



REPORT TO:	Deputy Leader of the Council and Portfolio Holder for People, Places and Economy
REPORT OF:	Matthew Hogan, Assistant Director - Strategic Growth and Development
REPORT AUTHOR:	Matthew Hogan, Paul Jackson, Executive Programme Manager
SUBJECT:	Capital contribution to the Spalding Western Relief Road
PURPOSE:	To provide capital funding of £1m to Lincolnshire County Council as a contribution towards front-funding the delivery of Section 5 (Vernatt's) to the Spalding Western Relief Road in accordance with the formal decision of Full Council dated 31 July 2019, noting that these monies are already set aside in the Councils agreed budget.
KEY DECISION:	Yes
WARD(S) AFFECTED:	Pinchbeck and Surfleet; Spalding Castle; Spalding Monkshouse; Spalding St John's; Spalding St Mary's; Spalding St Paul's; Spalding Wygate;
EXEMPT REPORT?	No

SUMMARY

Section 5 to the Spalding Western Relief Road (SWRR), this incorporating a 5-arm roundabout on Spalding Road and a new bridge over the mainline, is currently under construction. Works are at an advanced stage and this section of the relief road is expected to be completed by the end of this year. The cost of delivering Section 5 to the SWRR is expected to outturn at £48.6M. Some £20.13M in funding was secured from Homes England and this has now all been formally drawn down. The residual capital is being provided up front by Lincolnshire County Council, with the exception of £1M in funding to be provided by South Holland District Council. This £1M contribution was formally agreed at Full Council in July 2019 and has been set aside in the Councils budget ever since.

The completion of Section 5 to the SWRR immediately releases formally allocated land on which to deliver circa 1,100 new houses. It also opens up land for a further 3,000. This housing, as it comes on stream, is required to make a financial contribution to the up-front delivery of the Section 5 highways infrastructure in accordance with both statutory planning policy and the terms of the formal funding agreement with Homes England. In brief, the Homes England monies accord to a non-repayable financial contribution in the form of a grant. Recovery of the residual front-funded capital outlay by the County and District Councils will be required by way

of S106 contributions as the new housing comes on stream. This delivery model has been developed by the County and District Council's as partners and is one which, if demonstrably successful, can be repeated in order to secure the remaining sections of the SWRR.

RECOMMENDATIONS

That the Council releases the £1m set aside in its budget to the County Council in order to continue to front fund the delivery of Section 5 to the SWRR.

REASONS FOR RECOMMENDATIONS

To continue to front-fund the delivery of Section 5 to the SWRR in order to enable housing land formally allocated in the adopted Local Plan to be opened up, thereby securing the long-term strategic growth of Spalding and the wider district and providing the first phase of the town's necessary western relief road.

OTHER OPTIONS CONSIDERED

- a. Do nothing
- b. Agree changes to recommendation

Neither of the alternative options set out above would meet with the formal terms of the significant funding agreement entered into with Homes England; the tandem agreement entered into with the County Council; the formal policies set out in the statutorily adopted South East Lincolnshire Local Plan; the formal decision of Council dated 31 July 2019; the agreed budget; or the wider growth ambitions of the Council. A decision counter to the recommendation set out above would put formally agreed funding streams, the Council's growth ambitions, the strategy set out in the adopted Local Plan, and the delivery of a western relief road to Spalding at significant risk of failure.

1. BACKGROUND

- 1.1 A comprehensive background to the funding model associated with the delivery of Section 5 to the Spalding Western Relief Road (SWRR), and the consequential delivery of significant housing associated with the Vernatt's sustainable urban extension (SUE), was set out in the report presented to and agreed at Full Council on 31 July 2019. For ease of reference this report is attached in full at Appendix One.

2. REPORT

- 2.1 The summary set out above, together with the background report attached at Appendix One, provides a comprehensive overview of the significant highways infrastructure that is Section 5 to Spalding's emerging western relief road. The long-term ambition of the Council to deliver a western relief road to Spalding is the bedrock on which the adopted Local Plan establishes the town's growth agenda. The SWRR is key to not only delivering long-term growth to the town, and the wider district, in terms of housing and associated

infrastructure, but to providing relief to traffic congestion currently experienced within the town whilst making provisions to facilitate long-term sustainable growth.

- 2.2 It needs noting that the estimated cost of delivering Section 5 to the SWRR was nearly £28M in 2019. These costs increased by 8.13M in 2020 due to the need to provide significant additional strengthening to the railway embankments to the mainline. Homes England increased their grant contribution from £12M to £20.13M as a direct consequence, thus enabling the project to continue. In the subsequent two years the costs associated with delivering Section 5 to the SWRR have risen significantly. These increased costs initially stemmed from inflationary pressures associated with Covid. Rather more pertinently, the current war in Ukraine has led to an escalation in the costs associated with raw materials, fuel and labour. The predicted outturn cost of delivering Section 5 now stands at nearly £48M. This has meant that the County Councils up-front capital contribution has risen by from an initial 16M to nearly £27M. The District Councils proposed contribution of £1M remains unchanged.

3. CONCLUSION

- 3.1 The recommendations set out above are clear and unambiguous. They seek to deliver a long-standing financial commitment on the part of the District Council to provide £1M in capital towards part front-funding Section 5 to the SWRR in order to facilitate sustainable growth to the town in line with the statutory policies set out in the adopted Local Plan. The mechanisms by which to recover the front-funding capital provided by both the County and the District Councils are long-established and framed within Local Plan policy. In essence, as the housing associated with the Vernatt's SUE comes forward there will be a requirement for developers to provide financial contributions by way of S106 agreements to repay a proportion of the front-funded delivery costs of the directly associated highways infrastructure.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

- 4.1 The delivery of Section 5 to the SWRR together with the significant housing development associated with the Vernatt's SUE meets with the strategic ambition, corporate priorities and local priorities of the South East Lincolnshire Councils Partnership. The continued promotion of significant infrastructure and housing development within the town embraces the partnerships place-based approach to economic growth and cements strong partnership collaborations with both Lincolnshire County Council and Homes England.

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

- 5.1.1 As 4.1 above.

5.2 CORPORATE PRIORITIES

- 5.2.1 The delivery of the housing and infrastructure development associated with the Vernatt's SUE meets with the Councils Corporate ambitions to promote the District as a place of prosperity, wellbeing and opportunity by providing homes, optimising funding opportunities, promoting partnerships and seeking to develop place-based opportunities for continued sustainable growth.

5.3 STAFFING

5.3.1 None

5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

5.4.1 None other than those already acknowledged in the report itself.

5.5 DATA PROTECTION

5.5.1 None

5.6 FINANCIAL

5.6.1 None other than those already acknowledged in the report itself, Appendix One and the Councils existing budget.

5.7 RISK MANAGEMENT

5.7.1 There are considerable financial and reputational risks associated with the successful delivery of significant elements of highways infrastructure. The strategic approach of the District Council has been embedded in adopted policy and relies upon successful collaboration with partner organisations, these including the County Council (particularly in its role as highways authority) and external funding bodies such as Homes England. The Council has successfully managed these risks for the duration of the project to date. The completion of the Section 5 highways scheme at the end of this year will enable the Council to continue to meet with its commitments to not only the strategic growth of the town but also to its partner organisations. There remains a long term need to meet with housing delivery targets in the case of Homes England. In the context of the County Council, the need to recoup S106 contributions towards the delivery of the highways scheme as the housing comes on stream remains paramount - to not only the funding model but also to the ability to successfully promote the future delivery of further sections of the Spalding's wider western relief road.

5.8 STAKEHOLDER / CONSULTATION / TIMESCALES

5.8.1 The delivery of the Local Plan and the significant infrastructure and housing development associated with the Vernatt's SUE has been subject to widespread and extensive formal and informal public and other consultation as part and parcel of the necessary permissive process. The consultative processes involved have been extensive and have taken place over a significant period of time.

5.9 REPUTATION

5.9.1 The delivery of Section 5 to the SWRR had significantly enhanced the Councils reputation as a delivery partner with funding bodies, notably Homes England, and at the same time cemented its positive collaborative approach to partnership working with the County Council in its role as highways authority. The successful conclusion of this project later this year will facilitate the delivery of significant housing in line with the Councils growth strategy. The subsequent delivery of the housing ought to enable the recovery of a significant proportion of the up-front capital costs by way of S106 contributions in line with both the Councils statutorily adopted policies and the adopted SWRR delivery strategy. The continued delivery of housing, and the successful recovery of S106 contributions towards the highways infrastructure, remains a strategic ambition of the Council which, if achieved, would significantly enhance the Councils ability to facilitate the future delivery of further sections of the SWRR in tandem with embedded partner organisations.

5.10 CONTRACTS

5.10.1 None, other than those already acknowledged in the report itself and relating to partner organisations including Homes England and Lincolnshire County Council.

5.11 CRIME AND DISORDER

5.11.1 None

5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.12.1 None

5.13 HEALTH AND WELL BEING

5.13.1 None

5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.14.1 None

5.15 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

MISSIONS	
This paper contributes to the follow Missions outlined in the Government’s Levelling Up White paper.	
Transport Infrastructure	By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
Pride in Place	By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.
Housing	By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government’s ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.

6. ACRONYMS

6.1 SUE – Sustainable Urban Extension.

SWRR – Spalding Western Relief Road

APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A

Report to Full Council dated 31 July 2019 and entitled ‘Acceptance of HIF - Funding the delivery of Section 5 to the Spalding Western Relief Road (SWRR) in association with delivering the Northern Spalding (Vernatt’s) Sustainable Urban Extension (SUE)’

BACKGROUND PAPERS

See Appendix 1

CHRONOLOGICAL HISTORY OF THIS REPORT

(If none then insert the wording 'A report on this item has not been previously considered by a Council body'. Also delete the below text/boxes.)

Name of body	Date
Full Council	31 July 2019

REPORT APPROVAL

Report author:	Matthew Hogan, Paul Jackson, Executive Programme Manager Matthew.Hogan@sholland.gov.uk, pauljackson@sholland.gov.uk
Signed off by:	Assistant Director - Strategic Growth and Development Matthew.Hogan@sholland.gov.uk
Approved for publication:	Deputy Leader of the Council

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES
(CAPITAL AND REVENUE BUDGETS)

FROM: Growth and Investment Reserve

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED

REPORT: PfH report - Capital contribution to the Spalding Western Relief Road
REPORT DATE: 30 January 2023

OPTION 1 £ Year 1 £ Year 2-15

Revenue		1,000,000
Total Cost	1,000,000	

Funding required:

Total capital cost £1,000,000

Considered by:

Full Council

Date:

31/07/19

Revenue cost £1,000,000

Financial Services Comments

This is included in the 2022/23 Capital Program as reported in the Quarter 1 finance report, and is intended to be funded from the Investment and Growth Reserve.

Risk

As per main report

Procurement

N/A

Value for Money Efficiency

N/A

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.