

# Record of decision taken under delegated powers by a council officer



Title:	<b>HOUSING INFRASTRUCTURE FUND FORWARD FUNDING ALLOCATION OF £41.8 MILLION TO THE A320 NORTH OF WOKING – SIGNING OF THE GRANT DETERMINATION AGREEMENT</b>
Divisions Affected:	Addlestone Chertsey Foxhills, Thorpe and Virginia Water
Key Decision:	Yes
Reason Key:	Impacts several divisions  Cabinet resolution requiring the Executive Director Environment, Transport and Infrastructure and the Executive Director of Resources in consultation with the relevant Cabinet Member and the Leader to proceed to sign a Homes England Grant Determination Agreement (GDA) concurrently with or after Surrey County Council (SCC) has entered into a side agreement / Flow Down contract with Runnymede Borough Council (RBC).
Decision taken under delegation by virtue of:	<b>Cabinet resolution 29 September 2020, Min ref: 136/20</b>

## Summary

This report is a formal record of the decision to sign the GDA with Homes England for the A320 Housing Infrastructure Fund (HIF) scheme taken by the Executive Director Environment, Transport and Infrastructure and the Executive Director of Resources in consultation with the relevant Cabinet Member and the Leader as delegated by Cabinet on 28 September 2020.

The HIF Forward Funding is a £5.5 billion government capital grant programme launched in summer 2017 to help to deliver up to 300,000 new homes in England in response to the national shortage of good quality accessible housing. Funding is awarded to local authorities on a highly competitive basis, providing grant funding for new infrastructure that will unlock the supply of new homes in the areas of greatest housing demand.

Following a comprehensive and detailed due diligence process by Government, the Ministry of Housing, Communities & Local Government (MHCLG) confirmed on 12

March 2020 that SCC has been awarded £41.8 million for its A320 North of Woking HIF Forward Funding scheme. Following further work on the outstanding issues identified when this project was considered by Cabinet on 23 June, Cabinet considered the scheme again on 29 September, when it resolved:

1. That subject to the signing of a flow down agreement with Runnymede Borough Council as detailed in recommendation 2, it be approved that Surrey County Council (SCC) confirms acceptance of the funding award of £41.8 million for the A320 North of Woking Housing Infrastructure Fund (HIF) Forward Funding scheme allocated by the Ministry of Housing, Communities & Local Government (MHCLG), by agreeing to proceed to sign the relevant Homes England Grant Determination Agreement (GDA);
2. That either prior to or concurrently with signing the GDA agreement, it be approved that SCC enters into a side agreement / Flow Down contract with Runnymede Borough Council (RBC) regarding any GDA conditions which relate not to the delivery of the infrastructure but instead to those elements particularly associated with housing, alongside a cost sharing arrangement. The signing of the GDA be delegated to the Executive Director Environment, Transport and Infrastructure and the Executive Director of Resources in consultation with the relevant Cabinet Member and the Leader.
3. That the scheme be moved from capital pipeline to capital budget immediately post-GDA signature but prior to the targeted receipt date for the HIF allocation of October 2020 in order to allow for the project to progress in line with the target timescale for completion be approved.
4. That provision for a contingency of £2m from the Council's capital programme to support any project cost overruns should they arise be approved.
5. That delegated authority be given to the Executive Director Environment, Transport and Infrastructure and the Executive Director of Resources in consultation with the relevant Cabinet Member to approve any further decisions relating to the forward funding conditions.
6. That the necessary authority and permission be given to officers to proceed to facilitate land purchase through Compulsory Purchase be approved in the event that any initial attempts through direct negotiation prove to be unsuccessful, subject to the signing of the GDA by SCC.

In respect to Resolution 2 above, SCC has entered into a side agreement / Flow Down contract with RBC.

This now enables the Executive Director Environment, Transport and Infrastructure and the Executive Director of Resources in consultation with the relevant Cabinet Member and the Leader to proceed to sign the Homes England GDA.

## Decision made

### Decision made:

It was AGREED that:

1. Following Cabinet confirmation and acceptance of the funding award of £41.8 million for the A320 North of Woking Housing Infrastructure Fund Forward Funding scheme allocated by the Ministry of Housing, Communities & Local Government, the County Council sign the relevant Homes England Grant Determination Agreement.

### Reasons for Decision:

SCC's acceptance of the grant funding will facilitate the delivery of the road infrastructure to support the additional housing identified in RBC's Local Plan.

The delegation of the decisions relating to the forward funding conditions has enabled timely decisions to be taken on the operational aspects of delivering the scheme.

Decision taken by:	Katie Stewart – Executive Director ETI Leigh Whitehouse - Executive Director Resources  In consultation with: Tim Oliver - Leader Matt Furniss – Cabinet Member for Highways
Decision taken on:	29 <sup>th</sup> October 2020
To be implemented on:	29 <sup>th</sup> October 2020

## Alternative options considered

The alternative would be to not sign the GDA. Doing so would likely see MHCLG withdraw the HIF funding offer. That would result in the A320 infrastructure improvements planned to be delivered using the HIF funding failing to be delivered, as there is no identified alternative source of funding. This would be a failure to deliver the core highways and transport infrastructure planned to support the additional housing identified in RBC's Local Plan, with consequential planning, housing and reputation impacts.

### Summary of any financial implications

The A320 North of Woking was expected to be fully funded through HIF Forward Funding grant of £41.8m, including the cost of design, land purchase, construction, associated fees and future maintenance costs. The grant allocation includes a risk allowance of c.£8m in recognition of the potential for cost increases arising as the scheme progresses through design, procurement and construction phases. However, the requirement for additional works has become apparent, at an estimated cost of £5m.

There is therefore a likelihood that overall scheme costs will exceed the grant allocation of £41.8m. In mitigation, SCC and RBC have agreed to share the risk of cost increases up to £4m on a 50:50 basis, beyond which any additional cost would initially need to be met by SCC. It is expected that additional costs up to £5m will be recovered from future developer contributions arising from the scheme, although the exact value and timing of those receipts will depend on a number of factors including the health of the housing market. Recommendation 4 (as extracted from the Cabinet report of 29 September above) seeks to make provision for these additional costs within the Council's capital programme, which will need to be reviewed as the scheme progresses.

In the meantime, the Council continues to incur costs in advance of entering into a formal agreement with Homes England. Discussions between Highways officers and Homes England indicate that those costs can be recovered from future grant. If that is not possible, or if the scheme does not proceed, SCC could need to fund those costs (estimated at up to c.£0.73m) itself.

### Declarations of conflicts of interest

None

### Consultation/Process Followed

Decision taken in consultation with the Leader and Cabinet Member for Highways.

### Background Documents

Exempt:

Cabinet report 29<sup>th</sup> September 2020, setting out the Housing Infrastructure Fund Forward Funding award to the County Council for the A320 North of Woking scheme.