

SURREY COUNTY COUNCIL**CABINET****DATE: 26 MARCH 2013****REPORT OF: JOHN FUREY, CABINET MEMBER FOR TRANSPORT AND ENVIRONMENT****LEAD****OFFICER: TREVOR PUGH, DIRECTOR ENVIRONMENT AND INFRASTRUCTURE****SUBJECT: SUPPORTING ECONOMIC GROWTH - COSTS ASSOCIATED WITH THE SECTION 278 DELIVERY OF THE SHEERWATER LINK ROAD (INCLUDING BISHOP DAVID BROWN ACCESS), WOKING, SURREY****SUMMARY OF ISSUE:**

Woking Borough Council is in the process of, or will be, entering into Section 278/38 Agreements with Surrey County Council to enable the above works. It is County Council policy to charge developers fees to cover our reasonable costs in enabling the proper assessment, design audit, and the inspection of the works, as well as to cover the cost of the legal agreement itself. These fees are based upon 12% of the cost of the works plus legal expenses. It is also County policy to charge Commuted payments for increased maintenance liabilities resulting from an additional piece of infrastructure provided to enable a development, and to take a bond lest the developer fails to complete the works.

This report is to seek Cabinet approval to waive SCC's normal fees including commuted sums for the Sheerwater scheme (including Bishop David Brown access). It also seeks to waive the need for a bond, and to seek authority to fund SCC's internal costs from the New Homes Bonus.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Agrees to waive the agreement fee and does not require commuted payments or a bond for the Sheerwater link road/ Bishop David Brown scheme.
2. Funds the internal costs arising from the above recommendation from New Homes Bonus receipts.

REASON FOR RECOMMENDATIONS:

Surrey County Council wants to assist Woking Borough Council in the delivery of this economically important project that will contribute a significant beneficial effect on the Borough, County, and wider South East Regional economies. This will not only have a substantially positive effect on the residents of Surrey (especially current and future residents of East Woking), but also it will benefit those who work in East Woking and travel through it.

DETAILS:

Sheerwater Link Road/Bishop David Brown scheme:

1. The County Council are partnering with Woking Borough Council to deliver an economically important section of new road in East Woking. It will provide for a much needed improvement to the commercial activities in Sheerwater off Albert Drive, assist in improved access to the residential developments of Sheerwater, and unlock a valuable commercial redevelopment of part of the Sheerwater industrial area. The County are contributing a sum of £1,000,000 from its Local Sustainable Transport Fund monies secured through the 2012 bidding process to assist the Borough in the delivery of this much needed road.
2. Normally, the County would recover its internal costs in checking designs, auditing the work, and inspecting the works on the ground to ensure that the works are to the correct standards and suitable for purpose. It would also recover legal costs. Although these costs will still be incurred by the County, it is intended that Surrey County Council recognises the beneficial effect of the new link road to the wider Surrey economy, and waive these delivery and implementation charges.
3. Section 278/38 Agreements also normally require a bond in the event that developers fail to complete their works. This is equal to the total cost of the works, including statutory undertaker's costs. Given that the works are being undertaken through partnership working with a local authority, Woking Borough Council, it is recommended that on this occasion the need for a bond be waived. The County Council's interests can be further protected to some degree by delaying the payment of the £1,000,000 from LSTF funds to Woking until such a time as the works are completed and open to traffic. This sum will then act as a form of security for an element of the works.
4. Section 278/38 works also normally require that a commuted sum be paid to cover 30 year's worth of increased maintenance liability imposed upon the County by the additional works that usually are needed only to facilitate development. In the case of the Sheerwater Link Road/Bishop David Brown scheme, these works will add over £4,000,000 value to the County's infrastructure. They will replace existing old and tired infrastructure whilst delivering much needed improvements to accessibility in this area of east Woking. Given the community benefits it is considered acceptable to offset the additional maintenance liability against the regeneration benefits to the area. It is therefore proposed that a commuted payment not be charged in this case.
5. An investment in the spirit of partnership working with a Borough to deliver a locally needed scheme which could generate a more strategic scale of benefits to the wider South East Economy would be an appropriate use of these monies. At the more local level, the new link road will replace two old sections of carriageways between residential properties with on-going maintenance liabilities, with a new section of infrastructure designed and built for purpose.

CONSULTATION:

6. Consultation has taken place with the Strategic Director for Environment and Infrastructure.

RISK MANAGEMENT AND IMPLICATIONS:

7. No immediate risks have been identified at this point, other than the potential that this will be requested by other Borough/Districts when they implement infrastructure projects. In the event that this happens, it will need to be considered on an individual basis.

Financial and Value for Money Implications

8. There will be a cost to SCC of £290,000 as a result of waiving the agreement fee, legal fees and commuted sums. This is a local authority led scheme funded by public money. The overall scheme will unlock development and create employment, potentially resulting in the delivery of economic benefits to the local and wider area.
9. There is no risk of not requiring bond arrangements as the legal agreement will be with a public body, Woking Borough Council. In addition, SCC will hold the £1,000,000 LSTF payment to Woking until the works are provisionally complete and open to traffic.
10. The total internal cost of waiving the fees and the need for a commuted payment will be in the region of £290,000. If recommendation 2 is agreed, then the New Homes Bonus will be used during 2012/13 and 2013/14, subject to Cabinet agreeing that the unspent grant can be carried forward at the end of the year. The award of the New Homes Bonus by Central Government is intended to be in recognition of net additions to effective housing stock in an authority's area. It is considered that the provision of a new link road and associated junction improvement works to unlock and encourage the regeneration of one of Surrey's most economically deprived areas is an appropriate use of these grants. DCLG have advised that they may be spent on either revenue or capital, strategic projects or placed in reserve for situations such as this.

Section 151 Officer Commentary

11. The financial implications are explained in paragraphs 8 – 10. Waiving fees in this instance would lead to a cost to the Council of £290,000 which it is proposed is met through use of New Homes Bonus grant already received. Waiver of fees and charges in excess of £100,000 requires approval by the Cabinet.

Legal Implications – Monitoring Officer

12. There is no statutory requirement to charge fees for highway agreements although every highway authority has the power to, and is generally financially obliged to, cover its costs. In this instance working in partnership with the Borough will bring a positive community benefit which justifies the departure from normal policy.

Equalities and Diversity

13. Waiving the agreement fee and commuted sums will have no impact on the local community. The proposed scheme itself will unlock development, create jobs, pave the way for the potential for more housing investment in the area and improve the highway network for all road users within the vicinity.

Other Implications:

14. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising from this report
Climate change	Please see the section below on Carbon Emissions which could contribute to overall climate change.
Carbon emissions	The assistance in the delivery of the Sheerwater Link Road will reduce congestion in the area of East Woking, which in turn will have a positive impact on reducing carbon emissions in the immediate locality. There may be a wider negative impact on emissions as the economic multiplier takes effect and generates greater economic activity in the South East.

Climate change/carbon emissions implications

15. It is likely that there will be both positives and negatives arising out of the assistance in the delivery of the Sheerwater Link Road.

WHAT HAPPENS NEXT:

- a) The County will enter into a Section 278 / 38 Agreement with Woking Borough Council, will waive all fees and commuted sums and will not require a bond related to the Sheerwater Link Road/Bishop David Brown scheme
- b) The costs incurred by a number of internal SCC teams in supporting this project will be met by the New Homes Bonus

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Consulted:

Trevor Pugh – Strategic Director for Environment and Infrastructure

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