

TRAFFORD COUNCIL

Report to: Executive
Date: 15 July 2019
Report for: Decision
Report of: Executive Member for Housing and Regeneration

Report Title

Trafford Housing Infrastructure Fund Schemes

Summary

The Council has received conditional approval for funding via the Housing Infrastructure Fund (HIF) at the Trafford Waters and Future Carrington sites. This report seeks approval for the inclusion of the Trafford HIF schemes in the Council's Capital Programme.

Recommendation(s)

It is recommended that the Executive:

- (i) Approves the inclusion of the following Trafford HIF schemes and their funding allocations onto the Council's Capital Programme in terms of:
 - Junction improvement works on Trafford Way and Redclyffe Road at the Trafford Waters site.
 - The Carrington Relief Road, including site rationalisation works at the Future Carrington site and note the funding allocated via Growth Deal 3.
- (ii) Delegates authority to the Corporate Director of Place agree terms with Homes England and the relevant developers for the draw down of HIF funding to support housing delivery at the Trafford Waters and Future Carrington sites.
- (iii) Delegates authority to the Corporate Director for Governance and Community Strategy to enter into legal agreements as required in order to implement the above recommendations.

Contact person for access to background papers and further information:

Name: Mike Reed, Strategic Growth Manager
Extension: x 4924

Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	Delivery of the Trafford Housing Infrastructure schemes at Trafford Waters and Carrington will support the delivery of the Council's Corporate Plan (2019), including the priorities Building Quality, Affordable and Social Housing, Health and Wellbeing, Green and Connected, and Successful and Thriving Places.
Relationship to GM Policy or Strategy Framework	Delivery of the schemes will support the growth ambitions articulated within the emerging Greater Manchester Spatial Framework and the GM Strategy. The schemes will be delivered in the context of the GM 2040 Transport Strategy, GM Congestion Plan, and Made to Move walking and cycling plan to identify improvements tackling traffic congestion, promote sustainable modes of travel and better integrate transport and new developments.
Financial	<p>The estimated capital cost of the infrastructure proposals is £6.45m for Trafford Waters and £32.8m for Future Carrington to be financed by a range of capital grants and external contributions as detailed in the report.</p> <p>Until formal grant approval is obtained from HE in respect of HIF and TfGM in respect of Growth Deal 3 an element of cost is deemed to be at risk but arrangements for this to be fully underwritten by the developers of the respective sites will be formalised before further work on scheme development is undertaken and costs incurred.</p>
Legal Implications:	As set out in the report.
Equality/Diversity Implications	None as a consequence of this report.
Sustainability Implications	The delivery of the schemes will be required to meet current policy in relation to sustainability.
Resource Implications e.g. Staffing / ICT / Assets	Existing resources have been identified to support the delivery of the schemes and related activity across all the partners.
Risk Management Implications	The delivery of the schemes will be supported by a risk plan setting out the key risks to delivery and proposed mitigation measures.
Health & Wellbeing Implications	None as a consequence of this report.
Health and Safety Implications	None as a consequence of this report.

1.0 Background

- 1.1 The Housing Infrastructure Fund (HIF) is a £5bn government capital grant programme to invest in council-led projects where there is housing demand and the potential to build new homes. The HIF is split into two parts, Marginal Viability Fund (MVF) and Forward Fund (FF), and provides grant funding for infrastructure projects that deliver new housing, including flood defences, new roads and land remediation work. Homes England (HE) is the organisation responsible for administering HIF.
- 1.2 The purpose of the MVF is to provide the final piece of infrastructure funding to enable additional sites to be allocated or unlock delivery of existing sites. The MVF provides grant funding up to a maximum of £10 million per bid for infrastructure that will deliver new housing, including new roads and site assembly work. The main criteria for assessment of bids are value for money, strategic fit and deliverability. Successful allocations are subject to a detailed clarification process to demonstrate why schemes cannot happen without support from the MVF. There is a requirement for all MVF funding to be spent by March 2022.
- 1.3 In 2018 Trafford Council secured a funding allocation from the HIF of £19.2m via three bids to the MVF. The following three schemes in Trafford were allocated MVF funding subject to a clarification process:
- Trafford Waters: £4.08m
 - Future Carrington (Phase 1): £8.4m
 - Partington Canalside: £6.7m
- 1.4 HE advised the Council on 29 January 2019 that following the HIF clarification process the HE Investment Panel had not approved the allocation for the Partington Canalside scheme. The decision was based on the assessment that the scheme does not currently have a viability gap for the purposes of HIF due to all the costs incurred prior to the bid being treated as sunk costs and therefore classed as ineligible for the purposes of HIF. The Council is continuing to seek alternative funding sources to support deliver of housing in this location.

2.0 Trafford Waters

- 2.1 The Trafford Waters site is owned by Peel Holdings and located within one of the borough's five Strategic Locations in the Council's adopted Core Strategy. The outline planning permission (85282/OUT/15) was granted in December 2018 for the Trafford Waters scheme to deliver up to 3,000 dwellings; 80,000sqm of office floor-space (Use class B1); 6,700sqm of commercial accommodation, hotels (up to an overall total of 300 bedrooms); a care-home (up to 150 bed/units) and a primary school. The delivery of this development is subject to a number of infrastructure triggers at various housing thresholds.
- 2.2 The Trafford Waters HIF allocation is for £4.08m to support delivery of Phase 1 of the Trafford Waters development through provision of new junctions to Redclyffe Road and Trafford Way. This funding will support the accelerated delivery of 350 new homes and the creation of a new neighbourhood within the Trafford City area. Delivery of the remaining units would follow from 2022 subject to the delivery of additional infrastructure.
- 2.3 The HIF will contribute to the delivery of two packages of infrastructure enabling works. The Redclyffe Road package will include a new junction, traffic signal

improvements, services and utilities installation, and internal estate roads. The Trafford Way package will comprise a new 'longabout' and junction from Trafford Way, services and utilities installation, and internal estate roads. The total costs of the infrastructure enabling works will be £6.45m. Peel will be responsible for the delivery of the works, funding the balance against the HIF allocation and for any 'at risk' costs or overruns.

- 2.4 Following a funding clarification process in 2018/19 the Trafford Waters HIF bid was formally approved by the HE Investment Panel in March 2019. The Council is now seeking independent legal advice that the proposed infrastructure works are State Aid compliant prior to the grant monies being paid to the Council. The Council is currently awaiting the formal offer letter from HE confirming the allocation and setting out the conditions associated with the grant funding. Once this is received there is a standard legal agreement that will need to be signed by the Council and HE, and the Council will also need a reciprocal agreement with Peel Holdings.

3.0 Future Carrington

- 3.1 The Future Carrington site is owned by HIMOR and is identified in the Council's Core Strategy as one of the borough's five Strategic Locations. Outline planning permission (88439/HYB/16) for the first phase of the Future Carrington scheme, known as Carrington Village and comprising of 725 new homes and 93,000 sq.m of employment floorspace, was granted in August 2017.
- 3.2 The more detailed proposals for future phases are currently being progressed as part of the Greater Manchester Spatial Framework (GMSF). The consultation draft GMSF (January 2019) identified development of 6,100 homes and 410,000 sq.m of employment floorspace at the proposed New Carrington allocation.
- 3.3 The Future Carrington HIF allocation is for £8.4m to support the delivery of a new link road through Carrington (to be known as the Carrington Relief Road) through site rationalisation. This will accelerate delivery of the first phase of the Future Carrington site and the Heath Farm Lane site.
- 3.4 The Carrington Relief Road is identified as an important component of the infrastructure required to unlock new development in Carrington/Partington. The proposed road will involve upgrading the existing internal site road through the former Shell petro-chemical site, known locally as the 'A1 Road', to adoptable standards and the provision of an additional highway link from Isherwood Road to the Carrington Spur/Banky Lane junction.
- 3.5 The estimated total cost for the Carrington Relief Road is £32.8m (including works, fees, allowance for inflation and contingency at 15%). The Council is seeking additional funding from external grants and/or developer contributions to meet the full costs and a phased approach to delivery will be taken if required.
- 3.6 The Carrington Relief Road project is intended to enable easier journeys for existing users of A6144 Manchester Road through Carrington and unlock future residential and employment development on sites in Carrington and Partington. This will also help to reduce the isolation of Carrington and Partington by removing barriers to accessing employment opportunities. The proposed project will include:
- Provision of 4km of new single carriageway linking Banky Lane to the A6144, via Isherwood Road

- Realignment of Carrington Spur/Banky Lane junction
 - A new signalised junction where the link road crosses Isherwood Road
 - A new signalised junction where the new link meets the A6144
 - Improved road drainage to reduce ponding and contributing to longevity of the road surface
 - Provision of a combined cycle/footway, improving the environment for walking and cycling and enhancing connectivity to existing cycle/pedestrian routes
- 3.7 Lyondell Basell is the remaining chemical processing tenant at the site. The company currently relies on infrastructure dispersed across the site. In order to facilitate development of the Carrington Relief Road, this infrastructure is to be replaced and rationalised into the area where Basell will continue to operate in the long term. The HIF funding will be utilised to support delivery the first phase of rationalisation works by HIMOR.
- 3.8 Delivery of the Carrington Relief Road will unlock the development of 302 homes at the Carrington Village site that are currently encumbered due to highway constraints. It will also unlock the development of an additional 452 new homes on the Heath Farm Lane site in Partington that are similarly encumbered.
- 3.9 Following the funding clarification process the Future Carrington HIF scheme received conditional approval at the HE Investment Panel in June 2019. The Council is now seeking independent legal advice that the proposed infrastructure works are State Aid compliant prior to the grant monies being paid to the Council. The Council is currently awaiting the formal offer letter from HE confirming the allocation and setting out the conditions associated with the grant funding. Once this is received there is a standard legal agreement that will need to be signed by the Council and HE, and the Council will also need a reciprocal agreement with HIMOR.
- 3.10 In addition to the HIF funding an allocation of £6m via Growth Deal 3 has been identified to support delivery of the Carrington Relief Road. The outline business case was submitted to TfGM in May 2019 for determination and a formal decision on conditional approval is expected in July 2019. Should the outline business case be approved the Council will need to seek final business case approval if planning consent is granted. The costs to progress the scheme to outline business case have been underwritten by HIMOR. The costs associated with developing the proposals sufficiently to achieve final business case approval will be 'at risk' and not recoverable should the scheme not progress. Therefore an approach to underwriting these costs will need to be agreed before further work on scheme development can be undertaken.
- 3.11 A further report will be brought to the Executive later in 2019 in relation to the Carrington Relief Road including a detailed delivery plan, approach to planning, consultation strategy, approach to 'at risk' costs and total funding package should the HIF and Growth Deal funding receive conditional and outline business case approval.

4.0 Future Monitoring

- 4.1 Further clarification is awaited from HE as to the formal arrangements for the payment of HIF monies to the Council. It is anticipated that payments will be made six monthly to the Council under section 31 of the Local Government Act 2003 and will be based on progress reports. These will need to confirm that that delivery of the

scheme is on track and that there is a reasonable expectation that they will be able to spend the allocated funding on the infrastructure scheme by March 2022.

- 4.2 Future monitoring will be required to set out how the money has been spent on capital works; progress in the delivery of the identified infrastructure and progress in the delivery of new homes. Subject to the HIF grant conditions any costs saved or recovered will be retained by the Council for use in supporting further housing delivery.

5.0 Wider Corporate Links

- 5.1 The Trafford Waters and Carrington HIF schemes fully support the Council's Corporate priorities of Affordable and Quality Homes, Health and Wellbeing, Green and Connected, and Successful and Thriving Places. New fair and inclusive housing, new job opportunities, supporting business growth and reducing inequalities are key outcomes of the Corporate priorities which both schemes will help to deliver. In addition, they also help to deliver key objectives in the Trafford Economic and Housing Growth Framework (2018) and the Trafford Housing Strategy (2019).
- 5.2 Fundamentally, both sites play a major role in supporting the growth that Trafford needs as part of the GMSF by providing new residential and employment development. Complementing the GMSF and its objectives, the Trafford Waters and Carrington HIF schemes will be delivered in the context of the GM 2040 Transport Strategy, GM Congestion Plan and the GM Made to Move strategy through identifying improvements to tackling traffic congestion, promoting sustainable modes of travel and better integrating transport with new developments. Growing the economy through residential and employment growth also help supports the objectives of the GMS and GM Local Industrial Strategy.
- 5.3 The Trafford Waters scheme will create a successful and sustainable urban neighbourhood. Due to its strategic location at Trafford City and adjacent to the Manchester Ship Canal, it provides the opportunity for a high quality waterfront development to complement the existing offer at Trafford Park, Wharfside, The Quays, MediaCity:UK and Pomona/Cornbrook, helping to drive the wider regeneration of north Trafford. It will ultimately support c1,900 new jobs, over £180m GVA per annum to the Trafford economy and deliver 3,000 much needed new homes, including affordable housing.
- 5.4 The Future Carrington scheme will deliver significant benefits and is one of the most important opportunities in the North West for high quality mixed use development. It will help to reduce isolation, address deprivation, and support the sustainability of new and existing facilities in the Priority Regeneration Areas of Partington and Sale West. The scheme has potential to support c10,000 new jobs, over £750m GVA per annum to the Trafford economy with c6,000 new homes that will include affordable housing.

6.0 Other Options

- 6.1 If the Council does not drawdown the HIF and Growth Deal 3 funding to support delivery of infrastructure at the Trafford Waters and Future Carrington sites alternative funding would need to be identified. This would result in significant delays to the delivery of infrastructure, homes and employment development.

7.0 Consultation

- 7.1 The proposed works at Trafford Waters have been consulted on as part of the planning application 85282/OUT/15.
- 7.2 A detailed consultation strategy for the Carrington Relief Road will be prepared as the proposals and draft scheme designs are developed; this will include full public consultation in relation to any future planning applications.

Reasons for Recommendation

The Executive is asked to approve the inclusion of the following Trafford HIF schemes and their funding allocations onto the Council’s Capital Programme and delegate authority to the Corporate Director of Place to finalise the relevant agreements to enable their delivery.

Key Decision Yes

If Key Decision, has 28-day notice been given?

Finance Officer ClearanceGB.....
Legal Officer ClearanceTR.....

DIRECTOR’S SIGNATURE 

To confirm that the Financial and Legal Implications have been considered and the executive Member has cleared the report.