation for programme management within the forthcoming version of the 5YIIP.

6 Forecasted programme management cost to be charged to the IIF

- 6.1 Having considered the GNPT forecasted team budget, the amount that is required to be allocated as 'programme management' within the forthcoming 5YIIP will be in the region of £115,000. Please note that this figure is a forecast only. It is subject to change because it is calculated using predicted paygrades and is in advance of the national salary pay offer being agreed. Table 1 below shows the current team structure, and Table 2 shows the proposed new team structure. The new structure would increase the amount of resource in the team, whilst also alleviating the necessary partnership contributions to fund the team.

Table 1 Current Team Structure

Job Title	Employment	% Charged to the Authorities
Greater Norwich Project Team Leader	1 FTE	100%
Greater Norwich Senior Project Officer	1 FTE	100%
Greater Norwich Project Officer	1 FTE	100%
Temporary Greater Norwich Project Officer	1 FTE	100%
Project Support Officer	0.2 FTE	100%

Table 2 Proposed Team Structure

Job Title	Employment	% Charged to the IIF	% Charged to Authorities
Greater Norwich Programme Manager	1 FTE	0%	100%
Greater Norwich Project Manager	2 FTE	50%	50%
Greater Norwich Project Officer	2 FTE	50%	50%
Project Support Officer	0.4 FTE	100%	0%

7 Next steps

- 7.1 The next steps for the decision making are:
- **30 November 2023:** GNGB public meeting: funding allocated to 'programme management' with an explanation of this change within the draft 5YIIP.
 - **January & February 2024:** 5YIIP reported to each District Cabinet and Council

- **19 March 2024** (Subject to all partners agreeing the 5YIIP): GNGB public meeting, board accepts the final 5YIIP
- **01 April 2024**: New team structure and funding begins. Recruitment to vacant posts can proceed

7.2 Because no changes to funding the team can be implemented until 1st April 2024 the IDB have funded a 12-month secondment role to help manage the team's capacity issues, but this is only a short-term solution. If this proposal is not agreed and the additional resource cannot be added to the team from the IIF, the IDB will need to re-review the teams workplan and some aspects of their work will need to cease.

8 Recommendations

- (i) GNGB are recommended to agree that a new programme management fee should be allocated from the Infrastructure Investment Fund, as a contribution towards funding the work of the Greater Norwich Project Team
- (ii) GNGB are recommended to agree to pre-commit in the region of £115,000 for the cost of programme management in 24/25, within the Greater Norwich Five Year Infrastructure Investment Plan 2024-29, and to recommend its approval to the three partner district cabinets in Jan/Feb 2024.

9 Issues and Risks

9.1 Other Resource Implications

9.1.1 The proposed increase in GNPT staff resource will be managed within the existing NCC organisational structure and partnership working arrangements.

9.2 Legal Implications

9.2.1 The proposal has been developed in accordance with CIL legislation.

9.3 Risks

9.3.1 The main risk to the partnership arises if this proposal is not agreed and the additional resource cannot be added to the team from the IIF. In that instance, the IDB will re-review the teams workplan and some aspects of their work will need to cease.

9.3.2 The GNPT monitor, manage and report strategic Community Infrastructure Levy income on behalf of all Greater Norwich partners. There are several statutory responsibilities that the team support the partners to adhere to, and the responsibilities of the team have increased in recent years with the introduction of new funding streams and areas of work. It is important that the team remain sufficiently resourced to continue to undertake this work effectively.

9.4 Equality

9.4.1 Subject to the agreement of this new team structure, the team will need to be progressed through a transitional period, supported by Norfolk County Councils Human Resources team. They will advise of the appropriate procedure to implement any required changes, ensuring all aspects of equality are maintained.

9.5 Environmental implications

9.5.1 n/a

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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