

# GROWTH, INFRASTRUCTURE AND RESOURCES SCRUTINY COMMITTEE

19 December 2019

## HOUSING INFRASTRUCTURE FUND BID

### Report of the Chief Executive

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference: FP19/0718	
Exempt Information	Yes - Appendix A of this report contains exempt information and is not for publication in accordance with Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Resources (other than Finance)	
Contact Officer(s):	Helen Briggs, Chief Executive	01572 758201 hbriggs@rutland.gov.uk
Ward Councillors	Normanton - Mr K Bool and Miss G Waller	

### RECOMMENDATIONS

1. That the Growth, Infrastructure and Resources Scrutiny Committee considers this report before submission to Cabinet for their support in principle to recommend to Council acceptance of the £29.4m Housing Infrastructure Fund grant.

## 1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update the Growth, Infrastructure and Resources Scrutiny Committee on progress in relation to the Housing Infrastructure Funding (HIF) (Forward Funding) for the St George's project.
- 1.2 This report also informs the Committee of the intention to seek Cabinet's approval in principle to recommend to Council, acceptance of the £29.4m Housing Infrastructure Fund grant subject to satisfactory progress of the on-going work in relation to associated terms and conditions and contract negotiations with Homes England and the Ministry of Defence.

## 2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 Cabinet on 19<sup>th</sup> November was advised that the Council had received a letter from MHCLG on 1<sup>st</sup> November 2019 that we had been successful in being awarded £29.4m HIF (Forward Funding) and MHCLG advised as follows:
- “We will work with you and your team over the coming weeks and months to progress this scheme through further due diligence and into contract. As part of the contract, you will need to agree to a set of funding conditions. These include both standard conditions for all Forward Funding schemes, and bespoke conditions for each project. In addition, you will need to sign up to an Assurance Framework, which will be proportionate for the size and complexity of this scheme. A list of the conditions for your scheme will be sent by my team.
- 2.2 The draft conditions were provided to RCC by MHCLG on 26<sup>th</sup> November 2019.
- 2.3 Since that date Council Officers have therefore been working closely with Homes England and the MOD to progress the draft Heads of Terms and other contractual documentation to a point where all parties are clear about the risks, obligations, requirements and conditions.
- 2.4 Homes England are keen to progress HIF and are working closely with Council Officers to achieve this including:
- a. Site visit
  - b. Weekly teleconferences – progress update
  - c. all day meeting with RCC and DIO to progress to the next draft of the conditions.
- 2.5 However, this work is not concluded.
- 2.6 Attached **Exempt Appendix A** is the current draft of this documentation. This document is exempt due to the commercial nature of information and due to its status i.e. DRAFT. Appendix A also acts as a tracker on progress against each of the conditions. It highlights risk, implications, the responsibility and a RAG degree of confidence of deliverability of the condition. The final column indicates if the recommendation to Cabinet is to accept the condition.
- 2.7 The vast majority of conditions place specific onus on the ‘developer’ (the MOD) rather than the Council itself. The issue of responsibility is therefore an important one and is reflected in the involvement of Council Officers, the Portfolio Holder (Deputy Leader) and our MOD partners in the development of **Appendix A**. Legal and Financial advice has been sought on all aspects of the agreement. Further advice will be sought throughout this process.
- 2.8 At this point the assessment from our advisors and partners is that there is nothing preventing us accepting the funding (no ‘showstoppers’) and complying with the contractual requirements. However there remains significant work to be done. Hence at this point Cabinet is requested to support in principle the direction of travel and the continuation of the due diligence work.

- 2.9 Cabinet will receive regular updates on progress. The decision to accept HIF or not is a Council one. Following this Cabinet meeting work will continue and once concluded the decision will be presented to the next Council Meeting. If the meeting programme allows it, it will prior to that be taken to Cabinet for a directional steer from Cabinet.

### **3 CONSULTATION**

- 3.1 The St George's Project Board and the relevant Portfolio Holders have been briefed and consulted.

### **4 ALTERNATIVE OPTIONS**

- 4.1 Not relevant.

### **5 FINANCIAL IMPLICATIONS**

- 5.1 The acceptance of the terms and conditions does not directly have a financial implication. There is no match funding requirement or anything of that nature.
- 5.2 However, one of the conditions refers to the possibility of overspends on infrastructure and requires confirmation from the Council or its partners as to how such overspends will be funded. This issue is being discussed with the DIO (is referenced in the Exempt Appendix) and an update will be provided to Council.
- 5.3 By accepting the terms and conditions, the Council will have to put in place arrangements to oversee the delivery of HIF conditions and any actions for which it is responsible in respect of the development of STGB. The Council has employed a Project Manager (funded from approved budget) but does not envisage having to fund any other additional resource.

### **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

- 6.1 As previously advised the Constitution requires that the acceptance of Grants above £1 million are a matter for Council.
- 6.2 The objective of the negotiations for the Council will be to ensure that any agreement negotiated ensures that where a liability rests with the Council this is clear. This process will ensure that the Council will be able to effectively manage any risks associated with acceptance of the funding and balance its consideration of these against the benefits of the funding being available and the broader risks that this would create. In particular the Council will be ensuring that risk is shared with partners based on the elements of the project that each has responsibility for.

### **7 DATA PROTECTION IMPLICATIONS**

- 7.1 A data protection impact assessment has not been completed as there are no data protection implications.

## **8 EQUALITY IMPACT ASSESSMENT**

8.1 Not relevant.

## **9 COMMUNITY SAFETY IMPLICATIONS**

9.1 None.

## **10 HEALTH AND WELLBEING IMPLICATIONS**

10.1 None.

## **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

11.1 The purpose of this report is to update the Committee on progress in relation to the Housing Infrastructure Funding (HIF) (Forward Funding) for the St George's project. The report will be considered by Cabinet at their meeting on 23 December 2019.

11.2 Cabinet will be asked to support the continuation of 'due diligence' work under the guidance of Cllr Brown the Portfolio Holder. Cabinet will be updated weekly and the report for Council will progress when sufficient work has been completed to allow a recommendation to be made to Council.

11.3 The report to Cabinet seeks approval **in principle** for support to recommend to Council acceptance of the £29.4m Housing Infrastructure Fund grant subject to satisfactory progress of the on-going work in relation to associated terms and conditions and contract negotiations with Homes England and the Ministry of Defence. Ideally this work will be concluded in time for the Council meeting on 20<sup>th</sup> January, as per the Forward plan. If not further progress reports will be presented to Cabinet until the time is right to present to Council for a decision to be made.

## **12 BACKGROUND PAPERS**

12.1 None.

## **13 APPENDICES**

13.1 Appendix A – EXEMPT - Appendix A is marked as "Not For Publication" because it contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, namely information which is commercially sensitive.

**A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.**