



CABINET – 15 DECEMBER 2020

MELTON MOWBRAY DISTRIBUTOR ROAD (SOUTH) AND NORTHERN SUSTAINABLE NEIGHBOURHOOD MASTERPLAN

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

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet of the latest position on the issues to be considered with regard to acceptance of the Housing Infrastructure Fund (HIF) grant offer for the southern section of the Melton Mowbray Distributor Road (MMDR) and the development of masterplans for the Melton Northern Sustainable Neighbourhood and Southern Sustainable Neighbourhood.
2. A supplementary report setting out further detail is currently being prepared and this will be circulated to members and published on the County Council's website as soon as it is available.

Recommendation

3. It is recommended that the Cabinet has regard to the information in this and the subsequent supplementary report regarding the southern section of the Melton Mowbray Distributor Road and the development of masterplans for both the Melton Northern and Southern Sustainable Neighbourhoods to inform the Council's response to Melton Borough Council and Homes England.

Reason for Recommendations

4. To agree the position to be adopted by the County Council.

Timetable for Decisions (including Scrutiny)

5. Homes England have set an extended deadline for acceptance of the HIF grant offer of week commencing the 14 December 2020.

Policy Framework and Previous Decisions

6. The report to the Cabinet on 22 November 2019 advised of a successful HIF bid for the southern section of the MMDR and discussions with Melton Borough Council.

7. On 24 March 2020 the Cabinet considered a report regarding concerns that Melton Borough Council had not undertaken the necessary work on master planning to provide assurance that the County Council could accept the grant offer from the Ministry of Housing, Communities and Local Government (MHCLG) and Homes England towards the cost of the southern section of the MMDR.
8. On 23 June 2020 the Cabinet considered a report on the latest position with regard to the HIF grant offer and the decision by Melton Borough Council to approve a masterplan for its South Sustainable Neighbourhood area.
9. On 20 November 2020 the Cabinet considered a report on the latest position with regard to the Melton North Sustainable Neighbourhood masterplan proposed by Melton Borough Council.

Resource Implications

10. The level of County Council investment to support growth across Melton is substantial. The County Council's potential financial exposure to deliver the amount of County function and responsibility infrastructure required to support growth in Melton is currently estimated to require around £160m gross investment - roughly £100m for roads and £60m for education. These estimates, being based on 2019 pre-Covid costs, now almost certainly understate what the actual costs are likely to be. The net cost to the County Council will be reduced due to the external funding available through the Local Authority Majors Fund (£49m for the northern and eastern sections of the MMDR) and the HIF grant offer (£15m for the southern section). The balance would have to be recouped in later years through developer contributions along with the costs associated with education provision and other County Council site specific planning mitigation. There are significant financial risks to the Authority in forward funding this project.

Circulation under the Local Issues Alert Procedure

11. This report has been circulated to members representing electoral divisions in the Melton area: Mr. J. T. Orson CC, Mr A. E. Pearson CC, Mrs P. Posnett MBE CC, and Mr J. B. Rhodes CC.

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PART B

Background

12. Melton Mowbray is identified as a 'Key Centre for Regeneration and Growth' in the Leicester and Leicestershire Strategic Growth Plan. The Melton Local Plan (formally adopted in October 2018) sets out that the required development for Melton will be delivered within two new large-scale sustainable neighbourhoods, described as the Melton South Sustainable Neighbourhood and the Melton North Sustainable Neighbourhood. A key component of the growth strategy in the Melton Local Plan is the delivery of the MMDR, which would facilitate the development of both sustainable neighbourhoods. The Melton South Sustainable Neighbourhood is expected to deliver a minimum of 2,000 homes in addition to 20 hectares of employment and associated services. The Melton North Sustainable Neighbourhood is expected to deliver a minimum of 1,700 homes and small-scale employment and community facilities.
13. The County Council is even more exposed to the risks brought about by the rate and scale of proposed new development across the County. This is mainly due to the highways and education infrastructure required to support the development which in respect of highway requirements will largely need to be funded in advance of recoupment from developer funding. For the present recoupment will be via s106 agreements pending any changes to the funding of infrastructure arising from the Government's proposed planning reforms. It is therefore essential that before entering into any commitment to support local development, the County Council is satisfied that the level of risk to which it is exposing itself is minimised. Sound master planning is essential to this process.
14. The total costs for the southern section of the MMDR was estimated at £28m in the HIF bid (pre-Covid costs), with £15m to be potentially funded by a successful HIF grant award. The offer of HIF funding from the Government (MHCLG/Homes England) required the County Council to meet a range of pre and post contract conditions which involve significant financial risk. The southern section would serve the Melton South Sustainable Neighbourhood and therefore the financial viability of that development, underpinned by a robust masterplanning process, has been a key issue for the County Council.
15. Homes England has extended the HIF grant offer until week commencing 14 December 2020, when pre-contract conditions would need to be satisfied.
16. Officers have been working to establish a viable and deliverable scheme, with significant and positive engagement taking place recently with Melton Borough Council, landowners and developers. However, in order to meet the pre-contract conditions a supporting strategy and delivery programme are required to ensure viability and deliverability. The work to develop these strategies is significant and challenging within the timescales.

Equality and Human Rights Implications

17. The MMDR Southern section was identified in the Melton Local Plan as essential for the delivery of the planned growth in the district. The Plan itself was subject to an Equality and Human Rights Impact Assessment. Any future scheme will be subject to

further assessment in line with the County Council's policy and procedures, more detailed assessments of specific proposals will be undertaken as they come forward through the planning process.

Environmental Impact

18. An environmental impacts study was carried out as part of the HIF bid development process to inform the WebTAG assessment. In accordance with relevant regulatory requirements, more detailed assessments of the specific proposals will be undertaken as they come forward through the planning process.
19. An environmental impact assessment has been carried out in respect of the northern and eastern Sections of the MMDR. An EIA will be required as part of the planning process for the southern section of the MMDR.

Background Papers

Report to the Cabinet – 22 November 2019 – Melton Mowbray Local Plan Delivery Partnership – HIF Bid Update

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5608&Ver=4>

Report to the Cabinet on 24 March 2020: Melton Mowbray Distributor Road -

<https://bit.ly/2zogPjT>

Report to the Cabinet on 23 June 2020: Melton Mowbray Distributor Road

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5996&Ver=4>

Report to the Cabinet on 20 November 2020: Melton North Sustainable Neighbourhood Draft Masterplan

<http://politics.leics.gov.uk/documents/s157845/Melton%20North%20SN%20Masterplan%2020%20Nov%202020%20final.pdf>

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