



**CABINET – 15 DECEMBER 2020**

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

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

**Purpose of the Report**

1. The purpose of this report is to advise the Cabinet of the latest position on:
  - a. the Melton Mowbray Distributor Road South (MMDR South) Housing Infrastructure Fund (HIF) grant offer, including significant financial risks for the County Council associated with the HIF agreement and the proposed risk-sharing approach for managing these risks;
  - b. the ongoing work with developers, Melton Borough Council and Homes England regarding the HIF grant offer and subsequent recommendations with regard to the deadline set by Homes England; and
  - c. discussions with Melton Borough Council regarding its draft masterplan for the North Sustainable Neighbourhood area and the risk-sharing implications.
2. The report also sets out a recommended approach to future work to support strategic growth in Melton and considers how this could be used to inform a future policy to support sustainable growth across Leicestershire as further Local Plans are developed.

**Recommendation**

3. It is recommended that:
  - (a) the outcome of work with Melton Borough Council and developers to progress the opportunity of the Housing Infrastructure Fund (HIF) grant, including the production of a revised development framework based on the illustrative development plan (as shown in Appendix A) with a view to that replacing the current masterplan for the Melton Southern Sustainable Neighbourhood (MSSN), be noted and supported;
  - (b) subject to recommendations (c) – (d) of this report, the forward programme for delivery of the HIF scheme for the southern section of the Melton Mowbray Distributor Road (MMDR) be approved;
  - (c) the Director of Corporate Resources be authorised, following consultation with the Directors of Law and Governance and Environment and Transport, and with

the Cabinet Lead Members for Resources and Highways and Transportation, to:

- i. enter, subject to confirmation by Melton Borough Council of the acceptance of the principle of a finance agreement with Leicestershire County Council, into a Grant Determination Agreement with Homes England;
  - ii. finalise and enter into the necessary agreements to facilitate the securing of appropriate risk mitigation with Melton Borough Council, in line with the principles set out in paragraphs 57 – 59 of this report;
  - iii. finalise and enter into the necessary agreements to facilitate the delivery of the scheme and to secure appropriate risk mitigation with relevant land owners and developers, in line with the required approach to Homes England HIF delivery;
- (d) the Director of Environment and Transport be authorised, following consultation with the Director of Corporate Resources, the Director of Law and Governance and the Lead Members for Resources and Highways and Transportation, to enter into such contracts as are necessary to progress the HIF scheme delivery and make minor amendments to the delivery programme;
- (e) the financial position of the County Council and the future pressures arising from growth outlined in paragraphs 19 – 23 of this report be noted, together with the emerging approach set out in paragraphs 60 – 65 of this report, which underpins the requirement for the risk-sharing agreement with Melton Borough Council to mitigate risk for the County Council, whilst supporting sustainable planned growth arising from the current requirements of the Melton Local Plan;
- (f) it is noted that the risk-sharing agreement reflects and understands the need to allow a substantial amount of the County Council's risk to be transferred to Melton Borough Council and that current indications are that the Borough Council is seeking to cap the agreement at an amount that is not considered substantial enough;
- (g) it is noted that, following consultation, the County Council at its meeting in February 2021 will be asked to consider a policy which enables the County Council to support large infrastructure schemes in line with the Local Plans of district councils whilst mitigating the significant financial risks to the County Council;
- (h) the current position with regard to the Melton North Sustainable Neighbourhood Masterplan be noted and that officers continue to engage with Melton Borough Council to support its delivery of a robust masterplan.

### **Reason for Recommendations**

4. Pre-contract conditions must be met in order to accept and access the HIF grant offer from Homes England in demonstrating that:
  - the scheme has a business case for investment
  - the scheme supports a viable development that will deliver housing
  - developers and land owners are supportive of the scheme.
5. Work undertaken by the County Council, in collaboration with Melton Borough Council and the development industry, has resulted in the County Council being in a position to meet these pre-contract conditions, including the need to replace the

current masterplan for the MSSN.

6. In 2015 the County Council resolved to support the sustainable growth planned for Melton as part of the Local Plan process. The County Council recognised the need to support housing in sustainable locations and the potential challenges to achieving this, given the significant upfront infrastructure costs identified.
7. In submitting the initial bid to Homes England, the County Council recognised the need to support the delivery of the MSSN with grant funding to ensure deliverability and prevent unplanned growth from coming forward in Melton Borough. Work undertaken to meet the conditions of the offer demonstrates that the viability and deliverability of the MSSN will in large part be dependent on the HIF grant being accepted. Delivery without additional grant funding or public sector coordination will be extremely challenging.
8. The programme to deliver the MSSN is complex and will depend on the procurement of several specialist resources, including in the fields of law, planning, construction and design. The recommendations ensure that officers have the necessary authority to work with partners against an agreed framework for HIF delivery and meet the required delivery timetable set by Homes England.
9. The recommendations ensure that officers have the necessary authority to negotiate on behalf of the County Council to manage delivery and risk.
10. In addition, the recommendations recognise the need for the Council to develop a financially sustainable model to support the growth needs of Leicestershire.
11. Robust planning masterplans are one key way of ensuring successful delivery of strategic housing developments. This is particularly so in regard to the planned infrastructure as envisaged by the MSSN, to enable the County Council to recoup the forward funding in respect of the MMDR (required as a condition of Homes England grant funding through the planning process (S106 agreements)) plus other County Council requirements, e.g. education provision. The same principle applies to the Melton North Sustainable Neighbourhood (MNSN).

#### **Timetable for Decisions (including Scrutiny)**

12. Homes England have set an extended deadline for acceptance of the HIF grant offer of week commencing 14 December 2020.
13. Melton Borough Council's Cabinet is understood to be considering this matter on 16 December.
14. Subject to the decision of the Cabinet at this meeting, key milestones for the MMDR South are provided in Appendix B.

#### **Policy Framework and Previous Decisions**

15. In November 2019 the Cabinet was advised of a successful HIF bid for £15m for the southern section of the MMDR South.
16. In March 2020 the Cabinet considered a report on Melton Borough Council's

master planning for the MSSN. This detailed possible implications for the County Council, including financial risk connected to the acceptance of the grant offer from the Ministry of Housing, Communities and Local Government (MHCLG) and Homes England towards the cost of the MMDR South.

17. In 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 MSSN. The Cabinet raised a number of concerns, most notably that the masterplan did not demonstrate the financial viability of the MSSN.
18. In November 2020 the Cabinet considered a report on the latest position with regard to the MNSN draft masterplan proposed by Melton Borough Council. The Cabinet welcomed the decision of the Borough Council later that week to defer approval of the draft masterplan.

### **Resource Implications**

19. 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 infrastructure required to support growth in Melton is currently estimated to be around £160m - roughly £100m for roads and £60m for education. These estimates, which are based on 2019 pre-Covid costs, now almost certainly understate what the actual costs are likely to be.
20. The net cost to the County Council will be reduced, due to the external funding available through the Department for Transport 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 infrastructure costs. There are significant financial risks to the County Council in forward funding this project.
21. The County Council's HIF bid for the construction of the MMDR (Northern/Eastern and Southern legs) is currently estimated at approximately £35m, including risk and an agreed level of optimism bias, following realignment and cost appraisal work undertaken as part of the preparatory work for the project. The HIF grant has been awarded at £15 million, with the requirement for the County Council to forward fund the balance of up to £20m. In addition, round £35m of education infrastructure will be needed to fund the new school provision (primary and secondary) as part of the MSSN. This means the County Council will be requiring contributions of around £55m to come from developers.
22. The current viability appraisal suggests that there is a reasonable chance that the £55m will be fully recoverable from developers as the sites enabled by the MMDR (Northern/Eastern and Southern legs) are built out, but over a period of up to 20 years. The County Council has to accept that the assumptions around many of the key variables are subject to significant uncertainty. As well as the overall cost of the highways and schools infrastructure, this covers land values, housing construction costs, developer profit and sales values together with affordable house mix and tenure options.
23. There are also significant risks associated with forward funding development and

recovering costs at a later date as development comes forward, including:

- The proposed housing stalls for commercial reasons, after the upfront infrastructure is provided and so developer contributions are never received, or the timescales for recovery lengthen substantially.
- Decisions on s106 funding will be made by Melton Borough Council.
- The viability of the development is affected by market conditions (such as build costs or house prices) or other factors, resulting in it no longer being viable, reducing contributions. The longer the timescales to build the development, the increased risk of these other factors affecting the scheme.
- The extended timeframe for recovery of forward funding inhibits further opportunities to forward fund other schemes as they emerge around the County.

24. Given these risks and the knowledge that similar investment will be required to support other schemes across Leicestershire, the County Council has engaged with Melton Borough Council to seek an agreement to share this risk. Confirmation of this agreement in principle by Melton Borough Council, and commitment to enter into a formal agreement, is critical to the progression of the HIF scheme and the acceptance of the HIF grant.
25. It is also recognised that it is possible to share risk with the landowners and developers through the agreements that will be required to deliver the scheme, such as those required to secure land. The Council will work collaboratively with commercial partners to reach suitable agreements as part of the HIF programme. Where risk is mitigated through these arrangements this will be reflected in agreements with Melton Borough Council.
26. The programme required to deliver the HIF scheme in line with Homes England requirements is challenging and will require significant resource in terms of a project delivery team and several specialist disciplines. The cost of these is included in the scheme estimate and staff time and external resource will be charged to the project.
27. Officers will consider future resource implications as part of the development of an agreed framework to facilitate a collaborative approach to supporting sustainable growth across Leicestershire and will report further to the Cabinet.

### **Legal Implications**

28. The HIF Forward Funding Guidance published by Government sets out that bidding local authorities are responsible for ensuring that any funding they are awarded will be spent in accordance with all applicable legal requirements, including planning law. Any development decisions for specific proposals must go through the normal planning process.
29. The Director of Environment and Transport has been advised in respect of the conditions attached to the Grant Determination Agreement with a view to minimizing the County Council's exposure for non-compliance, noting the reliance on Melton Borough Council to approval planning applications for the development

envisaged by the MSSN and approve County Council s106 requests.

### **Circulation under the Local Issues Alert Procedure**

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**

30. Melton Mowbray is identified as a 'Key Centre for Regeneration and Growth' in the 2018 Leicester and Leicestershire Strategic Growth Plan. The Melton Local Plan (formally adopted in October 2018) sets out that the majority of its housing development for Melton will be delivered within two new large-scale sustainable neighbourhoods, described as the MSSN (Policy SS4) and the MNSN (Policy SS5). A key component of the growth strategy in the Melton Local Plan is the delivery of an orbital road, described as the MMDR, which alongside a Melton Mowbray Transport Strategy would facilitate the development of both sustainable neighbourhoods. The MSSN is expected to deliver a minimum of 2,000 homes in addition to 20 hectares of employment and associated services. The MNSN is expected to deliver a minimum of 1,700 homes and small-scale employment and community facilities.
31. Despite previous investments in highway improvements, Melton Mowbray continues to experience some significant traffic congestion problems. Substantial and coordinated investment in new transportation measures is required to enable the town's future growth. The primary focus of the MMDR South is to facilitate/accelerate the full potential of the planned development and additional development potential on the south side of Melton Mowbray, comprising the MSSN, as well as helping to alleviate congestion in the town.
32. Due to the scale of the highways and education infrastructure required to support growth, which will in large parts need to be funded in advance of developer funding, the County Council is exposed to the risks brought about by the proposed new development across the County. It is therefore essential that before entering into any commitment to fund infrastructure, the County Council is satisfied that the level of risk to which it is exposing itself is minimised. Having a robust development framework in place, through sound masterplanning is essential to this process.
33. The total cost for the MMDR South 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 MMSN and therefore the financial viability of that development, underpinned by a robust masterplanning process, has been a key requirement for the County Council.
34. Homes England has extended the HIF grant offer until week commencing 14 December 2020, when pre-contract conditions will need to be satisfied.

### **Progress since the Cabinet meeting in June 2020**

35. Officers have been working to establish a viable and deliverable scheme, with significant and positive engagement taking place with Melton Borough Council, landowners and developers. The key elements to this and a summary of progress to date are set out below.

### **Masterplan**

36. Melton Borough Council approved a masterplan for the MSSN in June 2020, despite strong concerns being raised by the County Council about the viability of the proposals and the implications for funding infrastructure. Amendment of that masterplan is a key requirement in working towards acceptance of the HIF grant offer. An updated 'concept' development layout has been produced on behalf of the County Council that seeks to address the viability concerns identified within the masterplan that was approved in June 2020. This concept development layout (including mix/form of uses) remains broadly in line with the adopted Local Plan (Policy SS4). It is critical to ensure that the concept plan is capable of being delivered by both the local authorities and the development partners.
37. The outcome of this work is illustrated on the concept development layout at Appendix A and is intended for use as a basis for further work throughout the HIF scheme. It has been developed in collaboration with landowners and developers and considers issues such as location of schools and other social infrastructure, the alignment of the MMDR South, location and provision of employment land, accessibility and connectivity across the site and identifying sufficient housing and developable land. Development partners are content that this concept development layout provides a reasonable basis for scheme delivery.
38. The main changes proposed by the concept development layout from Melton Borough Council's current (June 2020) approved masterplan are:
- The inclusion of 150 houses and approximately 6.1 hectares outside of the current boundary of the MSSN
  - The replacement of 9 hectares of employment land for housing.
  - Changes to the school sites:
    - Primary school (1 Form) site layout/size amended
    - Primary school (2 Form) relocated east to Sandy Lane (originally off Dalby Road)
    - Secondary school frontage reduced on Dalby Road and site extended westwards.
  - Some potential variations to the affordable housing proposals, which will be developed in detail by Melton Borough Council as part of the adoption process for a replacement MSSN masterplan.

Melton Borough Council will need to produce a replacement masterplan for the MSSN to reflect the changes identified in the concept development layout. It is envisaged that this process should include appropriate consultation and more detailed work to consider wider planning policy issues not yet worked through into a detailed document. The County Council believes that the masterplan should be prepared as a Supplementary Planning Document (SPD) so that it can be given full weight when planning applications are determined. This will be subject to further discussion with Melton Borough Council and developers to ensure that this does not delay delivery of the development.

39. The concept development layout has been used as a basis for the remainder of the



work set out below.

### **Viability and Financial Appraisals**

40. Part of the need to produce an effective MSSN masterplan is to ensure the site is viable. In order to assess the viability officers have worked with development partners and Melton Borough Council to collate the necessary information to assess the viability of the concept development layout proposal. At this stage some of the calculations are based on broad assumptions and averages in line with Homes England expectations and will be refined as the scheme progresses.
41. As part of this work, a refresh of education and road infrastructure costs was undertaken to reflect the changes made to the location of the schools and the alignment of the road. The location and size of the school sites have been agreed by the County Council. The road has been redesigned to support additional land for development by reducing the number of roundabouts and junctions to reduce land take from the site. It is recognised that the additional land required for development will be subject to normal statutory planning processes, whether that be through a review of the Local Plan or through the consideration of individual planning applications.
42. The cost of the school infrastructure across both the MSSN and MNSN has been estimated at around £60m with just over half being attributable to the development enabled by MSSN. The MMDR South is now estimated at £31m (£35m with optimism bias) following the redesign work. In total this suggests a cost of around £70m for school and highway infrastructure in the MSSN – a net cost to developers after allowing for the £15m HIF grant and forward funded initially by the County Council, of around £55m (approximately £35m for education and £20m for the road).
43. Taking into account the updated infrastructure costs and development assumptions, the viability assessment confirms that with HIF investment the MSSN is a viable development proposition based on the working assumption in the concept development layout plan. Factoring in contributions towards the MMDR South that will be required from other development dependent on the road, such as employment land, the evidence suggests it is reasonable to assume that there is sufficient value within the development for the County Council to recover forward funding up to £20m for the road, although at this stage this is still subject to significant uncertainty. Furthermore, there are several residual risks relating to the recovery of the County Council's upfront investment. These are set out in paragraph 23.

### **Planning Strategy and Land Assembly**

44. Officers have also been working with Melton Borough Council officers and with development partners to ensure that the land required to deliver the MMDR South will be available as part of the scheme and to develop an outline planning strategy that will support the project to progress from grant offer to delivery by achieving key planning milestones. These are summarised below in the current anticipated programme but given the complexity of the planning workstream they are indicative only at this stage.

45. It is intended that planning applications will be brought forward to deliver the road and housing, which are expected to comprise either full planning applications for the road and early housing parcels with outline applications for the remainder of the site, or a single hybrid planning application. As part of the scheme's risk management strategy, there will be the flexibility to submit planning applications in smaller phases to overcome delay that can sometimes occur when preparing complex planning applications, with multiple land owners/developers involved. This will help to ensure that the County Council can meet its obligations to deliver the MMDR South in the event that development partners are unable to meet the scheme timetable.
46. An important component of the planning strategy is the need for the County Council and the relevant landowners and developers to enter into the necessary legal agreements to allow the County Council to:
- Progress a planning application for the MMDR South with Melton Borough Council
  - Secure land necessary to deliver the road infrastructure at an early stage by negotiation noting the road is necessary to support the proposed development. (This will be an important post contract milestone that will have to be achieved before the construction element of the funding can be drawn down.) Should Compulsory Purchase Orders be required they will be planning based and the responsibility of Melton Borough Council, and are outside the scope of this scheme
  - Carry out any activities needed to design the MMDR South
  - Enter into a construction contract
  - Construct the MMDR South using appropriate highway powers
  - Maintain the MMDR South as public highway
47. These agreements under s278/s38 of the Highways Act agreement would also be made under s111 of the Local Government Act 1972 and s106 of the Town and Country Planning Act 1990 which would facilitate the agreement (and any prescribed obligations) being transferred with the transfer of any land defined in the agreement. The agreement would include clauses that defined the:
- Developer/promoters' obligations including financial payments
  - Landowner obligations including any land transfer/Highway Dedication
  - County Council obligations
  - Land needed for the works
  - Details of the Highway Works (and associated processes)
  - Assignments and Local Land Charges register
  - Default events, disputes, notices etc.
  - Schedules that detail the:
    - Highway works needed including plans
    - Commuted sums
    - Payment schedule
    - Fees
48. These agreements are an important part of the scheme risk management strategy. By entering into direct agreement with development partners the County Council

can seek additional security over the recovery of the upfront funding it is providing for the scheme and ensure that partners provide the necessary input to allow the County Council to meet its obligations under the grant determination agreement with Homes England.

### **Other Requirements**

49. Officers have also worked collaboratively to provide satisfactory responses to the requirements of Homes England including draft programmes, cashflow estimates and legal advice. At the time of writing, final reviews and sign offs are being undertaken with development partners and Melton Borough Council. All parties are comfortable that submission of the required evidence will be completed in line with the deadline.
50. Much of the work outlined above will underpin the grant determination agreement that forms the basis of the acceptance of the grant offer between the County Council and Homes England. Legal teams are currently working to agree a final version of the agreement, which can be progressed if the County Council's proposals are accepted by Melton Borough Council.

### **Implications of the agreement and risks for Leicestershire County Council**

51. Acceptance of the HIF grant offer will result in several obligations falling to the County Council in relation to the MSSN. These include delivery of the MMDR South and responsibility for any cost escalations. Accepting the offer therefore confirms the County Council's commitment to forward fund the cost of delivery for the MMDR South (up to £20m). In order to recover this funding it will be necessary for the identified housing and employment to be delivered. Whilst the viability assessment provides assurance that should the housing come forward there will be sufficient viability for the County Council to recover its investment, it cannot provide any guarantees that the housing will actually come forward.
52. Development partners have reiterated their support for the scheme and commitment to housing delivery as part of the ongoing work and whilst the County Council respects this, it must be noted that this could change in the future due to issues such as market conditions, negotiations over transfer of land or increases in development costs. These risks remain outside of the County Council's direct control but could have significant financial implications for the County Council.
53. In addition, as housing starts being built, this creates demand for education infrastructure. This could have further forward funding risks for the County Council and again recovery of this is dependent on the full realisation of housing delivery.
54. On current estimates, full delivery of the identified housing will take place over a 20 year period. While it may be possible for initial construction to begin while the MMDR is being built, most of the development will come forward following its completion in 2024.
55. The HIF scheme requires a complex combination of skills and disciplines and is dependent on collaborations across local authorities and with the private sector. As such the County Council will be managing risks outside of those associated with its highways and education roles in order to achieve the wider benefits of housing

delivery which the scheme supports.

56. As set out later in this report, the County Council will be called upon to provide forward funding and act as coordinator for several large infrastructure projects across Leicestershire as local plans are brought forward. This responsibility is a major consideration for the County Council in managing risk in this scheme.

### **Managing and Mitigating Risk**

57. In line with the County Council's adopted project management principles, officers will manage the HIF scheme to identify and mitigate risks proactively throughout the life of the project. However, in light of the risks to the County Council, it is also necessary to seek to share the risk of the forward funding with Melton Borough Council. Therefore, this report recommends that the County Council enters the HIF agreement on the condition that Melton Borough Council confirms its acceptance of the principles of a risk share as set out below:

The County Council will:

- Engage with Melton Borough Council and the developers to agree a viable masterplan to replace the masterplan produced in June 2020
- Forward fund and future cost the scheme as necessary (road and schools)
- Fully fund preliminary costs at risk
- Take responsibility and fund any overspends arising from increasing costs on infrastructure
- Manage the HIF scheme in line with the agreement with Homes England

Melton Borough Council will:

- Approve an updated MSSN masterplan to a suitably robust status (potentially to Supplementary Planning Document status, if this is deemed legally appropriate) with reference to HIF project timescales.
- Appropriately resource the project recognising its complexity and scale.
- Prioritise County Council infrastructure costs when considering planning applications including school and road infrastructure to ensure requested County Council s106 contributions are agreed and received to fully recover these costs.
- Reasonably underwrite any shortfall where the County Council's developer contributions are rejected.
- Aim to bring forward a minimum of 150 additional homes as identified within the concept development layout, either through the Local Plan review or via a planning application to provide for the additional 150 homes.

58. Given the risks outlined above and the significant benefits to Melton Borough Council that delivery of the scheme will bring, it is considered reasonable that the Borough Council share the risk of the forward funding. Having regard to the fact that the overall risk to the County Council could be in the region of £95m a proportionate commitment that underwrites some of this risk is sought from Melton

Borough Council.

59. The County Council also asks Melton Borough Council to note that:

- any payment would apply in the event of a shortfall in housing delivery. In order to recognise the role of market conditions, the County Council will consider a suitable schedule for deferral of payment to allow time for the market to recover from periodic down turns.
- the County Council is also willing to consider a cap to the agreement to provide certainly over Melton Borough Council's maximum exposure under the agreement provided this cap is substantial enough to mitigate the County Council's financial exposure to a meaningful extent. Melton Borough Council have currently indicated that they would consider a maximum cap of £1m, or if a cap was based on an annual amount at £50k per year. Given that Melton Borough Council controls all the planning levers, and as such recovery of investment through developers is largely within Melton Borough Council's control, the County Council would not consider this to be substantial enough in order to reach agreement.
- the County Council will consider a review clause in the agreement should any significant and relevant planning reforms occur during the life of the agreement.

#### **Future Approach to Mitigating the County Council's Risk of Forward Funding**

60. Through its own Strategic Plan, approval of the Leicester and Leicestershire Strategic Growth Plan and collaboration across several growth-related projects, the County Council has clearly demonstrated its commitment to supporting the delivery of planned, sustainable growth across Leicestershire.

61. This is further demonstrated by recent and ongoing significant commitment to develop, design and deliver infrastructure solutions where appropriate to support growth proposals. Highway examples include:

- Delivery of M1 Bridge to Growth to unlock New Lubbethorpe
- Delivery of upgrades to J13 of the A42 and J22 of the M1 to remove Grampian conditions imposed by Highways England to unlock growth in North West Leicestershire
- M1 J23 and A512 scheme to unlock the West of Loughborough and the University's Science and Enterprise Park development

Details of these schemes can be found in the Council's prospectus for Growth <https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2019/2/18/prospectus-for-growth-high-resolution2019.pdf>

62. As the objectively assessed housing need for Leicester and Leicestershire increases (e.g. the Charnwood Local Plan review and the current implications of increased housing requirements in Leicestershire arising from the Government's planning reform proposals, the likelihood of the County Council being required to forward fund development infrastructure such as roads and schools becomes more challenging. Together with the increased scale and complexity of the schemes, the financial burden

and risk of cost escalation is also increasing. This makes it unsustainable for the County Council to continue to forward fund infrastructure and absorb the entirety of the risk. For context, the three schemes given as examples above have a collective value of approximately £50m and, whilst it is impossible to assess with any certainty, it is likely the total bill over the next 15 to 20 years could be £600m or higher.

63. Therefore, in order to continue to support planning authorities to deliver growth in a consistent and sustainable way, an agreed approach to managing and sharing the risk of forward funding investment needs to be established. This approach is likely to be based on similar principles to those set out above in relation to the MMDR South and apply in cases where it is likely that significant upfront investment of capital funds or design and delivery resource will be required from the County Council to support a Local Plan or project.
64. In future it is likely that these agreements would be established at Local Plan stage and developed throughout the delivery of the Local Plan. This will ensure that sufficient policies can be adopted to support the approach and principles set out in the agreement. However, for those developments already allocated through Local Plans, agreements reflecting the spirit of the approach will be required whilst there is transition to a formal approach.
65. The County Council will consult with the district councils with a view to a policy on which to base agreements being considered by the County Council at its Council meeting in February 2021.

### **Melton North Sustainable Neighbourhood Masterplan**

66. A report presented to Cabinet on 20 November 2020 set out the concerns the County Council had regarding the proposed MNSN masterplan. The report outlined several concerns including both strategic and detailed issues. Of particular concern to the Council were:
  - Lack of compliance with the adopted Local Plan, particularly the scope of the masterplan
  - Lack of engagement with key stakeholders including the County Council
  - Lack of public consultation
  - Inconsistencies between the masterplans for the MNSN and MSSN
  - Lack of clarity in relation to viability and assurances that the County Council's infrastructure would be funded through developer contributions.
67. Given the strength of the Council's concerns the Chief Executive wrote to Melton Borough Council to request that approval of the masterplan be deferred. Following a meeting of Melton Borough Council's Cabinet 18 November 2020 it was agreed to defer consideration of the masterplan to allow for further work to be undertaken. This was reported to the Cabinet on 20 November 2020.
68. Following the decision of Melton Borough Council to defer consideration of the masterplan, officers at Leicestershire County Council began constructive discussions. Whilst positive progress has been made, there remains work to be done to develop the masterplan into a suitably robust document.
69. County Council officers understand that Melton Borough Council are seeking

approval for the masterplan early in the new year. However, given the ongoing work on the masterplan for the MSSN and the need to ensure consistency of policy and approaches across both strategic developments in Melton, it is considered appropriate to align timescales for both masterplans. This will be discussed in further detail over the coming weeks, recognising that this should not prevent development for the MNSN from coming forward.

### **Consultation**

70. Although the HIF process does not provide for public consultations to be undertaken on bids, it seeks to deliver the ambition set out in Melton's Local Plan which has been subject to extensive stakeholder and public engagement as well as being tested at examination.
71. The Melton Local Plan, which provides the planning policy foundation for the MSSN and the MMDR, has been informed by extensive public involvement and has been subject to an examination in public (EIP). The EIP Inspector fully endorsed the growth proposals for Melton Mowbray and the proposals for the MMDR and the Local Plan have been duly adopted on that basis. Overall, there is general public support for the MMDR.
72. As and when specific proposals come forward through the planning process for any further growth in Melton Mowbray including those associated with this scheme, they will be subject to the usual public consultation processes.
73. Discussions have taken place with Melton Borough Council about the status of the masterplan documents for both the MSSN and the MNSN. Carrying out full stakeholder engagement and public consultation is an essential component of making sure there is buy in from all affected people. These discussions are expected to continue over the coming weeks with a view to exploring the mechanism, legal implications and timescales for adopting both masterplans as Supplementary Planning Documents.

### **Equality and Human Rights Implications**

74. The MMDR South 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**

75. 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.
76. An environmental impact assessment (EIA) 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>