

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	12 June 2019
<b>Subject:</b>	Government Housing Infrastructure Fund (HIF) - Funding Award for Bridge Over Rail Line at Ashchurch
<b>Report of:</b>	Deputy Chief Executive
<b>Corporate Lead:</b>	Chief Executive
<b>Lead Member:</b>	Lead Member for Built Environment
<b>Number of Appendices:</b>	One

## **Executive Summary:**

This report is to update Members on the status of the HIF funding for the railway bridge project at Ashchurch and to seek agreement to enter into appropriate agreements to deliver the project.

In July 2017, the Government - via the Ministry of Housing, Communities & Local Government launched the £2.3 billion Housing Infrastructure Fund (HIF). The fund was launched to support housing delivery through the funding of vital physical infrastructure e.g. roads and bridges, with the opportunity to unlock 100,000 homes nationally.

The fund was split into two key areas:

1. Forward funding (larger schemes upto £250 million)
2. Marginal funding (schemes upto £10 million).

Applications were sought from Councils to bid for the funds by 28 September 2017.

To support the delivery of the JCS housing numbers and work being undertaken on the Ashchurch Masterplan, Tewkesbury Borough Council submitted a marginal funding bid of £8,132,465 to deliver a bridge over the railway line at Ashchurch (note: the funding will only partially cover the link roads and so developer funding will also be necessary), to deliver the development strategy of the wider Ashchurch area. This fund unlocks a number of sites and forms an early phase of the development strategy to realise the Garden Town.

In February 2018 the Council heard that the bid had been successful. Since that announcement, discussions have been continuing with Homes England as to delivery dates and other contract details of the fund. Officers have now reviewed the documentation and are in a position to proceed with finalising the documentation by the HE deadline of 30 June.

In order to progress the project the Council proposes to enter into an agreement with the County Council to support the delivery of it due to its expertise in delivering projects of this scale and their statutory obligations with regard to highways and bridges. This is considered expedient as having the right expertise to deliver this project is critical to its success.

The Homes England documentation splits the project into the main project comprising the bridge and a wider project which includes the link roads and the housing development unlocked by the funding - detailed as 826 residential units. Homes England has accepted that delivery of the wider project is outside of the control of this project (i.e. the granting of planning permission) and have agreed a 'best endeavours' approach to delivery of this wider project.

**Recommendation:**

1. To **NOTE** progress to date.
2. To **ACCEPT** the funding conditions of Homes England as appended to this report and to authorise the Deputy Chief Executive, in consultation with the s151 Officer and Borough Solicitor, to agree and enter into the Grant Delivery Agreement and associated documentation accordingly.
3. To **AUTHORISE** the Deputy Chief Executive, in consultation with the s151 Officer and Borough Solicitor, to enter into appropriate agreements with contractors, including Gloucestershire County Council, to support delivery of the project.
4. To **AUTHORISE** the Deputy Chief Executive to negotiate and enter into agreements with third party landowners in consultation with the s151 Officer and Borough Solicitor in order to progress the project.

**Reasons for Recommendation:**

To update Members on the Ashchurch bridge project and to seek authority to enter into appropriate agreements to deliver the project.

**Resource Implications:**

As part of the Grant Delivery Agreement the section 151 officer will be required to agree the following:

- a. the money is to be spent on capital related to the project;
- b. the scheme will deliver by an agreed date. Otherwise, Homes England can recover funding;
- c. any costs saved or recovered are retained by the local authority and to be used for further housing delivery (subject to Homes England approval); and
- d. the Local Authority will assure Government on delivery through proportionate regular reporting on progress, as set out in the Assurance Framework and the GDA.

Specialist advice will be sought throughout the project including Land Agents, Network Rail, bridge design consultants and legal advice on state aid implications.

**Legal Implications:**

The HIF grant has been offered under s19 Housing and Regeneration Act 2008 which means that the award will be subject to specific terms and conditions as set out in Homes England's offer of award and a Grant Delivery Agreement (GDA). The deadline for completion of the GDA is 30 June 2019. The offer and GDA contain the following key terms and conditions:

- Compliance with the Assurance Framework for Housing Infrastructure Fund (Marginal Viability Funding) which includes regular reporting, annual performance review and a robust approach to monitoring and evaluation.

- Termination (and Clawback) provisions which include failure to achieve any Output or Milestone.
- A deadline for the funding of 31 March 2022 following which any funding not drawn down by that date will be cancelled.
- That funds are recoverable unless recycled to deliver additional homes including an obligation to pass these conditions down to contractors, developers and site owners.
- Land ownership details including certificate of title for the site which can be owned either by the Council or third parties.
- Monitoring the agreed Cashflow (costs, values, funding and outputs).
- State Aid compliance- the council is required to provide HE with specialist legal advice as to how it will apply the HIF funds in a state aid compliant manner. External legal advice is being sought on this condition.

#### **Risk Management Implications:**

The key risks to the project are detailed within the conditions set by the contract agreement with Homes England and link to timing including the condition to draw down funding by March 2022 and the need for Network Rail approval for time to install the bridge.

Mitigation to these main risks are already underway with the on-going engagement of Network Rail and their support of the project especially with the opportunity to close the current level crossing at Northway once the bridge is in-place.

In terms of the overall project timing, confirmation that the project is deliverable within the timing frame has been confirmed by the County Council contractors Atkins.

In addition, as with any project, all significant risks will be identified and detailed in a risk log which will be maintained reviewed and monitored by the Council ( client side) and by the County Council (contractor) to ensure that the risks are being managed and mitigated.

#### **Performance Management Follow-up:**

Performance will be managed by the JCS Programme Management Officer Board.

#### **Environmental Implications:**

As part of this project, any environmental implications will be identified assessed and managed at each stage of the project.

## **1.0 INTRODUCTION/BACKGROUND**

**1.1** In July 2017, the Government announced the £2.3 billion Housing Infrastructure Fund (HIF) to support delivery of the necessary infrastructure roads, bridges, services to accelerate the delivery of homes in England. The fund was split as follows:

1. Forward Funding (larger bids up to £250 million).
2. Marginal Viability Funding (for bids up to £10 million).

1.2 A marginal funding bid of £8,132,465 was submitted to deliver a bridge over the railway line at Ashchurch, to support the development strategy of the wider Ashchurch area and unlock delivery of homes (826). Funding was awarded in early 2018 and since this time Officers have been liaising with Homes England to agree the contract conditions.

## **2.0 BRIDGE DESIGN AND DEVELOPMENT**

2.1 To continue with the design and development of the bridge, Tewkesbury Borough Council has engaged the support of the County Council and is currently reviewing options to contract the County to support the project delivery stages.

2.2 Following appointment the County Council will subsequently engage the work to their approved supplier Atkins, who will be tasked to deliver the exact location, design, the planning application as well as the necessary liaison with Network Rail and other key stakeholders throughout the lifetime of the project. Construction phase would then be determined on completion of this phase.

## **3.0 THE CONTRACT AND CONDITIONS**

3.1 The conditions are split into three sections, pre-contract conditions, conditions for an initial drawdown for detailed design works, and conditions for drawdown for construction works. The key conditions and the milestone dates are set out at Appendix 1 and are as a result of the negotiations that have taken place with Homes England.

3.2 Of note is the requirement to ensure a recovery mechanism is agreed and passed down to any developer. This is to ensure that any money received (e.g. sold prices higher than what was expected and thus the project is more viable) in excess of that which was anticipated on awarding the grant will be recycled back into the project or 'recovered' for the benefit of the project. It has been accepted that CIL and S106 will address this requirement.

## **4.0 OTHER OPTIONS CONSIDERED**

4.1 None.

## **5.0 CONSULTATION**

5.1 None.

## **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

6.1 Joint Core Strategy and the Joint Core Strategy Review.

## **7.0 RELEVANT GOVERNMENT POLICIES**

7.1 National Planning Policy Framework.  
National Planning Practice Guidance.

## **8.0 RESOURCE IMPLICATIONS (Human/Property)**

8.1 None.

## **9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**

9.1 None.

**10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**

10.1 None.

**11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

11.1 None.

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**Background Papers:** None.

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**Appendices:** Appendix 1 – List of the Conditions.

# TEWKESBURY BOROUGH COUNCIL

PRE-CONTRACT CONDITIONS			
No.	Condition	Condition Date	Note of explanation
1.	Tewkesbury Borough Council to obtain external independent state aid advice, to be shared with Homes England.	30 <sup>th</sup> June 2019	
2.	Recovery mechanism for HIF funding agreed.	30 <sup>th</sup> June 2019	Homes England accept the proposed recovery mechanism through CIL and S106. This implies that 1. CIL income from the development in this area will be utilised to fund housing development (for example through infrastructure) and 2. that a planning permission which comes forward, consideration will be given as to whether the S106 agreements are also utilised to include a 'recovery' section which would be used to support infrastructure in the area.
3.	Tewkesbury Borough Council to provide a programme timeline for the infrastructure works and residential development, including any remaining relevant planning permissions.	31st May 2019	Complete

CONDITIONS FOR INITIAL DRAWDOWN FOR DETAILED DESIGN WORKS			
No.	ORIGINAL Condition	Condition Date	Note of explanation
1.	Tewkesbury Borough Council to provide Homes England with a copy of the formal agreement with Network Rail.	30 <sup>th</sup> June 2019	Proposed that this condition is split into two elements. For initial drawdown this will be worded as follows: "Tewkesbury Borough Council to provide Homes England with a copy of the initial BAPA/letter of support with Network Rail" See proposed construction drawdown condition 1 for the 2 <sup>nd</sup> element.

<b>CONDITIONS FOR DRAWDOWN FOR CONSTRUCTION WORKS</b>			
<b>No.</b>	<b>ORIGINAL Condition</b>	<b>Condition Date</b>	<b>Note of explanation</b>
1.	Tewkesbury Borough Council to provide Homes England with a copy of the formal agreement with Network Rail.	July 2020	Proposed that this condition is split into two elements. For drawdown prior to construction this will be worded as follows: "Tewkesbury Borough Council to provide Homes England with a copy of the implementation agreement with Network Rail for construction of the HIF infrastructure"
2.	A detailed cost plan to be provided for the infrastructure works.	July 2020	
3.	Tewkesbury Borough Council to provide confirmation that all required planning permissions for the infrastructure works have been approved.	July 2020	
4.	Tewkesbury Borough Council to provide Homes England with formal agreement with 3rd party landowners confirming site ownership and access.	April 2021	

## **Milestones in Grant Delivery Agreement**

### **Part A: HIF Funded Infrastructure Milestones**

<b>Availability Period for Funding</b>	Up to and including 31 March 2022
<b>Outputs and Milestones</b>	See below
<b>HIF Funded Infrastructure Works Start Date</b>	July 2020
<b>Start Date of Project</b>	July 2020
<b>Project Completion Date</b>	31 March 2030

<b>Restriction on title</b>	<b>Yes</b>
In favour of Homes England requiring Homes England's consent to dispositions made in relation to the Site	

<b>MILESTONE</b>	<b>MILESTONE DATE</b>
Commencement of procurement of HIF Funded Infrastructure Works (this includes design etc.)	June 2019
Submission of first Claim for Funding	<i>To be determined on completion of the contract conditions.</i>
HIF Funded Infrastructure Works Start Date (actual build)	3 May 2021
Completion of HIF Funded Infrastructure Works	4 March 2022
Outstanding statutory consents received	7 February 2020
Planning Permission achieved for the HIF Funded Infrastructure Works	July 2020



## Part B: Wider Project Milestones (residential)

Council will use best endeavours to meet these schedules.

MILESTONE	MILESTONE DATE
Commencement of procurement of Wider Project (residential)	N/A - complete
Wider Project start date	N/A – complete
Reserved Matters Planning Permission achieved for the Wider Project	Undefined
<b>826</b> of residential units commenced	2021
Project Completion Date	2030
Local Authority to have undertaken a scheme reappraisal and submit its proposal to Homes England in accordance with paragraph <b>Error! Reference source not found.</b> of the Standard Terms & Conditions as to how the monies recovered will be used for further housing delivery (the <b>Further Housing Plan</b> )	1 month after Project Completion Date, such date being 30 April 2030
Local Authority to have gained approval for the Further Housing Plan in accordance with paragraph <b>Error! Reference source not found.</b> of the Standard Terms & Conditions.	2 months after Project Completion Date, such date being 31 May 2030
End Date	31 March 2032

### 1. OUTPUTS

TBC will utilise best endeavours to achieve the measure.

OUTPUT	Measure
Number of residential units practically completed	826