

**SURREY COUNTY COUNCIL****CABINET**

**DATE:** 16 JULY 2019

**REPORT OF:** MR COLIN KEMP, DEPUTY LEADER

**LEAD OFFICER:** JASON RUSSELL – EXECUTIVE DIRECTOR COMMUNITY PROTECTION, TRANSPORT & ENVIRONMENT

**SUBJECT:** HOUSING INFRASTRUCTURE FUND – FUNDING ALLOCATION OF £95 MILLION TO WOKING TOWN CENTRE

**SUMMARY OF ISSUE:**

The Housing Infrastructure Fund 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 new homes in the areas of greatest housing demand.

The Housing Infrastructure Fund aim is to help local authorities bring forward more land, more quickly, to considerably boost the supply of new homes across England. This funding will allow local authorities to build the much needed infrastructure including roads, transport links, flood defences, environmental mitigations and other infrastructure requirements that will unlock new strategic housing sites. It will help the southeast region make the most of limited strategic land opportunities. These homes will be built in areas where people want to live and work, will boost our economic growth and remove potential barriers to further growth, and help local authorities to realise significant housing ambitions and support their local plans.

In responding to the challenge of delivering much needed new housing and tackling the associated infrastructure deficit that currently blocks its delivery, Surrey County Council in conjunction with Woking Borough Council submitted a bid to the Housing Infrastructure Fund in the second round of bidding submissions on 3 December 2018. On behalf of Surrey County Council, Woking Borough Council led on all aspects and fully funded the bid. Following a comprehensive and detailed due diligence process by government this bid has now been approved. On 11 June Government announced (see annex 1) that it will invest £95 million in Woking town centre to provide critical road and rail infrastructure to support delivery of 4,550 new homes in the town centre by unlocking strategic development sites. It will pay to widen the Victoria Arch Railway Bridge, which will support Network Rails intention to increase capacity on the mainline to and from London, pay for major road improvements south of Victoria Arch, buy land required to deliver the project and connect utilities.

Subject to a legal agreement between Surrey County Council and Woking Borough Council this project will delivered by Woking Borough Council, working in close partnership with Surrey County Council and Network Rail. It is expected to reduce congestion in the area, as well as opening up land for housing.

Three other bids to the fund by Surrey County Council have also been submitted, namely:

- The Slyfield Area Regeneration Project (SARP) scheme – developed in partnership with Guildford Borough Council
- A320 North of Woking scheme - developed in partnership with Runnymede Borough Council
- Unlocking Strategic Development Sites, A22 South scheme - developed in partnership with Tandridge District Council

These bids were submitted in the final round of HIF bidding by the deadline of 23 March 2019. Decisions on these three bids are subject to current and planned bid scrutiny by Homes England. Funding decisions are likely to be known in November 2019.

#### **RECOMMENDATIONS:**

It is recommended that:

1. Surrey County Council accepts the funding award of £95million for the A320 Woking Town Centre project from the Housing Infrastructure Fund allocated by the Ministry of Housing, Communities and Local Government, subject to Woking Borough Council entering into a legal agreement with this Surrey County Council to deliver the project and accept all grant conditions as set by Homes England as well as indemnifying Surrey County Council against all financial and legal risks.
2. Surrey County Council enters into appropriate legal agreements with Woking Borough Council to allow the Woking Borough Council to act as agent to deliver the project, accept all bid grant conditions as set by Homes England.
3. Delegate any further decisions relating to this project to the Executive Director Community Protection, Transport & Environment and the Deputy Leader.
4. Delegate any future decisions on the three remaining HIF bids should they be successful and subject to meeting relevant and similar terms and conditions as set for the Woking Town Centre grant award to the Executive Director Community Protection, Transport & Environment and the Deputy Leader.

#### **REASON FOR RECOMMENDATIONS:**

To accept the grant funding awarded by government to the A320 Woking Town Centre project and enter into appropriate legal agreements to pass on all financial and legal risks in delivering the project to Woking Borough Council.

The grant funding will allow Woking to continue to prosper as a town and provide much needed housing for the local community.

To fast track decisions on the remaining three HIF bids should they be successful.

#### **DETAILS:**

1. The Housing Infrastructure Fund will:
  - deliver new physical infrastructure to support new and existing communities;
  - make more land available for housing in high demand areas, resulting in new additional homes that otherwise would not have been built;
  - support ambitious local authorities who want to step up their plans for growth and make a meaningful difference to overall housing supply; and

- enable local authorities to recycle the funding for other infrastructure projects, achieving more and delivering new homes in the future.

### **A320 Woking Town Centre Bid - (Victoria Arch Railway Bridge and road network south of the railway line)**

2. Central government has awarded £95 million to Surrey County Council to deliver significant highway and rail infrastructure improvements that will unlock 13 future housing development sites in Woking Town Centre

#### **Background**

3. In recent years, Woking Town Centre has benefited from significant investment transforming it into a modern, forward-thinking town. Recognised by Enterprise M3 as a transport and economic hub, Woking has the potential to become a regional economic powerhouse.
4. To support this ambition, Woking Borough Council, working with its partners must deliver the necessary infrastructure – roads, rail capacity and most importantly affordable housing – that will support the town centre’s continued growth. Woking’s Core Strategy, adopted in 2012 identified Woking Town Centre (Policy CS1 and CS2) as a primary location to deliver homes for the future, whilst safeguarding precious green space.
5. By providing the necessary infrastructure, additional capacities on the existing 13 identified local plan sites within the town centre can be unlocked (Annex 2). 42% of the homes delivered on these sites will be affordable. Each development site will be subject to detailed planning applications.

#### **Fundamental barriers**

6. Yet there are fundamental barriers to such development that has blighted the town for years - Victoria Arch Railway Bridge and the inadequate highway infrastructure that runs through it is a barrier to both road and rail improvements in this area, which is itself a barrier to growth for Woking.
7. The A320 is the main arterial road through Woking, and because of the restrictions imposed by Victoria Arch and the historic road lay-out, the area acts as a pinch-point for traffic which leads to significant congestion. This infrastructure deficit has stifled local growth and housing development opportunities for many years.
8. Highway modelling demonstrates that without removing these barriers, development within the town centre is unsustainable and will not meet local need and demand. Therefore, the current situation in Woking represents a clear market failure because:
  - there is high demand for housing
  - there is a high cost of housing beyond the national average
  - there is unmet affordable housing need
  - developers are willing to develop but this cannot happen because of a lack of infrastructure which places a significant burden on development viability.

## **The Proposal**

9. Through a partnership approach between Surrey County Council and Woking Borough Council, central government has recognised this market failure by approving a grant of £95 million in funding to enable the delivery of three critical elements that will support the delivery of 4,555 homes in Woking Town Centre's continued growth, each dependent on each other.
10. This successful grant award has been as a result of an 18 month commitment by Woking Borough Council in leading and fully funding the bid team and bid process.

## **Project Details**

### **Highways improvements**

11. The proposed improvements include the removal of the one-way gyratory system south of Victoria Arch (Guildford Road northbound, Victoria Road eastbound and Station Approach southbound) and the introduction of a two-way carriageway. It will also include enhanced pedestrian/cycle paths as well as four new controlled crossings for pedestrians and cyclists.
12. The introduction of an additional lane is essential for maximising traffic flow in and out of the town centre. This can only be achieved by extending the highway footprint to land currently occupied by 'The Triangle'.

### **Replacement of Victoria Arch**

13. The proposal is to replace the existing Victoria Arch with a new modern widened bridge. This will provide four traffic lanes under the new bridge as well as 5metre wide footway/cycleway on both sides. This will improve traffic flow in the area as well as provide much needed safe and user friendly extra space for pedestrians and cyclist. The new bridge will also support Network Rail's longer term objective of delivering additional rail capacity on the main lines through Woking.

### **Property acquisition and demolition**

14. To achieve these objectives, all property located on land known as 'The Triangle' must be acquired. The Triangle site is surrounded by Guildford Road, Victoria Road and Station Approach immediately south of Victoria Arch.

### **Delivery partners**

15. Surrey County Council, Woking Borough Council and Network Rail are the key partners in developing and delivering this project. There are already very well established joint governance arrangements in place between the parties and all are fully engaged. Woking Borough Council has trusted professional teams in place that have the necessary expertise to deliver the scheme. These teams have formed the core of the successful bid team as well as the projects currently being delivered in the town centre as part of the Victoria square development.

### **Project milestones**

16. The bid team as part of the funding bid process has developed a detailed schedule of works, which covers all aspects of the project. This has been scrutinised in detail by Homes England bid assessment team.
17. A commencement date for the project, however, is yet to be confirmed due to the fact that funding conditions from the Ministry of Housing, Communities and Local Government are yet to be determined. The HIF criteria requires the project to be delivered by March 2024. In order to achieve successful delivery, Woking Borough Council, as project lead has already appointed appropriate professional teams in the different project areas and preliminary work is under way to develop and support delivery of the project. WBC has also placed Network Rail in funds to continue with the design development for the new bridge.
18. At this stage it is anticipated that the project will be delivered by August 2023 and the housing provision will be delivered by 2030. This is all in line with the HIF criteria.

#### **CONSULTATION:**

19. Local consultation on the feasibility design for the realigned road network south of Victoria Arch has been undertaken.
20. All further relevant local consultation as part of delivering the project will be carried out by Woking Borough Council.

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

21. There are no risks to Surrey County Council associated with this project. Woking Borough Council will indemnify Surrey County Council against all risk through a legal agreement between both parties.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

22. The financial aspects of this project has been scrutinised in detail by homes England bid assessment team. The project will be delivered by Woking Borough Council on behalf of Surrey County Council. Woking Borough Council will indemnify Surrey County Council against all financial risk through a legal agreement between both parties.

#### **SECTION 151 OFFICER COMMENTARY**

23. The Woking Town Centre development scheme set out in this paper is expected to cost £115m, and is funded through a Housing Infrastructure Fund grant of £95m, and contributions from Woking Borough Council and Network Rail. The scheme has been developed by, and will be managed and delivered by, Woking Borough Council. The Housing Infrastructure Fund is open to applications from upper tier authorities. Therefore the bid was submitted by Surrey County Council, who will now become the accountable body and will receive the grant funding. Surrey County Council therefore needs to enter into a legal agreement with the Woking Borough Council setting out the terms under

which the project will proceed. These terms will include how grant funding received by Surrey County Council will be transferred to the Woking Borough Council, and that project risks, including the risk of cost increases and of delay, will be borne by the Woking Borough Council. Surrey County Council's costs arising from the scheme, such as employees, agents, officers, consultants or sub-contractors involved in the delivery of the project and future highway maintenance costs (commuted sums), have been included in the project cost.

#### LEGAL IMPLICATIONS – MONITORING OFFICER

24. Section 1 of the Localism Act 2011 provides Surrey County Council with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the "general power of competence". A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. This general power of competence provides sufficient power for the Surrey County Council to apply for the funding described in this report and to procure a contractor/contractors to undertake the works described.
25. Surrey County Council will be responsible for ensuring that any funding awarded is spent in accordance with all applicable legal requirements, to include state aid, public procurement law, wider public law (including the Public Sector Equality Duty), and planning law. Surrey County Council must comply with its obligations under the overarching funding agreement, including with respect to delivery of objectives within agreed timeframes. Surrey County Council will enter into a back to back funding agreement with WBC whereby all liabilities, risks, indemnities and legal obligations in the overarching funding agreement are passed on to Woking Borough Council. Any procurement required as a result of the funding must be conducted in accordance with Surrey County Council's Constitution, including the Procurement & Contract Stranding Orders and the Public Contracts Regulations 2015 as the case may be.

#### EQUALITIES AND DIVERSITY

26. A detailed Equality Impact Assessment was completed for this project, approved by the directorates EIA team and submitted to Homes England as part of the bid process. The EIA is attached as Annex 3.

#### EIA Summary of Key Impacts and Actions

<b>Information and engagement underpinning equalities analysis</b>	<p>Our analysis is underpinned by working with officers and protected characteristic representation groups to determine the needs of minority groups.</p> <p>The public consultation has also informed our assessment of the scheme by analysing the views of the public.</p>
<b>Key impacts (positive and/or negative) on people with protected characteristics</b>	<p>The impact of the scheme is anticipated to be positive for the significant majority of the network, its users and the residents of Woking and the wider area.</p> <p><b>Specific positive impacts as follows:</b></p>

	<ul style="list-style-type: none"> <li>• Improved safety and accessibility for young people, older people, those with disabilities, pregnant women and those with young children.</li> <li>• Increased independence for young, older and disabled people who feel more confident and able to negotiate the redesigned highway network.</li> <li>• A reduction in the number of casualties amongst young people.</li> <li>• Encourage modal shift across all age ranges freeing up the road network.</li> <li>• Improved air quality, through reduced congestion, will improve the overall health of the community.</li> <li>• Improved journey time reliability and more resilient highway network.</li> </ul> <p><b>Negative impacts are as follows:</b></p> <ul style="list-style-type: none"> <li>• Temporary disruption of current infrastructure and facilities during the construction of the scheme.</li> <li>• Possible conflict between pedestrians and cyclists on shared use paths.</li> </ul>
<p><b>Changes you have made to the proposal as a result of the EIA</b></p>	<ul style="list-style-type: none"> <li>• We have ensured that equalities issues are considered in every part of the scheme. We will continue to do so as the scheme design evolves.</li> <li>• Our principles for commissioning designing and delivering infrastructure schemes includes considering the needs of all vulnerable users, specifically, older, younger and disabled people.</li> </ul>
<p><b>Key mitigating actions planned to address any outstanding negative impacts</b></p>	<p>To mitigate the negative impacts outlined above:</p> <p>The proposed works will be advertised and communicated locally in accordance with Surrey County Council's CESP (Customer and Stakeholder Engagement Plan); communications will be held locally and with key stakeholders in advance of the works and upon completion to provide clarity of the new highway layout. Appropriate signage will be used to advise accordingly.</p> <p>The Traffic Management required to enable the construction of the works will be implemented to ensure the efficient and safe delivery of the works in accordance with the requirements of Surrey County Councils Streetworks Team. This will assist in minimising journey delays and maximising road safety for all highway users.</p> <p>Implementation of best practice and minimum width design standards where possible when implementing pedestrian and cycle improvements to reduce conflict.</p> <p>Surrey County Council's Road Safety Auditing process will consider the works against national and local guidance and policy to ensure that good design principles are implemented. Where Road Safety Audit recommendations cannot be met,</p>

	these will either be mitigated through other road safety engineering options or where appropriate shall be the subject of a robust Exception Report.
<b>Potential negative impacts that cannot be mitigated</b>	<p>There are no anticipated negative impacts that cannot be mitigated.</p> <p>This EIA has been based upon the works outlined on drawing 70018229-SK-28 F titled 'GUILDFORD ROAD IMPROVEMENTS NORTHERN JUNCTION GENERAL ARRANGEMENT'. Any changes to the proposed highway layout that exacerbate any existing negative impacts or create additional negative impacts may require an updated EIA.</p>

## ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

27. Following a screening exercise an Environmental Sustainability Assessment is not required in this instance. It does not meet the tests requiring an ESA as this report is to accept a funding grant and pass all liabilities onto Woking Borough Council as the body that will deliver the project. All elements of the project to be delivered will go through relevant statutory processes including planning approvals.

## WHAT HAPPENS NEXT:

Within 6 months:

Legal agreement between Surrey County Council and Homes England encompassing all relevant terms and conditions of the award to be completed.

Legal agreement between Surrey County Council and Woking Borough Council passing all liabilities, including all terms and conditions set by Homes England to be completed.

There are no further decisions required from Cabinet.

### Contact Officer:

Dominic Forbes, Planning Group Manager

Tel: 020 8541 9312

### Consulted:

Details of who has been consulted on the issue (including officers, members, public, stakeholders, partners, etc.)

- Surrey County Council Deputy Leader
- Woking Borough Council members
- Woking town centre residents and businesses
- Network Rail
- Enterprise M3 LEP



**Annexes:**

List the annexes attached to this report.

Annex 1 – Grant award letter from Ministry of Housing, Communities & Local Government

Annex 2 – Map of Woking Town Centre Strategic Housing sites

Annex 3 - Equality Impact Assessment

**Sources/background papers:**

•All background papers used in the writing of the report should be listed, as required by the Local Government (Access to Information) Act 1985.

•A copy of any background papers which have not previously been published should be supplied to Democratic Services with your draft report.

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