



CABINET – 17 SEPTEMBER 2021

**MELTON MOWBRAY DISTRIBUTOR ROAD SOUTHERN SECTION –
HOUSING INFRASTRUCTURE FUND GRANT**

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

PART A

Purpose of the Report

1. The purpose of the report is to advise the Cabinet of the latest position in regard to the Housing Infrastructure Fund (HIF) grant offered by Homes England (HE) in respect of the southern leg of the Melton Mowbray Distributor road (MMDRS). A supplementary report will be circulated to members.

Recommendations

2. The Cabinet is asked to have regard to the information in this and the subsequent supplementary report in regard to the Council's response to the HIF grant offer.

Reason for Recommendations

3. To agree a position to be adopted by the County Council.

Timetable for decisions (including scrutiny)

4. The extended deadline set by HE of 31 March 2021 has passed but discussions with HE continue.

Policy Framework and Previous Decisions

5. In November 2019 the Cabinet was advised of a successful HIF bid of £15m for the MMDRS.
6. In March 2020 the Cabinet considered a report on Melton Borough Council's master planning for the Melton South Sustainable Neighbourhood (MSSN). The 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 HE towards the cost of the MMDRS.

7. In June 2020 the Cabinet considered a report on the latest position with regard to the HIF grant offer and the decision by Melton BC to approve a masterplan for the MSSN. The Cabinet raised a number of concerns, most notably that the masterplan did not demonstrate the financial viability of the MSSN. The Cabinet also noted that the masterplan was approved despite it containing unresolved errors and inaccuracies which had been raised by the County Council.
8. In December 2020 the Cabinet was advised of work led by the County Council in collaboration with landowners and developers, which showed the MSSN was capable of being financially viable. That was dependent on the previously approved masterplan for the MSSN being revised. The Cabinet resolved inter alia that, subject to an agreement with Melton BC on mitigating the financial risk to the County Council and to the completion of other necessary agreements, authority could be given for the County Council to enter into a Grant Determination Agreement (GDA) with HE in respect of the HIF grant. The Cabinet also noted that Melton BC was seeking to cap any agreement at an amount which was not considered substantial enough. That position changed ahead of the County Council's Cabinet meeting in July.
9. At its meeting on 20 July 2021 the Cabinet resolved as follows:
 - (a) The County Council welcomes the indication from the Leader of Melton Borough Council:
 - (i) that, in regard to the provision of infrastructure, his Council will increase its cap to £1.75million in an agreement between the two Councils for Melton Borough Council to mitigate the financial risk to the County Council; and
 - (ii) that he will arrange for his Council to approve as soon as possible and by the end of 2021 a Developer Contributions Supplementary Planning Document (SPD), a replacement masterplan for the South Sustainable Neighbourhood, and a new masterplan for the North Sustainable Neighbourhood;
 - (b) That in respect of the SPD, the County Council notes that the draft document on which consultation will follow prioritises contributions towards transport and education infrastructure, which the County Council will expect to see in a final version.
 - (c) That in respect of the South Sustainable Neighbourhood masterplan, the County Council notes that following concerns about viability, it commissioned consultants to produce an updated masterplan, which now requires to be completed;
 - (d) That in respect of the North Sustainable Neighbourhood masterplan, the County Council notes that its objections to an earlier draft have been incorporated in a revision which now requires to be shared and the work concluded;

- (e) That, accordingly, subject to:
- (i) assurances from Melton Borough Council in regard to an increase in the cap to £1.75million in an agreement between the two councils for the Borough Council to mitigate the financial risk to the County Council, in regard to approval of the SPD and masterplans for the South and North Sustainable Neighbourhoods to the satisfaction of the County Council; and
 - (ii) the provision of current information to Homes England on the estimated costs of the southern leg and further dialogue between the Director of Law and Governance and Homes England to reach an agreement on the terms of the Grant Determination Agreement,

the County Council will be in a position to accept conditionally the Housing Infrastructure Fund grant for the southern leg of the Melton Mowbray Distributor Road by decision of Cabinet at its meeting on 17 September 2021.

Resource Implications

10. The implications for the County Council in respect of funding the two legs of the MMDR and related education infrastructure are significant and will be set out in the supplementary report.

Circulation under the Local Issues Alert Procedure

This report has been circulated to members representing electoral divisions in the Melton area: Mr M Frisby CC, Mr B Lovegrove CC, Mr J Orson CC, Mrs P Posnett MBE CC.

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PART B

Background

11. 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) and which the County Council supports sets out that the majority of the housing development for Melton will be delivered within two new large-scale sustainable neighbourhoods, south and north, known as the MSSN (Policy SS4) and the MNSN (Policy SS5). The MMDR has been seen as an orbital road which alongside a Melton Mowbray Transport Strategy would facilitate the development of both sustainable neighbourhoods.
12. In successive Cabinet reports, however, it has been made clear that there would be a significant financial risk to the County Council, particularly in forward funding the high cost of the required infrastructure to ensure the success of the sustainable neighbourhoods as new communities.
13. In respect of part (e)(i) and (ii) of the resolution of the Cabinet of 20 July 2021:
 - (i) at its meeting on 21 July 2021, Melton Borough Council’s Cabinet was advised that:

“Leicestershire County Council’s (LCC) Cabinet had signalled its intention to accept the housing infrastructure fund grant for the southern leg of the road, subject to a number of conditions being met and this Council had supported LCC to ensure this could be achieved and the financial risks mitigated. The Developer Contributions SPD before Members represented a formal demonstration of that commitment and the first step towards meeting one of those conditions. Subject to Cabinet consideration, statutory consultation would commence on the SPD, with a view to submitting it again to Cabinet and then Council for adoption in September

(and) that alongside the SPD, the Council were working to adopt new and refreshed masterplans for the north and south neighbourhoods. The Council was seeking to establish an agreement with LCC on underwriting any shortfall arising from developer contributions on matters within our control and up to a cap of £1.75m (previously £1m). These items would be considered as part of separate reports to Cabinet and Council and by the end of 2021.” *

Melton Borough Council’s Cabinet:

“APPROVED the Draft Developer Contributions Supplementary Planning Document for the purposes of consultation, having particular regard to the infrastructure priority list;

AUTHORISED a 6-week period for public consultation.” *

* = draft minutes

- (ii) Information has been provided to Homes England by the Director of Law and Governance and the Director of Environment and Transport, and dialogue has taken place. Matters are not yet concluded and the current position will be set out in the supplementary report.

Equalities and Human Rights Implications

- 14. The MMDRS 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.

Environmental Impact

- 15. An environmental impacts study was carried out as part of the HIF bid development process to inform the WebTAG assessment.
- 16. An environmental impact assessment (EIA) has been carried out in respect of the Northern and Eastern sections 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 - 24 March 2020: Melton Mowbray Distributor Road -

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

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

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

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

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5999&Ver=4>

Report to the Cabinet - 15 December 2020: Melton Mowbray Distributor Road (South) and Melton Northern Sustainable Neighbourhood Draft Masterplan:

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6000&Ver=4>

Report to the Cabinet - 22 June 2021: Melton Mowbray Distributor Road Southern Section – Housing Infrastructure Fund Grant:

<http://politics.leics.gov.uk/ieListDocuments.aspx?MId=6444>

Report to the Cabinet - 20 July 2021: Melton Mowbray Distributor Road Southern
Section – Housing Infrastructure Fund Grant:
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6445&Ver=4>