

Ash Road Bridge – Appendix 4 to Full Council Report (Part 1)

Appendix Title: **Funding Paper**
Subject: Funding for the Road Bridge (Stage 1)
Author: ARB Project Team
Date: 1 April 2021

1. Background:

- 1.1 A budget of £33.77 million has been identified for the Road Bridge (Stage 1) as set out at Appendix 3.
- 1.2 Significant progress has been made on the funding for the road bridge (Stage 1) since the September 2019 report to Executive Council. The funding position in relation to funding for the road bridge (Stage 1) is as follows:
 - (a) Homes England ('HE') Housing Infrastructure Fund ('HIF') monies of £10 million towards the road bridge were secured in December 2019 through a funding agreement – as explained in paragraph 2.1 below.
 - (b) HE agreed to provide a further £13.9 million towards the road bridge on the basis set out in paragraph 2.3 below bringing total HIF funding to £23.9 million. On 23 March 2021, the Executive gave approval for the Council to enter into the Deed of Amendment to the December 2019 funding agreement and at the time of writing this report this was being executed and is expected to have been completed by the time of Full Council meeting.
 - (c) The difference between the budget and the HIF funding is expected to be met through a combination of savings on the budget and Council reserves and funds. Further details are contained in the Part 2 Report.

2. Homes England

HIF Agreement Update

- 2.1 In December 2019 the Council signed a funding agreement with HE in which HE agreed to provide £10 million towards ARB from HIF ('the Original Funding Agreement'). This followed a bid made by the Council to HE in 2017/8 on the basis of an estimated budget cost for the road bridge of £22.69 million. The balance of the funding at that time was £10 million to be provided by the Council and the remaining £2.69 million to be achieved through cost savings.
- 2.2 Following the increase in the budget cost for the road bridge in 2020, which is explained in more detail in Appendix 3, the Corporate Programmes Team ('CPT') approached HE to see if HE could meet the shortfall.
- 2.3 Following extensive negotiations, HE confirmed that it was prepared to fund an additional £13.9 million towards ARB (i.e. £23.9 million total) subject to completion of a Deed of Amendment.

- 2.4 At the Executive meeting on 23 March 2021, the Executive approved the Council entering into the Deed of Amendment and this is now being executed by the Council and Homes England. By the time of this Council meeting it is expected that it will have been completed.
- 2.5 The terms of the Original Funding Agreement and Deed of Amendment are largely confidential, but Homes England has given the Council permission to disclose the amount of HIF funding being provided.
- 3. Section 106 contributions**
- 3.1 In accordance with the Guildford Borough Local Plan 2019, the Council has determined that any new planning applications for development within the area allocated by Policy A31, or outside Policy A31 but benefitting from the Ash Road Bridge Scheme should contribute towards the Ash Road Bridge Scheme.
- 3.2 Retrospective development contributions are permitted following the adoption on 21 July 2020 of the 'Strategic Development Framework: Supplementary Planning Document'.
- 3.3 Section 106 contributions of £3 million towards the ARB scheme have been secured to date through signed section 106 agreements, with a further £1.23 million subject to planning and/or s 106 currently in progress, bringing the total to £4.23 million.
- 3.4 Section 106 contributions are expected to be secured by the local planning authority from future developments benefitting from the ARB scheme.
- 3.5 **Summary:**
- 3.6 The total budget for the road bridge (Stage 1) of the Ash Road Bridge Scheme is £33.77 million.
- 3.7 The Council is asked to approve the funding strategy for the road bridge (Stage 1) set out here and in the Part 2 report.