

SOUTH HOLLAND DISTRICT COUNCIL

- Report of:** Councillor Nick Worth, Deputy Leader of the Council and Portfolio Holder for Growth and Commercialisation
- To:** Council – Wednesday 31 July 2019
- (Author:** Paul Jackson – Executive Programme Manager, Housing and Infrastructure Delivery)
- Subject** 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)
- Purpose:** To formally consider the acceptance of Housing Infrastructure Fund (HIF) funding from Homes England, alongside consideration and approval of a funding agreement and forward-funding arrangements, in order to provide the Council with sufficient financial resource and capacity to deliver, in conjunction with the County Council, Section 5 to the Spalding Western Relief Road (SWRR) within currently envisaged timescales

Recommendations:

That, subject to planning permission being granted by the County Council and to receipt of written confirmation from the Lincolnshire County Council that they will enter into a further agreement with the District Council to ensure full compliance with the terms of the proposed funding agreement:

- a) Members agree to accept the conditional offer of £12M from Homes England towards meeting the cost of the Section 5 (Vernatt's) highways infrastructure to the SWRR;
- b) Members agree to enter into a Funding Agreement with Homes England, this committing the Council (in conjunction with the County Council) to utilising the £12M Housing and Infrastructure (HIF) Funding towards meeting the overall cost of delivering Section 5 to the SWRR (and that authority to finalise the terms of the funding agreement and the proposed further agreement with the County Council is delegated to the Executive Director of Commercialisation and S151 Officer in consultation with the Deputy Leader of the Council and Portfolio Holder for Growth and Commercialisation);
- c) Members agree to provide funding of £1M to assist the County Council to forward-fund the overall £27.6M cost of Section 5 to the SWRR and the capital programme be amended as required to reflect this. The Council will seek to recover the forward-funding costs associated with delivering Section 5 to the SWRR from the developers through S106 (or other) agreements, as appropriate, in conjunction with delivering the housing development associated with Phases 1 and 2 to the Vernatt's Sustainable Urban Extension (Vernatt's SUE); and
- d) Members agree to set aside additional monies in the Growth and Investment Reserve to seek to acquire, with the agreement with the owners, property and land required to deliver Section 5 to the SWRR in accordance with the details set out in Exempt Appendix Two to this report (and that authority to do so is delegated to the Executive Director of Commercialisation and S151 Officer in consultation with the Deputy Leader of the Council and Portfolio Holder for Growth and Commercialisation) and that the capital programme be amended as required to reflect this.

1.0 Introduction and Summary

- 1.1 The Council has an ambitious growth agenda. Earlier reports to Council, notably those dated 20 September 2017 and 23 January 2019, set out the background to the Council's over-arching ambitions of delivering (a) a Western Relief Road to Spalding and (b) substantial housing, infrastructure and associated business growth within the town and wider District.
- 1.2 The adopted South East Lincolnshire Local Plan 2019 (the Plan or SELLP) sets out the spatial strategy for development District-wide. Included in that strategy is development at the Sub-Regional Centre of Spalding. Put succinctly, the Plan proposes 11,681 dwellings in South Holland District over the period 2011-2036, with 5,510 in Spalding. As a Sub-Regional Centre, Spalding will be the main service centre for the majority of South Holland District's new development. This focus requires new transportation infrastructure to serve the town, the proposed development and the wider area.
- 1.3 The South East Lincolnshire Infrastructure Delivery Plan 2016, which informs the Plan, identifies the need for the Spalding Western Relief Road (SWRR) in association with the level of development proposed. The requirement for the SWRR is set out in Policy 33: Delivering a More Sustainable Transport Network. Specifically, the first part of the Northern Section to the SWRR (Section 5) is expected to be delivered in association with development of the Vernatt's SUE.
- 1.4 Key to realising the Council's strategic growth agenda is the need to deliver the SWRR, without which the town (and wider District) would be unable to achieve its growth ambitions. The SWRR is required in order to secure the consequential delivery of significant new housing. It is equally necessary in order to provide a transport solution that facilitates traffic movement (this including the movement of emergency vehicles) within and across the town, conscious of the frequent downtime associated with increased movements on the mainline.
- 1.5 It needs to be noted that formal planning applications for the Section 1 and 5 highways infrastructure associated with the SWRR were submitted by the County Council, as local highways authority, on 21 March 2019. South Holland, as both District Council and local planning authority for the area, were formally consulted on these applications in accordance with the provisions of statute. These applications were reported to the District Council's Planning Committee on 29 May 2019. Members formally resolved to raise no objections to these applications, subject to clarification of a number of details. The formal reports to South Holland's Planning Committee are available at:

<https://democracy.sholland.gov.uk/ieListDocuments.aspx?CId=121&MId=2596&Ver=4>

- 1.6 The County Council, in their role as highways authority, formally reported the planning applications for this highways infrastructure (Sections 1 and 5) for determination at their own Committee on 29 July 2019. At the time of writing this report, the outcome of that meeting is not known. The reports to the County Council's Planning and Regulation Committee are available at:

<https://lincolnshire.moderngov.co.uk/documents/s29418/3.%20H14-0326%200327-19%20Committee%20Report%20290719.pdf>

- 1.7 Members need to note that, notwithstanding the above, the Ministry of Housing, Communities and Local Government (MHCLG) have received requests from the public that these applications be 'called in' for determination by the Secretary of State (SoS). In exercise of his powers under Article 31 of the Town and Country Planning (Development Management Procedure) (England) Order 2015, the SoS has therefore issued a 'holding direction' which directs that the County Council may not grant permission on these applications without specific authorisation from him. This direction has been issued to allow the SoS further time to consider the applications and to determine whether they should be referred to him for final determination. The 'holding direction' does not prevent the County Council's Planning and Regulation Committee from making a decision at their meeting scheduled to take place on 29 July 2019. Nevertheless, should the County Council's Planning and Regulation Committee resolve to grant planning permission, no planning permissions can be issued until such time that the SoS authorises this.
- 1.8 Finally, it also needs to be noted that following public engagement undertaken earlier this year the County Council is currently undertaking further work investigating a range of alternative routes for the potential alignment of the 'central' sections to the SWRR. This work will be concluded by the end of the summer.

2.0 Delivering the Vernatt's SUE and Section 5 highways infrastructure

- 2.1 Policy 15 to the adopted Local Plan clarifies that land to the north of the Vernatt's Drain (the Vernatt's SUE) will provide for approximately 4,000 dwellings and supporting community infrastructure, Sections 4 and 5 of the SWRR and significant open space. The District and County Council's are working in partnership to seek to deliver the Vernatt's SUE in several phases in accordance with the thrust of Policy 15. The three proposed phases are summarised below:

A. Phase 1 to include:

1. the creation of a five-spur roundabout at the junction of Spalding Road with Enterprise Way (Roundabout 1, which will form the first part of Section 5 of the SWRR), and the Local Highway Authority's acquisition of the land required for the SWRR through to Blue Gowt Lane;
2. the development of approximately 500 dwellings on land to the east of the Joint Line railway and north of the proposed Section 5 of the SWRR, accessed off the five-spur roundabout;
3. land lying to the east of the Joint Line railway and south of the proposed Section 5 of the SWRR to be designated as Recreational Open Space which will be protected from built development;
4. 4 ha of land adjoining Market Way to be designated as Recreational Open Space which will be protected from built development;

B. Phase 2 to include:

1. the south-westward continuation of Section 5 of the SWRR to a proposed priority junction situated to the west of Two Plank Bridge; and
2. the development of approximately 500 dwellings and appropriate community infrastructure accessed off Roundabout 2, which are expected to be completed within the Local Plan period.

C. Phase 3 to include:

1. Section 4 of the SWRR, which involves its south-westward continuation in parallel with the Vernatt's Drain up to a bridge crossing of it to the west of Wygate Park, and then leaving the urban extension and progressing southwards to a junction with the A151 Bourne Road; and
2. the development of approximately 3,000 dwellings and appropriate community infrastructure beyond the Local Plan period, accessed off a combination of Roundabout 2, and one or more junctions on that part of the SWRR lying within the urban extension.

2.2 Policy 15 also clarifies that Phases 1 and 2 of Vernatt's SUE development will be required to contribute to the delivery of Section 5 of the SWRR, and Phase 3 will be required to contribute to the delivery of Sections 3 and 4 of the SWRR. In respect of all three Phases, the District Council and Local Highway Authority will seek to secure formal agreements with relevant developers/landowners on financial and other contributions. However, if necessary, the authorities will also consider the use of statutory powers, including compulsory purchase, to ensure delivery of the SWRR.

3.0 Funding the delivery of the Section 5 highways infrastructure associated with the Vernatt's SUE

3.1 The delivery of the Section 5 highways infrastructure associated with the Vernatt's SUE will cost in the region of £27.6M. These headline costs may well reduce as the detailed design of the engineering works is progressed. However, the over-arching costs of Section 5 (given the need to construct a bridge in order to cross the mainline) cannot be met from development associated with Phases 1 and 2 to the Vernatt's SUE (the approximately 1,000 dwellings located to the immediate east and west of the mainline).

3.2 The need to secure significant gap-funding in order to construct the Section 5 highways infrastructure was identified at the outset by both the District and County Councils. The securing of gap-funding was, in this context, key to ensuring that the strategy identified in the then emerging Local Plan was capable of delivery.

3.3 Housing Infrastructure Fund

3.4 In July 2017 the Housing Infrastructure Fund (HIF) was launched by the then Homes and Communities Agency (now Homes England) in conjunction with the Ministry of Housing, Communities and Local Government (MCHLG) and HM Treasury. This fund is a £5 billion programme aimed at grant funding infrastructure such as roads and power upgrades in order to unlock and bring about the delivery of new housing.

3.5 The District Council, working collaboratively with the County Council, submitted a bid to Homes England (HE) for £12M 'viability gap funding' to contribute to the overall project cost of delivering Section 5 to the SWRR.

3.6 On 1 February 2018 the Government announced that the District Council's bid for funding had been successful, subject to due diligence and agreement of a formal grant agreement. This funding, together with forward-funding provided by the County Council, will directly facilitate the delivery of the Section 5 highways infrastructure necessary to open up the

housing development associated with the Vernatt's SUE. It needs to be understood that it was on the basis of securing this funding, and therefore guaranteeing delivery of the SWRR, that the Inspectors subsequently found the Local Plan strategy sound. The delivery of the Vernatt's SUE is, in this sense, a key plank to not only the delivery of the strategy set out in the Local Plan but also the maintenance of the Council's identified 5-year housing land supply.

- 3.7 Since February 2018 the District and County Council's have been in ongoing discussions with Homes England relating to the grant requirements associated with the £12M HIF monies. These discussions have been lengthy and are now nearing completion. Homes England has now formally offered the £12M funding to the District Council. This offer takes the form of a Short Form Funding Agreement under the terms of the Housing Infrastructure Fund (Marginal Viability Fund).
- 3.8 Homes England has clarified that the standard terms and conditions of the funding agreement are not negotiable. Officers have been working with external legal advisors and the County Council to ensure that the terms of the agreement can be met. The legal advice provided is set out in full at Exempt Appendix One. Whilst the grant funding has been secured by the District Council in accordance with the funding conditions, it should be noted that many of the conditions and obligations included in the HE funding agreement cannot be met by this Council as they relate to highway works and contract arrangements which will be undertaken by the Lincolnshire County Council (LCC). It is therefore necessary, in association with the funding agreement, to enter into a further agreement with LCC effectively passing on to the LCC responsibility for complying with all conditions and obligations which relate directly to County Council issues, and ensuring that the District Council is indemnified accordingly. Officers from the County Council have confirmed that they are agreeable to entering into such an agreement. Subject, therefore, to LCC providing formal written confirmation that they will indeed enter into such an agreement, officers are content that the Council can enter into the agreement and thereafter utilise the funds towards securing the delivery of the Section 5 highways infrastructure. Lincolnshire County Council cannot provide this confirmation until the terms of the agreement have been finalised.
- 3.9 In relation to the specific terms of the proposed Funding Agreement itself, it needs to be noted that the agreement is time limited and sets out a series of expected milestones. In brief, these milestones require the delivery of the highways infrastructure to a timetable, driven by Homes England, in order to ensure the consequential delivery of the attendant housing.
- 3.10 The main milestones to the Agreement seek to ensure that:
- a) planning permission for the Section 5 highways infrastructure is granted by 31 July 2019;
 - b) the County Council enters into a contract to procure the highways works by 30 November 2019; and
 - c) the infrastructure works are completed to an ambitious timetable in order to enable the subsequent delivery of the approximately 4,000 houses associated with Phases 1, 2 and 3 to the Vernatt's SUE by 31 April 2042.

3.11 There are also a series of pre-conditions associated with the Funding Agreement, all of which are required to be satisfied. The main pre-conditions are focused on the need to provide:

- legal opinion relating to European Union State Aid law in connection with delivering the highways infrastructure;
- appropriate evidence relating to the availability of County Council funding to cover the viability gap and meet the overall costs of delivering the highways infrastructure;
- confirmation of land ownership and plans for acquisitions;
- a Memorandum of Understanding between the Councils and the housing developers;
- confirmation of project management arrangements to monitor progress; and
- a mechanism for recycling the HIF funds into housing delivery in Phase 3 (if viable).

3.12 In addition to the above conditions, there are also a number of other conditions which need to be satisfied in advance of the draw-down of funds. These essentially require the Council (and the County Council under the terms of the proposed further agreement referred to in paragraph 3.8 above) to:

- satisfy the terms of the Agreement;
- provide evidence of the competency of contractors to deliver the project to timetable;
- obtain title to the land on which the highways infrastructure sits (and transfer this title to the County Council as highways authority);
- confirm that planning permission is in place for the highways works;
- confirm that a delivery contractor is in place for the works;
- confirm that the necessary land and property has been acquired (or that a strategy is in place for its acquisition);
- provide a strategy relating to the delivery of the Phase 3 housing;
- provide a further detailed infrastructure cost report for Section 5 on completion of the detailed design works; and
- submit a timetable relating to the submission of planning applications for the Phase 1 and 2 housing.

3.13 Officers, working in conjunction with County colleagues, have already satisfied a good number of the main pre-conditions and are actively working on the remainder. Officers have also been working towards satisfying the terms of those conditions that need to be satisfied in order to draw down the necessary funds from Homes England. Subject to the County Council granting permission for the Section 5 highways infrastructure works, and subject to any permission granted not being successfully challenged, officers are satisfied that the conditional terms of the Funding Agreement with Homes England can be met. This view meshes with the view of the Council's legal advisors who conclude that, subject to:

- a) agreement on the precise wording of the Funding Agreement; and
- b) a satisfactory conclusion as to how best to bind LCC into the obligations

they do not consider that there is any unusual or onerous risk to South Holland District Council entering into the Funding Agreement.

3.14 On the basis of the above, officers RECOMMEND:

That, subject to planning permission being granted by the County Council and to receipt of written confirmation from the Lincolnshire County Council that they will enter into a further agreement with the District Council to ensure full compliance with the terms of the proposed funding agreement:

- (a) Members agree to accept the conditional offer of £12M from Homes England towards meeting the cost of the Section 5 (Vernatt's) highways infrastructure to the SWRR; and**
- (b) Members agree to enter into a Funding Agreement with Homes England, this committing the Council (in conjunction with the County Council) to utilising the £12M Housing and Infrastructure (HIF) Funding towards meeting the overall cost of delivering Section 5 to the SWRR (and that authority to finalise the terms of the funding agreement and the proposed further agreement with the County Council is delegated to the Executive Director of Commercialisation and S151 Officer in consultation with the Deputy Leader of the Council and Portfolio Holder for Growth and Commercialisation);**

3.15 Forward-Funding Arrangements

- 3.16 The delivery of the SWRR is a long held ambition to address strategic transport issues in Spalding that also facilitates the delivery of housing. This position is set out within the Local Transport Plan (LTP4), the Spalding Transport Strategy (STS) and the South East Lincolnshire Local Plan 2019. A strategy has been developed, in conjunction with the County Council, for delivery of the road in five sections, maximising access to developer funding contributions and external funding through the Housing Infrastructure Fund for Section 5. This strategy requires forward funding of the up-front costs of Sections 1 and 5 to enable the housing delivery to be accelerated around Spalding and consequently deliver the developer contributions to pay back the forward funding.
- 3.17 The County Council has presently committed significant monies in its capital budget to fund the delivery of Section 5, should permission for the highways infrastructure be granted. Permission, in outline, is already in place for Section 1 to the south of the town. The District, and County Councils, working in tandem with the developers, are seeking to agree a forward-funding arrangement for Section 1. This would again be predicated on the County Council forward-funding the capital required to deliver the highways infrastructure, with the developer paying back the monies as the housing comes on stream. Taken together, both of these forward-funding arrangements would place a significant burden on the County Council's capital reserves in the short to medium-term. The estimated cost of forward-funding both highways schemes, Sections 1 and 5, is in excess of £50M. The expectation is that the period over which the developer would pay back these up-front costs would extend beyond the 2036 Plan period.
- 3.18 Forward-funding critical highways infrastructure, County-wide, can place a considerable strain on the County Council's capital reserves. This up-front funding ought to be returned to the County Council as development comes on stream by means of S106 contributions or other similar legal agreements. That said, the timeframes involved are extensive and neither the District nor the County Council are directly capable of influencing the overall rate of housing delivery. This, to an extent, is dependent upon the buoyancy, or otherwise, of the housing market.

- 3.19 It also needs to be recognised that the delivery of the SWRR is critical to the Council's wider growth ambitions for Spalding and the surrounding District. The SWRR, after all, is specifically designed to function as a relief road to the wider town and not simply a feeder road to adjacent development. The SWRR will, when constructed, function as public highway available to all and will deliver significant benefits to the wider town. Its overarching aims are to:
- Reduce delays and improve journey times for road users.
 - Lessen the impact of increased freight passing through Spalding and the associated increase in level crossing barrier downtime. (Currently 34 passenger and freight trains utilise the Sleaford to Peterborough Line daily. This is an increase since 2014. These numbers are likely to increase further by 2025, leading to an increase in downtime).
 - Reduce traffic congestion in Spalding town centre.
 - Enhance connectivity by improving west to south links around Spalding.
 - Enhance quality of life for residents of Spalding by improving air quality, reducing carbon emissions and addressing issues of town centre safety.
 - Improve the reliability of public transport by minimising delays in the town centre.
 - Support and encourage walking and cycling by reducing town centre traffic and providing safe links.
- 3.20 In order to reduce the significant financial burden on the County Councils capital reserves it would seem appropriate for the District Council to provide some support to delivering the key piece of highways infrastructure that is the SWRR. It is suggested that the Council provide £1M towards the up-front delivery of Section 5 to the SWRR. This sum, taken together with the £12M HIF monies, would provide approximately half of the up-front capital cost of delivering Section 5. In the short term, this would help ease the burden on the County Council's capital commitments County-wide. It would also serve to cement the collaborative nature of the partnership that already exists between District and County. The provision of £1M in up-front capital would be secured against the consequential housing development by means of S106, or similar, and would return to the District and its residents in tandem with the delivery of much-needed housing.
- 3.21 The District Council has been working in close collaboration with the County Council to seek to deliver the SWRR in its component parts. This collaborative partnership is firmly embedded. Subject to planning approval, the construction of Section 5 is scheduled to commence in November 2019 with completion by 2021. Section 1 is currently programmed to be delivered immediately following, with works commencing in early 2021 and completion in 2022.
- 3.22 For all of the reasons set out above, officers RECOMMEND that:**
- (c) Members agree to provide funding of £1M to assist the County Council to forward-fund the overall £27.6M cost of Section 5 to the SWRR and the capital programme be amended as required to reflect this. The Council will seek to recover the forward-funding costs associated with delivering Section 5 to the SWRR from the developers through S106 (or other) agreements, as appropriate, in conjunction with delivering the housing development associated with Phases 1 and 2 to the Vernatt's Sustainable Urban Extension (Vernatt's SUE)**

- 4.0 Acquiring land and property necessary to deliver the Section 5 highways infrastructure associated with the Vernatt's SUE**
- 4.1 Members will be aware that the land necessary to deliver the Section 5 highways infrastructure associated with the Vernatt's SUE is not in the ownership of the District Council. Some of the land is in the ownership of the County Council as highways authority. The remainder is in private ownership, with the majority in the control and/or ownership of the two main developers associated with delivering Phases 1 and 2 to the Vernatt's SUE. Some smaller parcels of land and property are in the ownership of individuals or companies.
- 4.2 In order to deliver the necessary highways infrastructure the land required for Section 5 needs to be acquired and ultimately transferred into the ownership of the County Council. On construction of the highways infrastructure, the highway, verges, roundabout, junctions and bridge would be adopted and thereafter maintained by the County Council in its role highways authority.
- 4.3 The majority of the land necessary to deliver Section 5 can be acquired in agreement with the developers. Statements of Common Ground are already in place to this effect and a Memorandum of Understanding is currently being prepared to facilitate the delivery of this land to the County Council in due course. Both developers have committed to providing the necessary land, free from encumbrance, to the County Council as highways authority once formal funding is secured and the necessary consents are in place. In addition, Network Rail is positively engaged in the process of securing the provision of the bridge spanning the mainline. Overall, there is unlikely to be any significant difficulties with securing the vast majority of the land necessary for the construction of the Section 5 highways infrastructure.
- 4.4 Some smaller parcels of land are in private ownership and need to be acquired, either with the agreement of the owners or, failing this, through compulsory purchase proceedings. In order to facilitate the acquisition of these smaller land holdings the District Council needs to set aside a working capital budget to cover both acquisition and legal costs.
- 4.5 The processes associated with either agreed acquisition or compulsory process are involved, complicated and time sensitive. Much of the detail associated with acquisition is also of a sensitive financial or personal nature. Given these sensitivities, and the need to ensure confidentiality and comply with data protection laws, a separate and confidential paper is attached at Exempt Appendix Two. This paper sets out financial details, the likely sums and timescales involved, and identifies individual land and property details. A decision on the content and strategy set out in this paper needs to be taken in order to seek to move matters forward.
- 4.6 On the basis of the paper set out at Appendix Two, officers RECOMMEND that:**
- (d) Members agree to set aside additional monies in the Growth and Investment Reserve to seek to acquire, with the agreement with the owners, property and land required to deliver Section 5 to the SWRR in accordance with the details set out in Exempt Appendix Two to this report (and that authority to do so is delegated to the Executive Director of Commercialisation and S151 Officer in consultation with the Deputy Leader of the Council and Portfolio Holder for Growth and Commercialisation) and that the capital programme be amended as required to reflect this.**

5.0 RECOMMENDATIONS

5.1 Recommendations are set out above and considered in the main body of this report. Members are invited to consider these recommendations, the report and the supporting background papers and to agree recommendations (a) to (d).

6.0 OPTIONS

6.1 Do nothing

6.2 Agree recommendations (a) to (d).

6.3 Agree changes to recommendations (a) to (d).

7.0 REASONS FOR RECOMMENDATIONS

7.1 The individual recommendations set out above are self-explanatory.

8.0 EXPECTED BENEFITS

8.1 The benefits of accepting the HIF monies and consequently delivering Section 5 to the SWRR are set out in detail in the main body of this report. These clear benefits meet with the Council's strategic growth ambitions, and mesh with the policies enshrined in the adopted Plan, to the overall benefit of the District (and wider) and its residents.

9.0 IMPLICATIONS

9.1 In preparing this report, the author has considered the likely implications of the decision, and particularly so in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; and Other. Where the report author considers that there may be positive implications under one or more of these headings, these have been set out in the main body of the report and identified below. Where the report author considers that the implications are neutral or have been mitigated as a part of the statutory or due diligence process the consequences of these implications are implicit.

9.2 Corporate Priorities

9.2.1 This report relates to the delivery of a significant number of the Council's corporate priorities, including the following:

- Enable effective planning and delivery of housing solutions to meet local needs and aspirations to ensure that our residents have access to a range of housing options in the district.
- Support the expansion and growth of Spalding and Holbeach to be attractive places where people want to visit, live and work whilst supporting all other towns and villages in the district to meet the needs of their communities .
- Deliver substantial and continued growth as proposed through our Local Plan, in conjunction with our key partners.
- Work with our key partners to ensure that the infrastructure required to support our community to grow and flourish, including key roads, rail, broadband and telecommunications, are planned for and delivered.
- Proactively work with partners to identify and optimise funding opportunities that will draw resources into the district to support our plans for substantial and continued growth.

- Work in partnership across the public and private sector to retain and build on the key business sector strengths within South Holland, whilst also working proactively to attract new inward investment that will bring further prosperity to our district.
- Continue to work effectively with all our partners to deliver significant benefits to the communities of South Holland.

9.2.2 The Corporate Plan 2019-23 identifies that the Council has worked with partners to develop the SELLP, this setting out our vision to develop housing and employment options in the District. The delivery of Section 5 (and subsequently Section 1) to the SWRR meshes with our clear ambition to develop and implement a local planning and development framework capable of achieving substantial and continued growth.

9.3 **Constitutional and Legal**

9.3.1 Legal advice has been sought on the terms of the proposed funding agreement with HE and, arising from that legal advice, officers are content that the Council can enter into the agreement and utilise the funds towards securing the delivery of the Section 5 highways infrastructure.

9.3.2 At the same time that the District Council enters into the funding agreement with HE the Council will also enter into a further agreement with the Lincolnshire County Council to ensure that all of the obligations and conditions of the funding agreement which are the responsibility of the County Council will be met, and indemnifying the District Council against any costs arising from any failure on the part of the County Council to meet their obligations.

9.3.3 In accordance with the Financial Procedure Rules contained within the Council's Constitution the full Council must approve the receipt and spend of any grant funding above £100,000, and agree any terms or restrictions applied by the funder.

9.3.4 It is important that any public funds applied to this scheme do not constitute illegal state aid. One of the pre-conditions, to be satisfied before the agreement becomes effective, is the provision of a legal opinion in respect of the state aid implications. Officers have already sought advice from Counsel. The advice received clarifies that the £12M HIF grant is unlikely to constitute state aid provided that the road is made freely available to all users on equal and non-discriminatory terms and the contractor is appointed pursuant to a transparent competitive tendering process.

9.4 **Financial**

9.4.1 The detailed financial arrangements are as set out in the body of this report and associated recommendations. The strategy identified in relation to delivering Section 5 to the SWRR takes account of the increasing financial pressures faced by local Government and the need for all councils, including South Holland District Council, to ensure they are delivering planned growth and infrastructure as cost-effectively as possible in the wider interests of the District and working with key partners in order to do so.

10.0 **WARDS/COMMUNITIES AFFECTED**

10.1 Immediately, all Spalding and Pinchbeck wards although all Wards and communities are likely to be positively affected.

11.0 **ACRONYMS**

HE Homes England

HIF	Housing and Infrastructure Fund
HM Treasury	Her Majesty's Treasury
LCC	Lincolnshire County Council
LTP4	The 4th Lincolnshire Local Transport Plan - published in April 2013 and setting out the transport strategy for the County for the next 10 years.
MCHLG	Ministry of Housing, Communities and Local Government
MVF	Marginal Viability Fund
Section 1	The 'southern' section to the SWRR, associated with the Holland Park SUE
Section 5	The 'northern' section to the SWRR, associated with the Vernatt's SUE
SELLP	South East Lincolnshire Local Plan, adopted March 2019
SoS	Secretary of State to the Ministry of Housing, Communities and Local Government
STS	Spalding Transport Strategy - a strategy for Spalding to identify how transport and travel in the area should develop over the next twenty years.
SUE	Sustainable Urban Extension
SWRR	Spalding Western Relief Road
S106	A planning agreement under the provisions of Section 106 to the Town and Country Planning Act 1990 (as amended) focused on site specific mitigation of the impact of development. S106 agreements are often referred to as 'developer contributions'.
The Plan	The South East Lincolnshire Local Plan, adopted March 2019
Vernatt's SUE	The Northern SUE, or Vernatt's Sustainable Urban Extension

Background papers:

Lead Contact Officer

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Key Decision: Yes

Exempt Decision: No

This report refers to a non-statutory function.

APPENDICES:

Exempt Appendix One:

Restricted and Confidential: Legal advice relating to the proposed Short Form Funding Agreement under the terms of Homes England's Housing Infrastructure Fund (Marginal Viability Fund).

Exempt Appendix Two:

Restricted and Confidential: Spalding Western Relief Road (SWRR) Property Acquisition Report