

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
1 September 2015

Subject: NORTH NORTHALLERTON GROWTH DEAL

All Wards
Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 To outline to Members:
- i) the current position with the Local Growth Deal funding secured from the Local Enterprise Partnership (LEP),
 - ii) the current position of the North Northallerton development,
 - iii) the potential risks to delivery
 - iv) and to seek Cabinet approval to sign the funding agreement with the LEP.
- 1.2 The North Northallerton Development Area is the largest allocation for development in the Councils Local Development Framework. It will provide a significant urban extension to the town providing for over 1000 homes along with land for employment, recreation, a new primary school, an extra care facility and neighbourhood centre.
- 1.3 Key to the development is the creation of a link road between Stokesley and Darlington Roads crossing the Brompton Beck and the Middlesbrough Rail Line. This road is required to add sufficient capacity to the road network to accommodate the additional traffic movements created by the development and to enable development elsewhere in Northallerton to proceed. The road is also important to the towns' economy as it creates a route which will not be impacted by level crossing closures.
- 1.4 The North Northallerton road and bridge project was included in the LEP's Strategic Economic Plan which was submitted to Government to seek funding via the Local Growth Deal. The funding was applied for to enable the road and bridge to be delivered in the early stages of the development to help to ease constraints in the road network created by level crossing and to maximise economic benefits of the North Northallerton Development.
- 1.5 As part of the LEP Local Growth Deal the project has been allocated £6m grant funding (£1m for 2015/16 and £5m for 2016/2017) subject to a satisfactory business case being submitted. This has been submitted, appraised and will be considered by the LEP on September 15th 2015. If approved a funding agreement will be drawn up, for issue once planning consent has been obtained, which will commit funding for the project to Hambleton District Council, but also commits the Council to the delivery of the link road and Bridge by the end of October 2017 and expenditure of the LEP funding by the end of March 2017.
- 1.6 The Council has been working closely with the consortium of developers that have options on the land comprising the NNDA, these being Persimmon Homes, Taylor Wimpey and Mulberry Homes, as well as relevant stakeholders to bring forward a planning application for the site. The planning application was received in May for the road and bridge alongside the first phase of housing. Subject to the necessary approvals to construct the bridge across the rail line being gained from the Council and Network Rail, the timetable for the development will be as outlined in Annex 1. It is currently anticipated that Planning Committee will consider the application on 15th October 2015.

- 1.7 The Developer consortium have agreed heads of terms with Network Rail who will follow their consultation process with stakeholders to enable them to grant the permission required. This process will take between 6-8 months and is a formality to be undertaken. No issues are expected in this process that would prevent Network Rail from issuing full consent.
- 1.8 Discussions are taking place with the developer consortium regarding the legal agreements that the Council will require the developers to enter into to ensure the Council is protected from the risk of significant financial loss. To this end specialist support has been procured from legal firm Eversheds to form an appropriate agreement and provide a robust consideration of risks and state aid issues. Eversheds have advised the Council that the obligations in the LEP funding agreement can be adequately passed on to the developers and financial risks mitigated.
- 1.9 The grant funding has been secured to ensure early delivery of the road and bridge. To enable access to the funding the Council is leading on the project but the work will be procured by the Developer Consortium in close consultation with NYCC. The process expected to achieve this is the Developer Consortium entering a legal agreement with NYCC to ensure the road and bridge are procured from an appropriate contractor and constructed to an appropriate standard that enables NYCC to subsequently adopt the route as part of the public highway network.
- 1.10 A further purpose of securing the LEP Growth Deal funding is to assist the viability of the scheme which has two key impacts.
- The viability of the development is improved which will in turn improve the delivery of other economic and community benefits.
 - The link road and bridge is to be financed from the Developer Consortium, CIL contributions and the LEP Growth Deal Funds, the £6m from the LEP significantly reducing the contribution to the road and bridge required from CIL.
- 1.11 The Council's CIL policy was adopted in April 2015, the Regulation 123 list, including the road and bridge was approved in June 2015. On the 1st September 2015 Cabinet will consider a report which allocates CIL funds to priority projects.

2.0 LINK TO COUNCIL PRIORITIES:

- 2.1 The project will help deliver the Councils' priority of Driving Economic Growth through enabling the delivery of the North Northallerton Development area which will:
- provide new employment land.
 - deliver an improved road network for new and existing businesses un-encumbered by level crossings.
 - provide an enlarged labour pool resulting from the associated population growth.
- 2.2 The North Northallerton Bridge and Road, and North Northallerton Sports Village that will be delivered as part of the wider proposals, are key projects in the 2015-19 Hambleton Councils Plan.

3.0 RISK ASSESSMENT:

- 3.1 The risks associated with **approving** the recommendation are:

Risk	Implication	Prob*	Imp*	Total	Preventative action
Planning Permission for the road and bridge is not obtained by October 2015.	Without permission the road bridge cannot be constructed so the project is delayed.	3	4	12	The Council has received the application and is currently working towards making a determination on this in October 2015. A dedicated resource has been brought in to ensure this timetable can be met.
Legal Agreements required between the Council & the Developer Consortium are not approved	Agreement required to pass on obligations on delivery to Developer Consortium and mitigate the financial risks associated with the funding agreement.	3	5	15	Discussions are in progress with the Developer consortium seeking to develop an agreement which passes on obligations over delivery of the road and bridge to the developers along with any associated financial risks.
Legal agreements are not concluded on time.	Project timetable is delayed and funding window is missed	3	5	15	External legal support has been secured to ensure funding agreements between HDC & the LEP and HDC and the Developers are progressed in a timely manner.
Project Slippage	Unutilised grant funding is lost if it cannot be used in line with the timetable set out in the funding agreement	3	5	15	The Council is working closely with the Developer Consortium and the relevant stakeholders to ensure the project can be delivered on time. Obligations on project delivery will seek to pass on risk of project slippage to Developer Consortium to mitigate risk to the Council.

3.2 The risks associated with **not approving** the recommendation are:

Risk	Implication	Prob*	Imp*	Total	Preventative action
Councils reputation with the LEP and Government is tarnished and there is also negative PR about the Council.	Confidence in the Councils ability to delivery major projects will be diminished which may impact on the ability in future to secure investment for projects	3	5	15	Regular communication has been maintained with the LEP so ensure they understand the issues surrounding the project and its delivery and to ensure they are aware that the Council has done all in its power to ensure the project is delivered.
NNDA project proceeds but its viability is detrimentally affected by loss of grant.	Other development costs would have to be reduced to make the project viable.	4	5	20	Other planning requirements such as the level of affordable housing, open space, employment land etc. would have to be considered and the viability model re-assessed to absorb the £6m funding lost
North Northallerton Project is delayed or stalls completely.	The Councils supply of housing and employment land is adversely affected.	5	5	25	Liaison with developers and key stakeholders to ensure their actions are completed. Additional Council resources if necessary.
Housing market deterioration	CIL contributions are delayed or not forthcoming resulting in the road and bridge being delivered late in the scheme or in the worst case scenario are not delivered at all.	3	5	15	The situation is monitored and regular communication maintained with the developer consortium and stakeholders such as the HCA to help ensure delivery

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

4.0 FINANCIAL IMPLICATIONS:

4.1 The financial implications to the Council can be mitigated subject to:

- Legal agreement being formed with the Developer Consortium to pass on the financial risks.
- Developer Consortium financing the scheme costs over and above the £6m LEP funding.

- The Council agreeing that the Developer Consortium can provide the road and bridge, and other CIL infrastructure, in lieu of CIL contributions.

These actions will minimise the financial risk to the Council but until the agreements are finalised the level of residual risk cannot be calculated.

5.0 EQUALITY/DIVERSITY ISSUES:

5.1 None.

6.0 LEGAL IMPLICATIONS:

6.1 The funding agreement with the LEP will bind the Council to ensuring the delivery of the project.

6.2 Contracts will need to be established between the Council and the developer consortium to ensure that the project is delivered according to the conditions within the LEP funding agreement. Specialist external legal support has been procured to form an appropriate agreement that the Developer Consortium will be required to enter into with the Council to mitigate financial risks to the Council. Advice obtained from Eversheds indicates that the risks in the LEP funding agreement can be adequately passed on to the Developer Consortium and the financial risks mitigated.

6.3 Planning permission will be required.

7.0 RECOMMENDATIONS:

7.1 It is recommended that Cabinet agrees to enter into the funding agreement with the LEP to secure the £6m Local Growth Deal monies for the NNDA Link Road and Bridge subject to:

- 1) Cabinet agreement in principle to enter a legal agreement with the Developer Consortium that acceptably mitigates the financial risk to the Council; and
- 2) the Chief Executive, in consultation with the Leader of the Council, being satisfied that the developers are able to deliver the project.

MANAGEMENT TEAM

Background papers: None

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ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names	% Work Complete	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
0		North Northallerton Path to Planning	691 days?	Thu 01/01/15	Thu 24/08/17			28%												
1	VIABILITY	VIABILITY	157 days	Thu 01/01/15	Fri 07/08/15		Developer Consortium, Network Rail	85%												
2		Contracts confirmation with NR	25 wks	Mon 16/02/15	Fri 07/08/15		Developer Consortium, Network Rail	75%												
3		Ongoing viability/ land calcs inc. CIL	6.5 mons	Thu 01/01/15	Wed 01/07/15		Developer Consortium, Hambleton District	95%												
4	BRIDGE	BRIDGE	520 days	Mon 05/01/15	Fri 30/12/16			20%												
5		Bridge Agreement	140 days	Mon 02/03/15	Fri 11/09/15		Developer Consortium	0%												
6		Write and Submit	20 wks	Mon 02/03/15	Fri 17/07/15		Developer Consortium	0%												
7		Approvals	8 wks	Mon 20/07/15	Fri 11/09/15	6	Network Rail	0%												
8		Technical Approval	80 days	Mon 28/09/15	Fri 15/01/16		Developer Consortium	0%												
9		Write and Submit	4 wks	Mon 28/09/15	Fri 23/10/15	7FS+2 wks	Developer Consortium	0%												
10		N.Y.C.C Comments	4 wks	Mon 26/10/15	Fri 20/11/15	9	North Yorkshire County Council	0%												
11		NR First comments	4 wks	Mon 23/11/15	Fri 18/12/15	10	Network Rail	0%												
12		Final comments and completion	4 wks	Mon 23/11/15	Fri 15/01/16	11	Developer Consortium, Network Rail, North Yorkshire County	0%												
13		Signal Sighting	50 days	Mon 20/07/15	Fri 25/09/15		Network Rail	0%												
14		Existing Signal Information	2 wks	Mon 20/07/15	Fri 31/07/15	6	Network Rail	0%												
15		Signal Sighting Assessment	8 wks	Mon 03/08/15	Fri 25/09/15	14	Buro Happold	0%												
16		Access to the Rail	480 days	Mon 02/03/15	Fri 30/12/16		Buro Happold	0%												
17		Survey Access (duration unknown)	8 wks	Mon 20/07/15	Fri 11/09/15	6	Buro Happold	0%												
18		Apply for construction access	24 mons	Mon 02/03/15	Fri 30/12/16	6SS	Buro Happold	0%												
19		Network Rail Business/ Property Clearances	260 days	Mon 05/01/15	Fri 01/01/16		Developer Consortium, Network Rail	32%												
20		Business Clearance (approved by NR)	4 wks	Mon 05/01/15	Fri 30/01/15		Developer Consortium, Network Rail	100%												
21		Easement valuation report	2 mons	Mon 02/02/15	Fri 27/03/15	20	Network Rail	100%												
22		Review/Agree easement valuation findings	8 wks	Mon 30/03/15	Fri 22/05/15	21	Developer Consortium, Network Rail	100%												
23		Licence condition 7 (NR gain ORR consent)	6 mons	Mon 25/05/15	Fri 06/11/15	22	Network Rail, Office of Rail Regulation	0%												
24		ORR Approval and legals	2 mons	Mon 09/11/15	Fri 01/01/16	23	Office of Rail Regulation	0%												
25		Land acquisition (duration unknown)	3 mons	Mon 20/07/15	Fri 09/10/15	6	Developer Consortium	0%												
26		Bridge Technical Assessments	90 days	Mon 05/01/15	Fri 08/05/15		Developer Consortium	100%												
27		Bridge Intrusive Ground Investigation	8 wks	Mon 05/01/15	Fri 27/02/15		Developer Consortium	100%												
28		Flooding modelling	14 wks	Mon 02/02/15	Fri 08/05/15		Developer Consortium	100%												
29		Bridge Design	360 days	Mon 18/07/16	Mon 18/07/16		Buro Happold	33%												
30		Planning Design (Stage C)	8 wks	Mon 27/04/15	Mon 27/04/15		Buro Happold	100%												
31		Stage D (Duration TBC)	6 wks	Mon 09/05/16	Mon 09/05/16	30FS+12 mons	Buro Happold	0%												
32		Stage E	4 wks	Mon 06/06/16	Mon 06/06/16	31	Buro Happold	0%												
33		Construction Information (Stage F)	6 wks	Mon 18/07/16	Mon 18/07/16	32	Developer Consortium	0%												
34		Masterplanning	85 days	Mon 02/02/15	Fri 29/05/15		Developer Consortium	100%												
35		Community Consultation Period	2 wks	Mon 13/04/15	Fri 24/04/15		Developer Consortium, Hambleton District	100%												
36		TW & Persimmon internal layouts	16 wks	Mon 02/02/15	Fri 22/05/15		Taylor Wimpey, Persimmon Homes	100%												
37		Final review with HDC	1 wk	Mon 25/05/15	Fri 29/05/15	36	Hambleton District Council, Persimmon	100%												

ID	Task Name	Task Mode	Duration	Start	Finish	Predecessors	Resource Names	% Work Complete	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
38	Design and Access Statement	Task - Masterplan	16 wks	Mon 02/02/15	Fri 22/05/15	3655	Developer Consortium	100%														
39	Amends to D&A	Task - Masterplan	1 wk	Mon 25/05/15	Fri 29/05/15	38	Developer Consortium, Hambleton District	100%														
40	Planning	Task - Masterplan	361 days?	Thu 01/01/15	Thu 19/05/16		Developer Consortium	16%														
41	EIA Statement	Task - Masterplan	12 wks	Mon 02/02/15	Fri 24/04/15		Developer Consortium	100%														
42	Outline and Detailed submission	Task - Masterplan	0 days	Fri 29/05/15	Fri 29/05/15		Developer Consortium	95%														
43	Submission of Environmental Statement	Task - Masterplan	0 days	Fri 12/06/15	Fri 12/06/15		Developer Consortium	0%														
44	Monitor, negotiate, respond	Task - Masterplan	21 wks	Fri 29/05/15	Thu 22/10/15	42	Developer Consortium, Hambleton District	20%														
45	HDC engage District Valuer to assess development viability	Task - Masterplan	6 wks	Thu 04/06/15	Wed 15/07/15		Developer Consortium	20%														
46	Submission of Viability appraisal to DV	Task - Masterplan	0 days	Thu 02/07/15	Thu 02/07/15	3	Developer Consortium	0%														
47	Consortium Collaboration Agreement	Task - Masterplan	5 mons	Fri 01/05/15	Thu 17/09/15		Developer Consortium	0%														
48	Review consultation responses	Task - Masterplan	7 wks	Wed 08/07/15	Tue 25/08/15		Developer Consortium	0%														
49	Submit Retail Impact Assessment	Task - Masterplan	0 days	Wed 15/07/15	Wed 15/07/15		Developer Consortium	0%														
50	HDC to consider DV appraisal and discuss with Consortium	Task - Masterplan	4 wks	Thu 16/07/15	Wed 12/08/15	45	Developer Consortium	0%														
51	Walker Morris to submit draft S.106 for HDC review	Task - Masterplan	0 days	Thu 16/07/15	Thu 16/07/15		Developer Consortium	0%														
52	Submit any amends or additional evidence	Task - Masterplan	0 days	Tue 25/08/15	Tue 25/08/15	48	Developer Consortium	0%														
53	Consider draft Planning Conditions	Task - Masterplan	6 wks	Tue 01/09/15	Mon 12/10/15		Developer Consortium	0%														
54	S.106 agreement on draft wording	Task - Masterplan	9 wks	Thu 16/07/15	Wed 16/09/15	51	Developer Consortium	0%														
55	Planning Committee	Task - Masterplan	0 days	Thu 22/10/15	Thu 22/10/15	44	Hambleton District Council	0%														
56	Completion of S106 and issue of decision and CL liability notice	Task - Masterplan	0 days	Mon 02/11/15	Mon 02/11/15	55	Hambleton District Council	0%														
57	JR & Price Notices	Task - Masterplan	6 wks	Fri 23/10/15	Thu 03/12/15	55	Developer Consortium, Hambleton District Developer Consortium	0%														
58	Land Draw down	Task - Masterplan	6 mons	Fri 04/12/15	Thu 19/05/16	57	Developer Consortium	0%														
59	Clearance of Conditions	Task - Masterplan	4 mons	Fri 04/12/15	Thu 24/03/16	57	Developer Consortium	0%														
60	HCA Funding application - TBC	Task - Masterplan	1 day?	Thu 01/01/15	Thu 01/01/15		Developer Consortium	0%														
61	Detailed Design	Task - Masterplan	28/09/15	Mon 28/09/15	Thu 23/07/15	4255	Developer Consortium	1%														
62	In house Engineering	Task - Masterplan	8 wks	Fri 29/05/15	Thu 23/07/15	4255	Developer Consortium	5%														
63	Technical Approvals - HDC/ NYCC	Task - Masterplan	12 wks	Mon 28/09/15	Fri 18/12/15	62FS-2 wks	Developer Consortium, Hambleton District Developer Consortium, Service Providers	0%														
64	Detailed Utility enquiries	Task - Masterplan	6 wks	Fri 29/05/15	Thu 09/07/15	4255	Developer Consortium, Service Providers	10%														
65	Utilities designs	Task - Masterplan	19 wks	Mon 28/09/15	Fri 05/02/16	64	Developer Consortium, Service Providers	0%														
66	Utilities accepted	Task - Masterplan	1 day	Mon 08/02/16	Mon 08/02/16	65	Developer Consortium, Service Providers	0%														
67	Pre-tender meeting	Task - Masterplan	1 day	Mon 28/09/15	Mon 28/09/15		Developer Consortium	0%														
68	Site/Legal set up meeting	Task - Masterplan	1 day	Tue 20/10/15	Tue 20/10/15	67FS+3 wks	Developer Consortium	0%														
69	Commercial tender process	Task - Masterplan	12 wks	Tue 29/09/15	Mon 21/12/15	67	Developer Consortium	0%														
70	Site Infrastructure	Task - Masterplan	455 days	Fri 29/05/15	Thu 23/02/17		Developer Consortium	0%														
71	Procurement	Task - Masterplan	3 mons	Fri 29/05/15	Thu 20/08/15	42	Developer Consortium, Hambleton District LEP	0%														
72	LEP FUNDING DEADLINE 2015/16	Task - Masterplan	0 days	Tue 01/03/16	Tue 01/03/16		Developer Consortium	0%														
73	Construction of Roundabouts	Task - Masterplan	4 mons	Fri 20/05/16	Thu 08/09/16	59,66,68	Developer Consortium	0%														
74	Construction of eastern Link road	Task - Masterplan	3 mons	Fri 09/09/16	Thu 01/12/16	73	Developer Consortium	0%														
75	Construction of western link road	Task - Masterplan	6 mons	Fri 09/09/16	Thu 23/02/17	7455	Developer Consortium	0%														

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names	% Work Complete	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
76	📌	Bridge Construction	130 days	Fri 24/02/17	Thu 24/08/17			0%														
77	📌	Approximate construction period	26 wks	Fri 24/02/17	Thu 24/08/17	75	Developer Consortium	0%														
78	📌	LEP FUNDING DEADLINE 2016/17	0 days	Wed 01/03/17	Wed 01/03/17		LEP	0%														
79	📌	Residential	160 days	Fri 04/11/16	Thu 15/06/17			0%														
80	📌	Site Start - East and West	0 days	Fri 04/11/16	Fri 04/11/16	74FS-1 mon	Perisimmon Homes, Taylor Wimpey	0%														
81	📌	Outlet Opening	0 days	Thu 23/02/17	Thu 23/02/17	80FS-4 mons	Perisimmon Homes, Taylor Wimpey	0%														
82	📌	First legal completion	0 days	Thu 15/06/17	Thu 15/06/17	81FS-4 mons	Perisimmon Homes, Taylor Wimpey	0%														

