

Report to: Executive Cabinet Member Executive
Member Strategic Housing and
Planning

Bolton Council

Date: 3rd December 2018

Report of: Director of Place

Report No: ECMSHP/449

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Report Title: **Housing Infrastructure Fund: Marginal Viability Fund Rivington Chase**

Non Confidential

(Non-Confidential) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose:

To seek authority to enter into the funding agreement to draw down on the fund and procure the delivery of highway works at Rivington Chase.

**Background
Doc(s)**

Report to the Executive Cabinet Member dated 10 September 2018 entitled Housing Infrastructure Fund: Marginal Viability Rivington Chase & Forward Fund Westhoughton By-Pass

**Appendices /
Attachments**

Homes England Terms and Conditions

Recommendation:

The Executive Member is recommended to:

- (a) Authorise the Director of Place, in consultation with the Executive Cabinet Member, to:
 - (i) formally accept the HIF Marginal Marginal Funding award and to negotiate and enter into a grant determination agreement;
 - (ii) draw down the necessary funding under the grant determination agreement on a quarterly or other basis as agreed with Homes England; and
 - (iii) procure all necessary works and services associated with the construction of a link road at Burnden Way roundabout to Chorley New Road, Horwich in accordance with Standing Orders relating to Contracts; and
- (b) Authorise the Borough Solicitor to complete the necessary legal formalities.

Decision:

Signed:

Leader / Executive Member

Monitoring Officer

Date:

Summary:

The Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government) launched a £2.3 billion Housing Infrastructure Fund (“HIF”) in July 2017 to fund key infrastructure to unlock up to 100,000 new homes in England that could not be funded through another route.

The Council secured a provisional £12M award of HIF Marginal Viability (“MV”) funding in March 2018, to construct a link road from Burnden Way roundabout to Chorley New Road on the former Horwich Loco Works, Horwich, Bolton.

This award has now received the final sign off by Homes England and is awaiting the Council to enter into the grant determination agreement.

Given the delay from Homes England and their strict timescales for delivery of the spine road infrastructure by March 2021, it has become necessary to procure all works associated with the Link Road as soon as possible.

Within the report approved by the Executive Cabinet Member 10th September 2018 it was reported that the Link Road works would be procured under existing framework arrangements; however, this is no longer considered to be the most appropriate procurement method.

This report notes progress with the HIF MV grant funding for Rivington Chase and seeks authorisation to negotiate and enter into the grant determination agreement, procure the construction of the Link Road in accordance with Standing Orders relating to Contracts and, draw down and spend the MV Fund on a quarterly basis.

1. INTRODUCTION & BACKGROUND

- 1.1 Members will be aware that planning permission for Rivington Chase was originally granted in September 2015 followed by the 2016 Homes England award of a Large Sites and Housing Zones Capacity Fund to assist with the delivery of Rivington Chase.
- 1.2 Furthermore that the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government) launched a £2.3 billion Housing Infrastructure Fund (“HIF”) in July 2017 to fund key infrastructure to unlock up to 100,000 new homes in England that could not be funded through another route.
- 1.3 The Council secured a provisional £12M award of HIF Marginal Viability (“MV”) funding in March 2018, the largest award in the North West, to construct a link road from Burnden Way roundabout to Chorley New Road on the former Horwich Loco Works, Horwich, Bolton (“Link Road”) in support of the residential development of Rivington Chase.
- 1.4 This award has now received the final sign off by Homes England and is awaiting the Council to enter into the grant determination agreement.

2. ISSUES

- 2.1 There has been further delays from Homes England in completing the formal sign off of the Rivington Chase £12m HIF MV, which was originally expected to be completed by the end of August 2018. However, on 19th November, the Council received confirmation from Homes England that the award is formally signed off and the award offer letter is accompanied by funding terms and conditions to form the basis of the Grant Determination Agreement (“GDA”).
- 2.2 Within the report to the Executive Cabinet Member 10th September 2018, authorising the draw down of the HIF MV funding, it was envisaged that the Link Road works would be procured under existing framework arrangements; however, this is no longer considered to be the most appropriate procurement method.
- 2.3 On formal acceptance of the HIF MV fund and the associated terms and conditions, the Council are required to enter into the GDA. The current deadline for completing exchange of the GDA is 31st January 2019.

3. OPTIONS

- 3.1 The Homes England terms and conditions, included in full at Appendix 1, are in accordance with those provided in draft to the Council. They have been reviewed by officers and are considered to be acceptable. It is proposed that the Council enters into the GDA and that the Council urgently commissions the necessary works and services to deliver the Link Road and associated infrastructure works in accordance with the Council’s Standing Orders relating to Contracts, which incorporate relevant EU procurement rules.

- 3.2 The timely commencement of the procurement process will assist the Council in ensuring that it meets the Homes England conditions attached to the GDA to commence the infrastructure works by 1st May 2019 with completion by the 1st March 2021.
- 3.3 To assist the Council in achieving these timescales Homes England have provisionally agreed to revise the grant drawdown timescales from twice a year to quarterly.
- 3.4 Failure to agree the GDA, complete conditions or procure the necessary works within the prescribed timescales, would put the funding at risk and ultimately the delivery of the road and associated major housing regeneration of a brownfield site.

4. IMPACTS AND IMPLICATIONS:

Financial

- 4.1 The Large Sites and Housing Zones Capacity fund is being utilised to cover any costs incurred in advance of formal confirmation and receipt of the HIF MV award, which could then be reclaimed at the first draw down of the grant monies.

Legal

- 4.2 The delivery of the infrastructure works will be undertaken in accordance with the Council's Standing Orders relating to Contracts.

HR/Other

- 4.3 None

5. CONSULTATION

- 5.1 There is no requirement for consultation prior to signing the funding document and drawdown of the fund for Rivington Chase however officers are committed to maintaining a liaison group with Ward Members and residents.

6. EIA

- 6.1 Under the Equality Act 2010, the Council must have due regard to:
- Eliminating unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act;
 - Advancing equality of opportunity between people who share a protected characteristic and people who do not share it; and
 - Fostering good relations between people who share a protected characteristic and people who do not share it.
- 6.2 At this stage it is not anticipated that the proposals will have a disproportionate impact on any of Bolton's diversity groups.

7. RECOMMENDATIONS

7.1 The Executive Member is recommended to:

7.1.1 Authorise the Director of Place, in consultation with the Executive Cabinet Member, to:

7.1.1.1 formally accept the HIF Marginal Marginal Funding award and to negotiate and enter into a grant determination agreement;

7.1.1.2 draw down the necessary funding under the grant determination agreement on a quarterly or other basis as agreed with Homes England; and

7.1.1.3 procure all necessary works and services associated with the construction of a link road at Burnden Way roundabout to Chorley New Road, Horwich in accordance with Standing Orders relating to Contracts; and

7.1.2 Authorise the Borough Solicitor to complete the necessary legal formalities.

APPENDIX 1 – Homes England Conditions

The offer of funding is subject to legal exchange of the grant determination agreement by 31st January 2019 after which point the Homes England reserves the right to retract the offer of funding. The grant (in £) and outputs approved by Homes England is as set out below:

Funding Total
HIF MVF £12,000,000
Outputs
Total 1100

Please note any variances to the above spend or outputs must be approved in writing by the Homes England. HIF MVF funding is available until 31st March 2021. All MVF funding is required to be spent by this date.

The approval is subject to the following conditions being met prior to entering into the grant determination agreement.

| Condition | Date |
|--|------------------|
| 1. Landowners entering into a Memorandum of Understanding confirming how they will work together to deliver the site. | 31 December 2018 |
| 2. Detailed design and Reserved Matters consent for the remaining sections of the spine road must be secured | 31 December 2018 |
| 3. Procurement of the infrastructure contractor needs to be undertaken by bidder | 31 December 2018 |
| 4. Sign the S106. If, in future a variation of the s.106 agreement is required to reflect the fact that the scheme is no longer being delivered by a single master developer then the variation needs to be secured and signed prior to infrastructure being delivered. | 31 December 2018 |
| 5. Bidder to demonstrate when VP of the site is secured for the road. Bidder to demonstrate when VP for the development plots will be secured. CPO arrangements to be put in place if VP is not achievable to meet the delivery programme. | 31 December 2018 |
| 6. Red book valuation for Rivington house and CPO Franking Valuation Report for the scheme. | 31 December 2018 |
| 7. Verification of other funding streams to support delivery of whole project | 31 December 2018 |

The drawdown of funds is subject to a signed grant determination agreement and the following conditions precedent being met:

| Condition | Date |
|----------------------------------|--|
| 1. Infrastructure to be complete | Commencement 1 May 2019, completion to be by 1 March |

| | |
|--|-----------------------------|
| | 2021 |
| 2. Housing Delivery plan to be available, optimising maximum pace of delivery. 1st housing release to have commenced. | 1 January 2020 |
| 3. Agree the milestones for housing delivery, current rate of delivery assumption is targeting 2 house builders on site @154 units per annum | 1 February 2019 |
| 4 Confirmation that the cost of the construction contract is in line with the Gleeds estimate and does not adversely impact delivery or adversely alter the amount of HIF required to deliver the scheme | 1 March 2019 |
| 5 Provision of up to three vehicular access points to service and access/egress the Homes England land ownership, to and from the new estate spine road. | No later than 1 March 2021. |

It should also be noted that the following conditions are a requirement of all grant determination agreements.

- a. The money is to be spent on capital related to the project;
- b. The scheme will deliver by an agreed date. Otherwise, Homes England can recover any unspent funding;
- c. Any costs saved or recovered are retained by the Local Authority and to be used for further housing delivery; and
- d. The Local Authority will assure Government on delivery through proportionate regular reporting on progress, as set out in the Assurance Framework.

Please note that any communications on the outcome of funding clarification are subject to Homes England approval.