

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 27 OCTOBER 2015**

**REPORT OF: MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING**

**LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR, ENVIRONMENT AND INFRASTRUCTURE**

**SUBJECT: HORLEY MASTER PLAN**



**SUMMARY OF ISSUE:**

For the Council to put in place additional arrangements to manage the financial risks of delivering infrastructure and service improvements over the lifetime of the Horley Master Plan.

**RECOMMENDATIONS:**

It is recommended that:

1. the background information set out in the Part 1 and Part 2 reports be noted
2. subject to the financial information contained in the Part 2 report that the Horley Master Plan Delivery Fund be approved
3. subject to the financial information contained in the Part 2 report that works to Langshott/The Acres development be approved
4. the Director of Environment and Director of Finance, in consultation with the Leader of the Council and the Cabinet Member for Environment and Planning, approve any requests to the Horley Master Plan Delivery Fund within delegated authority.

**REASON FOR RECOMMENDATIONS:**

To improve the Council's arrangements for the management of financial risk over the life time of the Horley Master Plan and to provide infrastructure and service improvements that will benefit local residents.

**DETAILS:**

1. The Horley Master Plan (HMP) is a long term strategy to deliver high quality sustainable new housing growth (see annex 1).
2. The Master Plan is a good example of how plan-led development can secure much needed homes, as well as the infrastructure and service improvements that are needed by our residents.

3. Working with our partners, the County has been successful in securing significant developer contributions from HMP development, through Section 106 legal agreements.
4. These contributions will help to fund a range of highway, public transport, education and community facilities improvements.
5. The developers of two major urban extensions– the North East Sector (NES) and North West Sector (NWS) – will provide the majority of financial contributions, as well as site specific infrastructure.
6. The first of the new neighbourhoods – the NES - is well advanced and it is forecast all 710 homes will be built by 2016.
7. Work to build the second neighbourhood – the NWS – commenced earlier this year and it is forecast that all 1,510 homes will be built within 7-10 years.
8. The remainder (380 homes) are being built on a range of smaller sites and the majority have now been completed.
9. Simultaneously, the Council has delivered a range of flagship infrastructure and service improvements, as part of the HMP, including: core bus route works, Fastway, a new primary school, improvements to Horley Station and Young People's Centre.
10. The Council has chosen to deliver these projects in advance of receiving developer contributions, because of the benefits for our residents.
11. Now that the construction of homes is progressing, the Council is beginning to recoup developer contributions.
12. It is proposed that a proportion of these contributions are now allocated to set up the Horley Master Plan Delivery Fund and that the remainder be used as a contribution towards the Council's current capital programme.
13. The primary purpose of the Horley Master Plan Delivery Fund will be to further improve the Council's arrangements for the management of financial risk.
14. This is because the HMP is a large and complex programme that will take many years to deliver and has significant cost implications for the Council. Inevitably, the scope and scale of projects have, and will, continue to change over time, as a result of changes in policy and service requirements and increasing pressure on public finances.
15. It is intended that the Fund will be used for projects that have a clear link to the HMP and which would either bring about long term cost avoidance for the Council; enhance infrastructure provision to bring about improved service benefits; and/or help cover any shortfall in funding that might arise for specific projects.
16. It is proposed that subject to agreeing the Site Delivery Fund, that the first project that should be funded is capital works to Langshott/The Acres development. The works will enable the extension of the Fastway bus service -

a major Local Transport Project - through the NES neighbourhood (see annex 1).

17. The works will ensure all new households have good access to bus services; help to increase patronage; encourage a modal shift onto more sustainable forms of transport; improve the condition of the carriageway; and enhance the safety of vulnerable road users.

#### **CONSULTATION:**

##### **Horley Master Plan**

18. Extensive consultation was undertaken, in the preparation of the HMP. This consultation involved a variety of major stakeholders including local service providers, local and regional government, local residents and businesses and house builders. The consultation helped to define the boundaries of the development areas and to identify the facilities and services that will be required to support the growth.
19. Stakeholders have continually been consulted about development proposals as planning applications have been submitted – at both outline and reserved matter stages.
20. The Horley Regeneration Forum is also actively involved in helping to take forward the objectives of the HMP. The Forum is a partnership between key public, private and community stakeholders and includes representatives from the County, Borough, Town and Parish Councils, Town Management Group, Chamber of Commerce, developers and the community and voluntary sector.

##### **The North East Sector and works to Langshott/The Acres development**

21. An independent report was commissioned by the Council in 2013 to examine options for the delivery of the Fastway bus service in the NES. As part of this, consultation was undertaken the bus operator, the Police, local residents and Borough and County Councils' departments to help inform the report.
22. In September 2013, Reigate and Banstead Local Committee was consulted about the outcome of the report and agreed to support capital works to Langshott/The Acres development, including the provision of passing places and a footway to facilitate the bus service, subject to the identification of available funding.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

23. The following specific financial risks have been highlighted within the programme.

Risk	Risk Level	Mitigation
Infrastructure is not in accordance with the terms of the S106s	Low	The Planning and Development Group Manager, in liaison with Legal Services, will ensure that contributions are spent in accordance with the terms of the S106s.
Less funding is secured from	Low	Unilateral agreements have been signed with sufficient developers. 85% of the planned

HMP small sites than originally forecast.		contributions have been collected and the remainder are in the development programme. The Council will continue to work with the Borough Council to secure all remaining contributions.
NWS developers seek to vary the S106 terms	Low	The Borough Council is seeking to adopt its Community Infrastructure Levy, which has a higher levy for the NWS in order to secure sufficient funding for HMP infrastructure. CIL is also compulsory.
Inflation will increase costs of infrastructure	Medium	Contributions within the S106s are index linked.
Infrastructure costs are higher than originally anticipated	Medium	The Planning and Development Group Manager will ensure detailed income and expenditure programmes are regularly updated. Major capital investment will be subject to approval by Investment Panel. For projects that are not subject to approval by Investment Panel, the scope of projects will need to be limited to the available budget.

24. Other risks are outlined in the part 2 report.

#### **Financial and Value for Money Implications**

25. The vast majority of contributions from the NES and from smaller sites have now been collected and in the future the NWS will provide contributions in accordance with trigger points within the S106 agreement.
26. These contributions are now helping to off set earlier expenditure, as well as funding future infrastructure provision. Further information about finance and value for money can be found in earlier paras 3-16.

#### **Section 151 Officer Commentary**

27. Creation of the Horley Master Plan Delivery Fund will assist the Council to manage risks associated with the delivery of infrastructure. The Council's Investment Panel has reviewed the proposals to create the Fund, and to undertake infrastructure improvements at Langshott/The Acres development.

#### **Legal Implications – Monitoring Officer**

31. Legal obligations on the part of the developers were secured through three significant s106 planning agreements and unilateral undertakings together bringing major contributions for the carrying out of Council functions. While significant contributions were secured these will not all be forthcoming in the short term and are vulnerable to change where costs have escalated or where viability is properly pleaded by the developer. The NES agreement has already been required to be revised at the request of the developer resulting

in a delayed developer contribution. Further funding has been justified in this report and will assist in the Council complying with its legal obligations under the agreements

### **Equalities and Diversity**

32. Improvements to passenger transport including the provision of high quality accessible bus services such as Fastway will enhance the accessibility to services, for example, those available in Horley Town Centre, and to employment areas such as Gatwick. The improved bus service will particularly have a positive impact on the elderly including those people who live in the 60 bedroom extra care housing scheme in the NES, the disabled, and people on lower incomes that are more reliant on public transport.

### **Climate change/carbon emissions implications**

33. A key principle of the HMP is to bring about a 20% modal shift in peak hour traffic from private vehicles to more sustainable forms of transport. The implementation of works to Langshott/The Acres development would be to help increase bus patronage and will therefore have a positive impact on the Council's objective to reduce carbon emissions, by helping people to travel more smartly by using less polluting vehicles.

### **WHAT HAPPENS NEXT:**

- Consultation on preliminary Langshott design – Nov 2015
- Detailed design of Langshott – Dec 2015 – Feb 016
- Commerce construction of Langshott– Mar 2016
- Completion of works to Langshott – Feb 2017

#### **Contact Officer:**

Dominic Forbes, The Planning and Development Group Manager

#### **Consulted:**

Capital Working Group

Investment Panel

Reigate and Banstead Local Committee

Cllr David Hodge, Leader of the Council

Cllr John Furey - Cabinet Member for Highways, Transport and Flooding

Cllr Linda Kemeny Schools – Cabinet Member for Skills and Educational

Achievement

Cllr Richard Walsh – Localities and Community Wellbeing

Local Members

#### **Annexes:**

Annex 1 - Background

Part 2 report – item 22

#### **Sources/background papers:**

- Reports to the Executive of 15 October 2001, 14 April 2003 and 9 December 2003, 25 March 2008
- Reigate and Banstead Local Committee – Sep 2013

- CIL and the Horley Master Plan – Environment & Transport Select Committee  
- 15th December 2014
  - Reigate and Banstead Borough Council's adopted Local Plan (2005)
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