



CABINET – 24 MARCH 2020

**SOUTH WEST LEICESTERSHIRE GROWTH AREA
HOUSING INFRASTRUCTURE FUND**

**REPORT OF THE CHIEF EXECUTIVE, DIRECTOR OF CORPORATE
RESOURCES AND DIRECTOR OF ENVIRONMENT AND
TRANSPORT**

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet that the County Council's Housing Infrastructure Fund (HIF) bid to Homes England for the South West Leicestershire Growth Area was unsuccessful and to advise of work being undertaken to identify and address the implications arising from this.

Recommendations

2. The Cabinet is asked to note that:
 - (a) the County Council's Housing Infrastructure Fund (HIF) bid for the South West Leicestershire Growth Area was unsuccessful;
 - (b) dialogue with Homes England and the Ministry of Housing, Communities and Local Government at their request regarding the potential for Government funding some elements of the bid is continuing;
 - (c) the Director of Environment and Transport, in consultation with the Director of Corporate Resources and the Director of Law and Governance, will give consideration to other funding options in the light of this outcome and report back to the Cabinet in due course;
 - (d) the timetable for the determination of the Lutterworth East SDA planning application by Harborough District Council, scheduled for 21 April 2020 remains unchanged.

Reason for Recommendations

3. South West Leicestershire Growth Area bid sought funding for the M69 Junction 2 improvements (£19m) and the Lutterworth East Sustainable Development Area (£31m).
4. With respect to the Lutterworth East Sustainable Development Area (£31m),

whilst the overall viability of the scheme is unaffected by the outcome of the HIF bid, the delivery timetable and funding arrangements were predicated on a positive outcome. Alternative funding and delivery options for the SDA now need to be given careful consideration, and discussions held with Government in light of recent discussions with Homes England and MHCLG regarding it still funding some elements of the bid.

5. Seeking approval of the Lutterworth East SDA planning application is unaffected by the outcome of the HIF bid.

Timetable for Decisions (including Scrutiny)

6. The Scrutiny Commission and the Cabinet will be provided with updates on the outcome of the discussions with Government regarding funding arrangements and the proposed way forward.

Policy Framework and Previous Decisions

7. In December 2017, the County Council adopted its Strategic Plan. This Plan contains five strategic outcomes, including a strong economy and affordable and quality homes. It recognises that transport infrastructure is a key enabler, providing access to opportunity and opening up sites for growth. The Strategic Plan's supporting outcomes include having the right infrastructure for sustainable growth and having the right number and type of homes in the right places to meet needs and support economic growth.
8. In March 2018, the Cabinet agreed to the promotion the East of Lutterworth Strategic Development Area (SDA) in the Harborough Local Plan and development of the SDA.
9. The Leicester and Leicestershire Strategic Growth Plan (SGP) has been approved by the ten partner organisations – the County Council, the City Council, the seven district councils in Leicestershire and the LLEP. Whilst it is recognised that the Plan, which will shape the future of Leicester and Leicestershire up to 2050, is a non-statutory plan, it provides an agreed framework which will be used by all partners when preparing individual local plans and strategies.
10. In December 2018 Cabinet gave approval for the submission of a HIF bid relating to the South West Leicestershire Growth Area by the deadline of 1 March 2019.

Resource Implications

11. The value of the HIF funding bid for the South West Leicestershire Growth Area was £50m, split approximately by £31m for the Lutterworth East SDA spine road and £19m for the M69 Junction 2 improvements.
12. The impact of losing out on this funding needs careful consideration and particularly in relation to the Lutterworth East SDA scheme. Provision of £81m

has been included in the MTF5 Capital Programme for 2020-23 to fund the construction of the Spine Road (in addition to £6m already provided in the current year). However, this was on the condition that the HIF bid was successful. So a review of the revised options now available to the authority is being carried out and a further report will be presented to the Cabinet later in the year.

13. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Circulation under Local Issues Alert Procedures

This report has been circulated to Mrs. M. A. Wright CC, Mr. B. L. Pain CC and Mrs. R. Page CC.

Officers to Contact

Chris Tambini
Director of Corporate Resources
Tel: (0116) 305 6199
Email: Chris.Tambini@leics.gov.uk

Ann Carruthers
Director, Environment and Transport
Tel: (0116) 305 7000
Email: Ann.Carruthers@leics.gov.uk

Janna Walker
Head of Service, Highways & Transport Commissioning, Environment and Transport
Tel: (0116) 305 0785
Email: janna.walker@leics.gov.uk

Simon Lawrence
Head of the Growth Unit, Chief Executives Department
Tel: (0116) 305 7243
Email: simon.lawrence@leics.gov.uk

PART B

Background

14. The Housing Infrastructure Fund (HIF) was first announced in the Chancellor of the Exchequer's 2016 Autumn Statement. The original £2.3 billion HIF was officially launched by the Government in July 2017. The 2017 Autumn budget saw the amount of HIF monies available more than double to £5 billion; in his most recent budget the Chancellor announced a further £0.5 billion of HIF monies (bringing the total amount available to £5.5 billion). All HIF monies have to be spent by no later than 2023/24.
15. HIF offers funding to local authorities for infrastructure to support the delivery of up to 650,000 new homes across the country. It is a capital grant programme, which, like almost all new Government sources of funding, is being awarded via a competitive bidding basis. Bids, which can be up to £250 million, can only be made to Government by unitary authorities and county councils.
16. After an initial assessment the Government confirmed that they would like to work with the Authority to develop a proposal for the South West Leicestershire Growth Area, which included seeking to take forward M1 Junction 20a and M69 Junction 2 improvements to unlock growth opportunities in these locations, as well as supporting the Lutterworth East Sustainable Development Area. It focused on demonstrating the links to the draft Strategic Growth Plan and priorities identified by Midlands Connect and Midlands Engine.
17. Subsequent advice from Homes England amended the scope of the South West Leicestershire Growth Area to focus only on the M69 Junction 2 improvements (£19m) and the Lutterworth East Sustainable Development Area (£31m).

Financial Implications and Funding Options

Lutterworth East SDA

18. The element of the South West Leicestershire Growth Area bid relating to the Lutterworth East SDA, a figure of £31m, covered a contribution to the funding for the spine road, currently estimated to be £85m in total.
19. The outcome of the bid has a direct impact on the delivery timetable for the Lutterworth East SDA scheme. HIF is designed to support the acceleration on housing, so without the £31m, the likely housing delivery trajectory will now be extended.
20. The ongoing dialogue with Government will hopefully result in new funding, but in the worsening economic situation, the Council will need to consider alternative models.

M69 Junction 2 SDA

21. It has been recommended to the Cabinet that the Council's land situated to the west of Stoney Stanton continues to be promoted as part of a policy-compliant and financially viable SDA within the emerging Blaby District Local Plan and that the Council should enter into such collaboration and other legal agreements with other landowners, developers and promoters as are necessary to facilitate delivery of the SDA scheme.
22. Without Government grant, the proposed highway improvements to Junction 2 of the M69 motorway would have to be met either by the Council directly, by contributions arising from planning permissions or by a mix of the two.

Equality and Human Rights Implications

23. There are no direct equality and human rights implications arising from this report.

Environmental Implications

24. There are no direct environmental implications arising from this report.

Background Papers

Report to the County Council – 6 December 2017 – Strategic Plan and Single Outcomes Framework

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=5104&Ver=4>....

Report to the Cabinet – 18 December 2018 – Housing Infrastructure Fund

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5793&Ver=4>

This page is intentionally left blank