

APPENDIX B**Details to support recommendations (i) to (iii).****(i) The introduction of two new categories to the Infrastructure Investment Fund.****Major Infrastructure Projects**

Under current procedures, projects can only be allocated funding from the IIF if they are considered deliverable. This requirement for projects to be 'shovel ready' has ensured the stability and success of the IIF, however it has also created limitations with supporting key strategic pieces of major infrastructure.

Major infrastructure and regeneration projects take many years to progress, which makes them currently ineligible for early application to the IIF. The introduction of a new category will provide the project sponsor certainty of receiving funding in the future, acting as seed to encourage additional match to be levered in. This allocation will also allow the partners to smooth the cost of funding the major project over a number of years because an allocation can be gradually built up in the fund reserves in readiness for the future spend.

It is proposed that a new category of major infrastructure projects should be added to the Growth Programme to allow for some large strategic projects to have IIF earmarked to their delivery in the medium to long term. This is something that is allowed within CIL legislation, as long as it is earmarked to a specific project and reported in a transparent way. A clear distinction must be made between these projects and those that will continue to proceed through the established annual call for projects.

This new category will require a process that is not time sensitive. This will allow projects to apply throughout the year when required, but they must continue to have the sponsorship of at least one Greater Norwich Director before being considered.

Process: how will it work?

- **Application** – Potential projects will fill out an expression of interest form, this can be done at any time. Expression of interest (EOI) forms would need to be signed off by a member of the Greater Norwich Infrastructure Delivery Board (IDB).
- **Appraisal** – With delegated authority from the IDB, the Greater Norwich Projects Team (GNPT) will appraise the expression of interest against the

expression of interest appraisal guidance. A summary of the appraisal and recommendations will be made to the IDB.

- **Infrastructure Delivery Board (IDB) Review** - The IDB will discuss and decide whether the project should proceed to full business case.
- **Business Case** – Upon request from the IDB, the applicant will prepare a full business case to demonstrate their strategic importance and rationale for seed funding to be ringfenced to support delivery.
- **GNGB** – GNGB will review the full business case and a unanimous agreement will be required before the project can be included within the major infrastructure category of the Five Year Infrastructure Investment Plan
- **Five Year Infrastructure Investment Plan (5YIIP)** – All projects whose business case has been agreed by the GNGB will be included in the following 5YIIP which will progress through the established decision-making process, seeking agreement from each District Cabinet and Full Council. Subject to agreement, the GNGB will also seek delegated authority to monitor the progression of the project to delivery.
- **Major Infrastructure Project** – Once the 5YIIP is agreed the project will be able to progress towards delivery with secured seed funding.
- **Reporting** – Major Infrastructure Projects will provide a highlight report to the IDB every 6 months, and to the GNGB every 12 months through subsequent 5YIIPs. Where required, deviations from the initial business case will be reported following the established IIF change request process.
- **Annual Growth Programme** – When onsite delivery begins, the project will be moved from the category of Major Infrastructure Projects in reserves to the Greater Norwich Growth Programme. Monitoring will then proceed as established for all projects allocated funding from the IIF, providing highlight reports to the IDB every 3 months.
- **Funding draw down** – A project cannot draw down funding from the IIF until they have begun onsite delivery and are established within the Greater Norwich Growth Programme. This prevents CIL being spent on abortive works.
- **Funding not required** – In the unlikely event that a project no longer requires the funding that has pre-allocated to it, either because they have raised funding from a third party or because the project has closed, this will be reported within the 5YIIP and the reserves will be released back into the IIF.

The GNPT have prepared a draft EOI application form and EOI appraisal form. Both mirror sections of the already agreed IIF application and appraisal form but are more compact to reflect the reduced detail and certainty that longer term projects can provide.

In summary, this proposal introduces a new Major Infrastructure Project category to be included within future versions of the 5YIIP. Projects will be required to demonstrate their strategic importance to the Greater Norwich area and have a strong rationale for requiring seed funding. There will be an understanding of what is to be delivered and how much will be required from the IIF in the future, but there will be flexibility around final budgets and programs through the change request process.

Acceptance into the new category will provide the project sponsor certainty of receiving funding in the future, whilst acting as 'seed funding' to encourage additional match to be levered in. Managing projects in this way will also allow the partners to smooth the cost of funding a major project over a number of years, because an allocation will be gradually built up in the fund reserves in readiness for the future spend.

The number of projects accepted into this category will be small in number, and (as with existing projects) approval must be unanimous for applications to proceed. Most projects will continue to proceed through the existing IIF application process. Examples of projects that are expected to fit this proposed new category are East Norwich Regeneration and a new high school to the North East of Norwich.

Match Funding

The current processes for the IIF allow for a single round of project applications for projects that are due to start delivery in the forthcoming financial year. All new funding allocations need to be agreed by each District Cabinet and Full Council before a formal commitment can be made. The decision-making process is time-consuming but is fundamental to the partnership's working model because it ensures clarity and transparency to all partners when making each decision.

This annual cycle of funding allocation works well for most projects, but there are occasions when an in-year funding decision would be beneficial to all. This proposal is to create a ringfenced pot of money within the IIF, which can be allocated to projects as match funding when applying for significant government grants, such as the Levelling Up Fund, Community Renewal Fund, Shared Prosperity Fund or any future equivalent. It is intended for major projects that require match to lever in additional, more substantial amounts of funding only.

It is proposed that this match funding will be overseen by the GNGB under delegated authority from the district partners. Ringfencing the match to only those projects that are applying to central government funds provides additional assurance to the partners that the fund will only be used to support projects which have gone through a vigorous approval process.

Process – how will it work?

- **Five Year Infrastructure Investment Plan (5YIIP)** – An amount is included within the 5YIIP for match funding. It will progress through the usual process of agreement and delegated authority is to be given to the GNGB to manage the amount in the forthcoming year.
- **Reserves** – The agreed amount will be held in reserve and reported clearly as match funding.
- **Application** – An eligible project seeking match funding will be asked to complete the established IIF Application Form. This can be done at any time.
- **Appraisal** – The application will be appraised by the GNPT following the agreed IIF appraisal guidance. A recommendation is made to the IDB.
- **IDB** – The IDB review the application and decide whether to recommend the project to the GNGB for approval.
- **GNGB** – A unanimous agreement is required by the GNGB before match funding can be allocated to a project. The project will be listed as a Match Funding Allocation within financial reporting.
- **Highlight Reporting** – Once agreed, the project will align to the existing IIF fund monitoring processes, providing highlight reports to the IDB every 3 months to detail progress towards delivery.
- **No Government match secured** – If the project is unsuccessful in securing funding from central government, it will be removed from future GNGB financial reporting and the amount earmarked to it will remain within the Match Funding allocation that is secured in reserves, available for other projects to apply for. At this stage, projects can request an extension of time to secure alternative match using the established change request form.
- **Annual Growth Programme** – Subject to all match funding being secured and delivery commencement, the project will be moved from the category of Match Funding in reserves to the Growth Programme within the following 5YIIP. Monitoring will proceed as established for the IIF.
- **Funding Draw down** – A project cannot draw down money from the IIF until they have begun delivery and are established within the Annual Growth Programme. This prevents CIL being spent on abortive works.
- **Top up amount allocated as match funding** – Each year, the IDB will recommend to the GNGB:
 - whether unused match funding should be rolled on,
 - and/or if an additional allocation should be made.

This will be reported in each subsequent 5YIIP, aligning with the existing IIF decision making processes.

(ii) Change to the way allocations for Education projects are spent

On 6th October 2022, the GNGB received an update regarding the delivery of Norfolk Children's Services Education Capital Programme. During the meeting, it was reported that to safeguard the medium to long term school capital programme, Norfolk County Council (NCC) has underwritten any future shortfall of funding with a commitment to borrow where required. To support their decision, NCC requested a change to the way that future allocations were made from the IIF, seeking the flexibility for them to be used in whole or in part to repay NCC's borrowing. This proposal requires a commitment to be made to an Education Capital Programme that is ringfenced to Greater Norwich, instead of individual projects. This will allow for it to be used to repay NCC's own borrowing with any remaining balance to be invested directly into a specified capital project.

This is a change to the way that NCC are permitted to spend the allocation received from the IIF. Allocations are confirmed annually alongside the acceptance of each new Annual Growth Programme. No commitment is being made against future income or to increase Greater Norwich's borrowing. This proposal is not increasing Greater Norwich's City Deal borrowing, it is to support NCC's own borrowing which will be drawn independently to the partners.

(iii) The signing of a deed of variation to enable the next tranche of City Deal Borrowing to be drawn.

City Deal borrowing to support the delivery of Long Stratton Bypass (LSBP)

£10m of CIL supported borrowing was allocated to LSBP through the Greater Norwich City Deal agreement which was signed with Government in December 2013. This gave the GNGB access to lower-cost borrowing from the Public Works Loan Board (PWLb).

The City Deal borrowing to support LSBP is programmed to be required in 2022/23. Using current interest rates, the forecasted annual repayment to be paid from the IIF is in the region of £680,000. The final repayment amount cannot be fully confirmed until the loan is actioned and the interest rates at that future time are known. The forecasted interest repayments are included within the Investment Framework within The Plan. (Annex B page 9-12)

In last year's version of this Plan, each Greater Norwich CIL receipting

Authority agreed a draft legal loan agreement and for the GNGB to be granted delegated authority to sign the final legal loan agreement for the LSBP draw down, together with their S151 officers and under the direction of Norfolk County Council as the Accountable Body. As agreed within the GNGBs signed Joint Working Agreement, a unanimous decision will be required from all board members (the Council Leaders) prior to the signing and the draw down being actioned.

On the 6th October 2022, following the review of a project change request, the GNGB unanimously agreed for the City Deal borrowing to support the delivery of LSBP to be increased to £10m, the full amount allocated within the City Deal Document.

The legal agreement that will support this loan is intended to be added as 'Schedule 2' to the original legal agreement that was signed by all partners on 21st October 2015, which confirmed the GNGB partner draw down and borrowing authorisations.

Upon reflection of the 2015 agreement, nplaw have advised that it is not clear that additional loans can be added to Schedule 2. To avoid any doubt, they have advised that a minor amendment should be made to the original 2015 agreement, which once signed by all partners will enable the agreed LSBP loan to be added to Schedule 2.

The proposed deed of variation

Prior to this next tranche of Greater Norwich City Deal borrowing being drawn down, an amendment needs to be actioned through the signing of a deed of variation by all partners. See [Error! Reference source not found.](#)

Currently, section 16 of the signed 2015 agreement states

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

The deed of variation proposes adding a new clause 16.2

The Parties agree that the Agreement shall be reviewed/varied from time to time as provided for by clause 16 of the Agreement and in any event on or before the availability of additional project funding in order to meet the requirements of the Project. Once reviewed, and subject to clause 16, an updated /revised/amended Schedule 2 Project Schedule will forthwith be agreed between the Parties in the form set out (below as appears at Annex 1 to this deed of variation) and will be

appended to the Agreement.

The project schedule referenced as Annex 1 follows the draft deed of variation below. It mirrors that which has already been agreed for the Broadland Northway (formerly known as the NDR). It is proposed that all future tranches of borrowing will use the same template and be added to schedule 2 of the original 2015 when new borrowing is agreed.

Draft Deed of Variation

This Deed of Variation is made on
2022

DEED OF VARIATION TO AGREEMENT RELATING TO GNGB PARTNER DRAW-DOWN AND BORROWING AUTHORISATIONS

BETWEEN:

BROADLAND DISTRICT COUNCIL of Thorpe Lodge, 1 Yarmouth Road, Norwich, Norfolk NR2 1NH ("**Broadland**").

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

South Norfolk District Council of South Norfolk House, Swan Lane, Long Stratton, Norfolk, NR15 2XE ("**South Norfolk**").

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

(together, the Parties)

Background:

(A) This Deed of Variation ('Deed') is supplemental to the agreement Relating to GNGB Partner Draw-down and Borrowing Authorisations entered into by the parties and dated [] (the " Agreement").

(B) The Parties have agreed to include for purposes of review a Project Schedule. Consequently, the Parties wish to amend the Agreement as set out in this Deed with effect from the date of this Deed ('Variation Date').

It is agreed as follows:

1. The Parties agree that unless otherwise expressly provided, the definitions and interpretation of this Deed are in accordance with Clause 1 of the Agreement.
2. With effect from the Variation Date, the Parties agree to amend the Agreement as follows:
 - 2.1 A new clause 16.2 is added as follows:

The Parties agree that the Agreement shall be reviewed/varied from time to time as provided for by clause 16 of the Agreement and in any event on or

before the availability of additional project funding in order to meet the requirements of the Project. Once reviewed, and subject to clause 16, an updated /revised/amended Schedule 2 Project Schedule will forthwith be agreed between the Parties in the form set out (below as appears at Annex 1 to this deed of variation) and will be appended to the Agreement.

3. The Agreement shall remain effective and unaltered except as amended by this Deed.
4. This Deed and any dispute or claim arising out of, or in connection with it, its subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of England.
5. The Parties irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute or claim arising out of, or in connection with, this Deed, its subject matter or formation (including non-contractual disputes or claims).
6. This Deed may be signed in any number of separate counterparts, each of which when signed and dated shall be an original, and such counterparts taken together shall constitute one and the same agreement.

This document has been executed as a Deed and is delivered and takes effect on the date stated at the beginning of it.

THE COMMON SEAL of)
NORFOLK COUNTY COUNCIL)
was hereunto affixed in the presence of)

THE COMMON SEAL of)
BROADLAND DISTRICT COUNCIL)
was hereunto affixed in the presence of)

THE CORPORATE SEAL of)
NORWICH CITY COUNCIL)
was hereunto affixed in the presence of)

THE COMMON SEAL of)
SOUTH NORFOLK DISTRICT COUNCIL)
was hereunto affixed in the presence of)

**Annex 1 to this deed of variation
(project template)**

Dated _____ 20[]

PROJECT SCHEDULE

Pursuant to Agreement Relating to GNGB Partner Draw-down and Borrowing
Authorisations of 21st October 2015
Relating to GNGB Partner Draw-down and Borrowing Authorisations for the
[Construction of]

BROADLAND DISTRICT COUNCIL

NORWICH CITY COUNCIL

SOUTH NORFOLK DISTRICT COUNCIL

&

NORFOLK COUNTY COUNCIL

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

Dated _____ 20[]

Background

- This Project Schedule sets out agreed obligations in relation to Partner Draw-down and Borrowing Authorisations for the [Construction of xxx] and has been prepared in accordance with clause 5 of the Agreement Relating to GNGB Partner Draw-down and Borrowing Authorisations dated 21st October 2015 between Broadland District Council, Norwich City Council, South Norfolk District Council and Norfolk County Council (“the Agreement”).
- Accordingly this Project Schedule forms part of the Agreement.

1 Project

- [Construction of] and related measures “the Project”.

2 Project Description

- [xxx]
- [xxx]

3 Project Period

- The Project is due to mobilize in [xxx].
- Construction is programmed to begin in [xxx] with a majority of the works completed by [xxx].

4 Background

- The adopted Joint Core Strategy for Broadland, Norwich and South Norfolk identifies [xxx] as a key location for growth and proposes the development of [xxx].

5 Agreed terms

- Loan funding would be repaid over a 20 year period

6 Additional Terms & Conditions

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

Partner	Share of overspend risk	Share of timeframes and milestones risk
[xxx] Council	100%	100%

7 Fees and expenses

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

8 Repayment and review

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

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

DRAFTING NOTE: This table to be updated after the final funds drawdown.

Year	Principal start	Repayment	Interest	Balance
2023/24				
2024/25				
2025/26				
2026/27				
2027/28				
2028/29				
2029/30				

2030/31				
2031/32				
2032/33				
2033/34				
2034/35				
2035/36				
2036/37				
2037/38				
2038/39				
2039/40				
2040/41				
2041/42				
2042/43				
2046/47				
2047/48				
Totals				

9 VOLUNTARY PREPAYMENTS

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

Signed by [.....]
Section 151 Officer
for and on behalf of **NORFOLK
COUNTY COUNCIL**

Signed by [.....]
Section 151 Officer
for and on behalf of **BROADLAND
DISTRICT COUNCIL**

.....
Signed by [.....]
Section 151 Officer
for and on behalf of **NORWICH
CITY COUNCIL**

.....
Signed by [.....]
Section 151 Officer
for and on behalf of **SOUTH
NORFOLK DISTRICT COUNCIL**