

HAMPSHIRE COUNTY COUNCIL

Officer Decision Record

Decision Maker:	<i>Stuart Jarvis and Felicity Roe</i>
Title:	Botley Bypass and Uplands Infrastructure HIF Grant Agreement

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1. The decision:

- 1.1. That the Director of Environment Transport and Economy and the Director of Culture, Communities and Business Services authorise the Head of Law and Governance and Monitoring Officer to execute and enter into the Grant Funding Agreement for the Botley Bypass/Uplands Infrastructure project under Homes England Housing and Infrastructure Marginal Viability Fund programme, in accordance with delegations afforded to them under the County Council's Constitution.

2. Reason(s) for the decision:

- 2.1. In September 2017, the County Council supported an initial bid by Eastleigh Borough Council for up to £10m grant funding under the Homes England Housing and Infrastructure Marginal Viability Fund towards the cost of the Botley Bypass. In February 2018, this project was one of around 200 schemes nationally to be confirmed as successful subject to due diligence and a detailed business case.
- 2.2. Since this date, a significant amount of work has been undertaken in relation to the Grant agreement itself, and in particular the supporting cashflow appraisal. The HIF Grant Panel considered the detailed business case in December 2018 and confirmed their support for the grant award.
- 2.3. The grant award reflects the County Council's role as master-developer and highway authority but acknowledges that the 980 dwellings across the two housing sites will be delivered by third party developers. The delivery of housing has been a key element of the negotiation process from Homes England's perspective and how this is appropriately enshrined in the agreement.
- 2.4. The Grant Agreement is particularly prescriptive, and it has been necessary to carefully negotiate amendments to this document to protect the County Council's interests (and those of the third party landowners under option)

and importantly to minimise any fetter or restrictions that might affect the onward sale of the two County Council owned housing sites at Woodhouse Lane and Winchester Street.

- 2.5. The grant award is subject to several pre-drawdown conditions that are both standard to any project and also specific to the Botley scheme. The agreement has been carefully drafted to reflect the current programme for the Uplands servicing infrastructure works and the Botley Bypass and includes appropriate milestones and associated time contingencies.
- 2.6. Over the course of the project, to fulfil the terms of the agreement, the County Council will be required to submit claims for funding on a quarterly basis in line with the cash flow profile to Homes England. Information to fulfil the project milestones will need to be provided to Homes England at the specified time. Should the milestone not be fulfilled in time, the County Council is required to engage with Homes England to agree a way forward. As a backstop, the funding agreement includes a mechanism for termination if a milestone cannot be achieved and ultimately could result in a requirement for part/whole of the grant funding to be returned but this is considered to be a very unlikely outcome.
- 2.7. Due to the timing of the spend HIF MVF restrictions (no later than March 2022), the whole of the grant will go towards delivering part of the Uplands Development Infrastructure works (UDI) which includes the Uplands servicing infrastructure works and the initial part of the Bypass. It has also been agreed that the grant award will be given direct to the County Council to avoid State Aid and/or it being regarded as a loan from the Borough Council with interest payable.
- 2.8. In February 2019, the Cabinet agreed to fund the cost of the Uplands Infrastructure works and Botley Bypass in full less any monies secured through S.106 contributions and HIF. A section 151 letter has been provided to confirm that the County Council underwrites the additional cost of the works and any funding shortfall should the sale receipts from the two housing sites be lower than forecast.

3. Other options considered and rejected:

- 3.1. The Grant Agreement, despite extensive negotiation, still confers a small level of risk in relation to the title of the Council's housing site and confers specific milestones and dependencies before any funding can be drawn down. Whilst these restrictions have been reduced as far as possible, some still remain.
- 3.2. If these risks were considered to be still too onerous, one option would be to not sign the agreement. However, this would mean the opportunity to secure this grant would be lost as Homes England have recently written to advise that the agreement must be finalised by 16th December 2019 otherwise the

grant award will be lost. However, all things considered, the level of risk resulting from the agreement are considered to be low.

4. Conflicts of interest:

4.1. Conflict of interest declared by an Executive Member who is consulted by the officer which relates to the decision:

None.

5. Dispensation granted by the Head of Paid Service:

5.1 None.

6. Supporting information:

Approved by:	Date:
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Stuart Jarvis BSc DipTP FCIHT MRTPI Director of Environment, Transport and Economy	

Approved by:	Date:
-----	<i>November 2019</i>
Felicity Roe Director of Culture, Communities and Business Services	