

Supplementary Agenda



Meeting name	Meeting of the Cabinet
Date	Wednesday, 22 April 2020
Start time	4.00 pm
Venue	This meeting will be held by remote access - see main agenda for details
Other information	This meeting is open to the public

Meeting enquiries	Democratic Services
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No.	Item	Page No.
6.	<p>MELTON SOUTH SUSTAINABLE NEIGHBOURHOOD MASTERPLAN</p> <p>The Leader of the Council to submit an update on progress and next steps in relation to production of a Masterplan for the South Sustainable Neighbourhood.</p>	1 - 8
7.	<p>ACCEPTANCE OF BUSINESS RATE POOL GRANT FUNDS</p> <p>The Portfolio Holder for Growth and Prosperity (and Deputy Leader) to submit a report seeking approval to enter the relevant grant agreements and accept the funding.</p>	9 - 18

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Cabinet

22 April 2020

Report of: Councillor Orson - Leader of the Council

Melton South Sustainable Neighbourhood Masterplan

Corporate Priority:	Corporate Strategy 2020 to 2024: Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 The adopted Melton Local Plan established the requirement to create the South Melton Sustainable Neighbourhood (SN); a significant part of the overall growth aspirations to meet future needs by delivering housing, infrastructure and employment land.
- 1.2 Local Plan policy SS4 states that a masterplan of the proposed SN should be agreed in advance of, or as part of the submission of a planning application in the SN, in order to coordinate the provision of its content and composition. This includes the quantum and location of housing and employment, the route and provision of the Melton Mowbray Distributor Road 'southern link', the location of the primary school, community facilities, open spaces and other elements that are integral to a comprehensive development of this scale.
- 1.3 During 2019, the Council worked with the developers and County Council to deliver a credible and viable masterplan acceptable to all parties. Regrettably no agreement has been reached and consequently no suitable masterplan has been produced thus far. In February 2020 the Council was advised by the County Council that one of the conditions of accepting the Housing Infrastructure Funding (HIF) for the southern link of the Melton Mowbray Distributor Road was an appropriate development strategy, and that the masterplan was therefore required prior to the County Council being able to accept the

grant. This position was confirmed at the County Council's Cabinet on 24th March 2020 and subsequent conversations have established a 3 month timetable for the masterplan to be produced. There remains a lack of clarity on the scope and level of detail required to meet the HIF conditions, and the Council is actively seeking clarification from the County Council on these specific requirements. Nevertheless, it is necessary for Melton Borough Council to do what it can to deliver the masterplan and enable the County Council to accept the HIF.

- 1.4 The purpose of this report is to update Cabinet on Melton Borough Council's proposed approach to deliver the masterplan and to assist the County Council in meeting the conditions required to accept the HIF.

2 RECOMMENDATION(S)

That Cabinet:

- 2.1 Acknowledge the existing requirement, established within the Local Plan, to produce a masterplan for the Melton South Sustainable Neighbourhood.
- 2.2 Acknowledge that, in line with current understanding, to meet the requirements of the Housing Infrastructure Funding, that the Melton South Sustainable Neighbourhood masterplan needs to be completed and approved by the end of June 2020.
- 2.3 Acknowledge the key issues that the Melton South Sustainable Neighbourhood masterplan needs to address and endorse the approach Melton Borough Council is going to take to deliver it and the requirements and expectations placed upon partners and developers in delivering it within the required timescales.
- 2.4 To note that in line with the appropriate provisions within the Contract Procedure Rules the Council has appointed a consultant to support development of the Masterplan. The decision takes into account previous work undertaken and time constraints and the costs of appointing the consultant will be funded from the Local Plan reserve.
- 2.5 Delegate authority to the Director for Growth and Regeneration in consultation with the Leader to make any amendments to the timescales, deliverables and contents of the masterplan following changes in advice and guidance provided by Homes England and through discussions with Leicestershire County Council.

3 Reason for Recommendations

- 3.1 The Melton Mowbray Distributor Road 'southern link' was the subject of a bid for funding under the Housing Infrastructure Fund in 2019. The bid was successful and was presented to Leicestershire County Council Cabinet for acceptance on 24th March 2020. The County Council Cabinet resolved that the HIF award would be accepted only if Melton Borough Council agrees to the County Council's proposal that they undertake, at their own expense, a fresh masterplanning exercise on the understanding that the Borough Council will cooperate fully.
- 3.2 Transferring responsibility for delivery of the masterplan to the County Council is not appropriate. The masterplan is a planning document directly associated with the Local Plan. It is appropriate and necessary that it is undertaken by the Borough Council as Local

Planning Authority through the engagement of key stakeholders, including the County Council, which as the key infrastructure agency, is essential.

- 3.3 Delivery of a masterplan would, subject to confirmation by the County Council, meet the requirements of them being able to accept the HIF to support the earlier delivery of the southern section of the Melton Mowbray Distributor Road.
- 3.4 Delivery of a masterplan will support the wider aspirations of the Local Plan and delivery of homes and infrastructure required within the community.

4 Background

- 4.1 A masterplan for the Melton South Sustainable Neighbourhood (SN) was established as a necessary element of the Local Plan policy in order to co-ordinate its content and delivery. The Local Plan was adopted in October 2018 and work on master planning (for both the South SN and 'Melton North' SN) commenced in January 2019. This comprised a steering group of officers from Melton Borough Council and Leicestershire County Council and a wider group that included key stakeholders, including the developers.
- 4.2 Consultants were appointed in April 2019 and engaged with the Steering Group and stakeholders to produce initial drafts of masterplans (for both Neighbourhoods) in May 2019 for consultation and comment. In the case of 'Melton South' the relevant developers opposed the content of the initial draft masterplan (July 2019) and proposed to provide detailed information demonstrating that its content would render the scheme unviable. No detailed representations were received for a number of reasons, not least because of the difficulties surrounding the infrastructure requirements in relation to highways and education, and the amount of different scenarios that would require testing. Melton Borough Council has repeatedly worked to clarify these specific requirements with the County Council since that time but this has proved challenging.
- 4.3 The Melton Mowbray Distributor Road 'southern link' was the subject of a bid for forward funding under the Homes England HIF in 2019. The bid was successful and to support the funding package the Council has been working with the County Council to establish a pioneering infrastructure agreement which has now been agreed in principle.
- 4.4 The protracted and uncompromising nature of discussions with some of the key stakeholders to date has hampered progress in delivering a masterplan for 'Melton South'. The collective failure to make progress has been unhelpful up to this point, but has over recent weeks created a more fundamental risk to the County Council's ability to accept the HIF and enter into an appropriate contract with Homes England.
- 4.5 Despite requests to the County Council, Melton Borough Council has not been provided with the relevant conditions associated with the HIF award from Homes England, but understand that it requires a delivery strategy demonstrating how the development facilitates the funding of the Distributor Road 'southern link' and how it would come forward. It is understood that a masterplan was not specifically required in name, however the County Council has interpreted the requirement as a need for a masterplan. At their Cabinet meeting of 24th March 2020, the County Council stated that they intend to provide a response to Homes England on the HIF award no later than 31st May 2020. It should be noted they have not explicitly stated that the masterplan must be completed by this date, and subsequent informal correspondence has confirmed the document can be provided within 3 months.

- 4.6 Meeting the requirements of the HIF award is highly desirable. The award would make a valuable contribution towards the infrastructure needs of the SN and therefore create the potential for more rapid development. The alternative 'piecemeal' approach (as envisaged when the Local Plan was developed and adopted) would be dependent upon the respective developers and would be influenced by external factors and their build out programmes, with no guarantee over timetables for delivery or completion. Furthermore, it would likely result in abortive works to upgrade Kirby Lane, and potentially a road of lesser 'quality'.
- 4.7 The Housing Infrastructure Fund award has a significant bearing on the financial inputs of the masterplan. The County Council's need for a new secondary school to serve the Sustainable Neighbourhood, along with other smaller developments in the wider school catchment area, requires resolution and also affects the masterplan in terms of its location and the 'trigger points' identified for its provision.

5 Main Considerations

- 5.1 Leicestershire County Council's Cabinet considered whether to accept the HIF on 24th March 2020. Melton Borough Council was the subject of some unjustified criticism in the Cabinet report, which did not match the Council's own view on events and failed to recognise the challenge faced in reconciling the competing demands of all stakeholders. The County Council resolved that the HIF award would be accepted only if Melton Borough Council agreed to the County Council's proposal that they undertakes, at their own expense, a fresh master planning exercise on the understanding that the Borough Council will cooperate fully.
- 5.2 In responding to this proposal, it is recognised that, as the local planning authority, transferring the Council's statutory responsibility was not a credible option. Indeed, as the champions and guardians of the local area, transferring responsibility would also not be in the best interests of the Borough or the communities we serve. Accordingly, on 2nd April 2020 Melton Borough Council made a counter offer; proposing a joint approach with a shared governance and delivery team. The proposal included suggestions as to the scope of the project, the approach to be adopted for stakeholder engagement, suggestions as to the appointment of specialist consultants, the key deliverables along with an indicative timetable for meeting and delivery.
- 5.3 The Council has, as yet, received no feedback on its proposed approach and therefore, whilst regrettable, it is increasingly clear that the attempts to build a consensus through a more collaborative approach will not deliver the required outputs in time. Accordingly, and as the local planning authority, Melton Borough Council will proceed unilaterally, directing the process as necessary. The Council will continue to engage with all relevant stakeholders as consultees but will ultimately determine the appropriate balance of competing priorities and needs to facilitate adoption within the required time; such that the conditions associated with the HIF can be met.
- 5.4 To ensure delivery of the masterplan on schedule, whilst individual requirements are duly considered during development, all stakeholders will need to engage meaningfully and within the timescales set out below and within the more detailed project plan which will be communicated directly to them.
- 5.5 The Council will proceed on the basis of the following plan and timescales:

Stage 1: Mobilisation (commenced) (by 27th April 2020)

- Agree governance and approach
- Agree scope and brief
- Appoint consultant

Stage 2: Development of draft masterplan (by 18th May 18th 2020)

- Review the work done so far
- Engage with stakeholders to confirm infrastructure requirement
- Prepare a revised parameters plan identifying key content

Stage 3: Final masterplan document (31st May 2020)

- An illustrated document narrating the context, baseline analysis, process, consultation summary, options considered, explanation of key parameters, the final spatial plan setting out scale and quantum of key elements of development, infrastructure requirements, (e.g. schools, open spaces, allotments etc.) against the adopted policy requirements and key design principles.
- Key principles of delivery strategy including phasing, principles of developers contribution distribution over a period of time, key triggers, funding sources, basic cash-flow strategy

Stage 4: Cabinet approval (17th June 2020)

- This will be presented to Cabinet for approval and adoption by the Council.

5.6 Once approved the Council will continue to work with relevant stakeholders to bring forward planning applications and deliver the site.

5.7 It should be noted that the masterplan approved by the Cabinet will set out the principles to guide the developments and will be material consideration for determination of planning applications. It will require further public consultation if it is to be adopted as a Supplementary Planning Document (SPD). Due to the timetable for the production of the Masterplan its completion as SPD is not possible. However the Council can review after completion whether the additional steps required to achieve this are necessary and desirable. SPD 'status' would allow the document greater weight in any subsequent decision making on planning applications.

6 Options considered

6.1 **Continue with masterplan but undertake a full procurement exercise for consultant support:** Due to the timetable required to complete the masterplan, there is insufficient time to undertake a full procurement and then familiarise any new consultant with the background and issues within the required time. It is therefore appropriate to utilise the appropriate provisions within the Contract Procedure Rules to directly appoint the contractor, with pre-existing knowledge, utilised in 2019. As part of providing satisfactory assurance for any work produced, the Council will also seek independent validation of the master plan produced.

6.2 **Take no further action on masterplanning:** the Housing Infrastructure Fund award provides a unique opportunity to 'forward fund' the link road which is the Neighbourhood's largest and most expensive infrastructure requirement. Its provision would facilitate and

stimulate the development of the Sustainable Neighbourhood and avoid the piecemeal approach referred to elsewhere. In addition it would provide the final element of the town's major highways infrastructure well in advance of timetables previously envisaged. It is therefore preferable to secure this funding to support delivery.

7 Consultation

- 7.1 No public consultation has been undertaken in relation to the proposals set out to date but future consultation may be necessary should the masterplan be considered for a Supplementary Planning Document.

8 Next Steps – Implementation and Communication

- 8.1 The recommended proposals will be pursued immediately. In particular the timetable and approach set out at paragraph 5.5 above will be conveyed immediately to key stakeholders in order that progress can be made at the required pace.
- 8.2 To this end it is proposed that a series of fixed, regular and frequent arrangements for liaison between consultants, our officers and those of key partners and stakeholders are arranged.

9 Financial Implications

- 9.1 It is estimated that the work may extend to £15,000. No budget has been assigned to this work. However it is closely aligned to the Local Plan and can be drawn from the Local Plan reserve. This is an estimated reserve for all of the projects associated with the Local Plan and other planning policy and it is considered that given its priority, in the event of insufficient funds overall, other projects can be postponed or delayed. It is relevant to note that in the current circumstances a series of projects intended for 2020/21 are being delayed and it is likely that these can be revised in order to free-up funds in the current financial year without having to draw further on the reserve in year. It is also important to note that the reserve is currently projected to run out in 2021/22. Should a Local Plan review be required, money will need to be found to support this
- 9.2 Financial Implications reviewed by: Director for Corporate Services – 20.4.20

10 Legal and Governance Implications

- 10.1 Oversight and governance of this activity would be provided by the Portfolio holder. The final approval of the masterplan would require a decision of Cabinet.
- 10.2 There is a risk of not completing the masterplan in accordance with the required timetable if the Council sought to undertake and appoint consultants who were not already aware of the masterplan and had worked extensively on it. There is therefore a requirement for compatibility with existing services. It may not be possible for a consultant other than the consultant previously procured to be able to undertake the work due to the specialist and historical nature of the work. Any exemption to the Contract Procedure Rules based upon "No genuine competition" has been approved by the Director for Corporate Services and the Director for Governance and Regulatory Services.

11 Equality and Safeguarding Implications

11.1 No equality or safeguarding issues have been identified to date.

12 Community Safety Implications

12.1 No community safety issues have been identified to date.

13 Environmental and Climate Change Implications

13.1 This report is significant to environmental impact and climate change. The Sustainable Neighbourhood and Melton Mowbray Distributor Road are both important elements of the approach to sustainable development particularly in terms of travel patterns and traffic flow. The Local Plan, and the allocation of the Sustainable Neighbourhoods has been sustainability appraised prior to its adoption, and the Development Plan has been considered to be the most sustainable approach to development in the Borough.

14 Other Implications (where significant)

14.1 None

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Partners and/or stakeholders are not able to / will not engage within the available timetable	Significant	Critical	Medium Risk
2	A masterplan prepared without the stakeholders engagement may not be delivered as approved	Significant	Critical	Medium Risk
3	HIF bid is not accepted by LCC	Significant	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				

4 Significant			1,2,3	
3 Low				
2 Very Low				
1 Almost impossible				

Risk No	Mitigation
1	A regular and frequent programme of engagement with key stakeholders and partners is proposed. All parties are aware of the pressing timetable.
2	The issues are known to all parties from previous work and all key agencies will be involved in seeking resolution. The masterplan document like any other planning document will be material consideration to planning applications, but each planning application will be determined on its own merit.
3	The masterplan delivery mechanism takes account of the deliverability with and without HIF. While HIF is critical for bringing forward the delivery, at this stage it is anticipated that the masterplan can be delivered without the HIF funding. This will have some impact on the number of dwellings and contribution to other infrastructure requirements.

16 Background Papers

16.1 Melton Local Plan Policy SS4

17 Appendices

17.1 None

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Cabinet

22 April 2020

Report of: Councillor Leigh Higgins - Portfolio Holder for Growth and Prosperity (and Deputy Leader)

Acceptance of Business Rate Pool Grant Funds

Corporate Priority:	Corporate Strategy 2020 to 2024: Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	
Exempt Information:	No
Key Decision:	Yes
Subject to call-in:	Yes

1 Summary

- 1.1 To support a number of regeneration projects, and following a robust application and appraisal process, Melton Borough Council has been successful in securing grant funding from the Business Rate Pool fund; administered by the LLEP on behalf of the 9 Local Authorities within Leicestershire.
- 1.2 This report seeks approval to enter the relevant grant agreements and accept the funding.

2. RECOMMENDATION(S)

That Cabinet:

- 1.3 Approves acceptance of the following revenue fund grants funding (match funding to be allocated as detailed in para 10.2)
 - a. £100,000 revenue fund for Food Enterprise Centre Stage 2- building upon evidence case
 - b. £100,000 revenue fund for the Provision of Melton Borough Health and Leisure Park Stage 1- project development phase

- 1.4 Approves acceptance of the conditional offer of £500,000 capital fund grant for the Development of Council owned sites (match funding to be allocated as detailed in para 10.3) and note that Cabinet and Council approval for inclusion in the capital programme and release of funding will be sought following the preparation of a detailed business case.
- 1.5 Acknowledges the conditional offer of £2m large capital fund grant for Melton Borough Health and Leisure Park and note that Cabinet and Council approval will be sought following the preparation of a detailed business case.
- 1.6 Delegates authority to the Director for Growth and Regeneration to appoint consultants to prepare relevant information required to meet the grant conditions using the grant and match funding.

3 Reason for Recommendations

- 3.1 As set out in the Council's Corporate Strategy, there are a number of significant growth and regeneration projects identified as key priorities. Collectively, these projects provide an opportunity to deliver important benefits; creating jobs, homes and infrastructure for Melton's communities.
- 3.2 The projects receiving Business Rates Pool (BRP) funding are specifically referenced within the Council's Corporate Strategy. The Council has invested in undertaking initial feasibility work on these projects and determined that further work and investment is required in order to take these projects to the next stage of delivery.
- 3.3 The objectives of these projects align well with the objectives of the funding and therefore acceptance of this funding presents a good opportunity for realising the Council's ambitions for Melton.

4 Background

- 4.1 Business rates in England, or non-domestic rates, are a tax on the occupation of non-domestic property. On 1 April 2013 a new system of business rates retention began in England.
- 4.2 Before April 2013 all business rate income collected by councils formed a single, national pot, which was then distributed by government in the form of formula grant. Through the [Local Government Finance Act 2012](#), and regulations that followed, the government gave local authorities the power to keep up to half of business rate income and transfer half of it centrally, to central government. The central share is then distributed to councils in the form of revenue support grants. The other half kept by local authorities are then subjected to tariff, levy, top-up and safety payments depending on the financial position of the council.
- 4.3 In July 2018, the government invited authorities to submit applications to pilot 75% business rates retention for the financial year 2019/20. To maximise the potential amount of business rates that are retained within Leicestershire, all district councils, the City council, Leicestershire County Council and Leicestershire Fire and Rescue Service entered into a business rates pooling arrangement where a percentage of business rates collected by each council goes into a 'pool'. The financial surplus or deficit is shared between the councils and a proportion of the surplus is retained locally in a fund

administered on behalf of the councils by the Leicester and Leicestershire Enterprise Partnership (LLEP); in line with the Business Rates Pool agreement.

- 4.4 Only the local authorities that are members of the Leicester and Leicestershire pool can apply for this funding which will be administered by the LLEP. Recently the pool has started to generate a sizeable surplus with the funding currently available amounting to £6.64m with a further £16.2m forecast over the next two financial years – an indicative total of £22.84m. Following the deduction of contributions to LLEP core funding of £250k over three years and an allocation of £1.2m which was made available for revenue projects, the balance remaining for small and large capital projects was up to approximately £20.3m.

5 Main Considerations

- 5.1 In September 2019, the LLEP invited applications from the 9 local authorities who form the pool to access the fund using the following categories:

- Large Capital Projects (grants from £750K to a maximum of £4m) - transport and infrastructure delivery, regeneration schemes including site acquisition and assembly, delivery of employment land and premises
- Small Capital Projects (grants from £50K to a maximum of £750K) – town and local centres infrastructure and regeneration schemes
- Revenue Projects (grants from £10K up to a maximum of £100K) – employment and skills, business support initiatives, project development and masterplanning

- 5.2 A condition of any grant funding is that a minimum of 50% match is required. While the LLEP has indicated that cash match is favoured, private sector revenue will also be acceptable. Match funding in the form of officer time of up to 25% of total project costs and a maximum of £100k would be eligible. In the case of capital projects, the costs of verified assets (land/buildings) used solely for the project and private sector leverage, will also be acceptable.

- 5.3 Melton Borough Council submitted bids for each category. Following the evaluation process, the Council has been informed that it has been successful in the following categories:

- 5.4 **Revenue Projects:** The Council submitted two bids and both have been successful in receiving funding as below:

- i) £100,000 for Food Enterprise Centre Stage 2- building upon evidence base
- ii) £100,000 for Provision of Melton Borough Health and Leisure Park Stage 1- project development phase

- 5.5 **Small Capital Projects:** The Council submitted one bid and it was successful and approved in principle subject to satisfactory due diligence and contract with the LLEP.

- i) £500,000 for Development of Council owned sites

- 5.6 **Large Capital Projects:** The Council submitted two bids, one of which was successful and approved in principle subject to satisfactory due diligence and contract with the LLEP.

- i) £2,000,000 for Development of Melton Borough Health and Leisure Park

- 5.7 As part of the due diligence process the LLEP has written to the council seeking additional information with regards to the small and large capital project approvals. The deadline for

the submission of final details to meet the conditions for the grant agreement has been extended due to the COVID-19 crisis to 1st May 2020. It is recognised by all members of the pool that due to the impact of the current crisis and the need to redeploy resources to other critical services this deadline may need to be extended further and it is acknowledged that this may be necessary for Melton and the Council will advise the LLEP accordingly.

In addition, Leicestershire County Council made a bid for £4m to support the costs associated with the Melton Mowbray Distributor Road. This too was successful as part of this process which will further support the costs associated with delivering that scheme.

6 Project Details:

6.1 Food Enterprise Centre (FEC):

6.2 The Strategic Growth Plan identifies Melton Mowbray as the key centre for regeneration and growth for agri-food processing and drink businesses. The draft Local Industrial Strategy (LIS) and the Melton Place Board have identified the FEC as a priority to support Melton's recognition as the 'Rural Capital of Food'.

6.3 In January 2019, Melton Borough Council was successful in securing a £75,000 grant from Midlands Engine to undertake feasibility work for the establishment of a Food and Drink focused Manufacturing Zone (MZ) in Melton Borough. A part of this funding was used to prepare a proposal for the FEC by working in partnership with the University of Nottingham's Food Innovation Centre.

6.4 In parallel, the Council is working with Gillstream Markets Ltd to prepare a masterplan for the southern opportunity site; within the Cattle Market site by using a part of the £80,000 received from the LLEP. This masterplan, still in draft format includes elements of the FEC.

6.5 The revenue grant funding from the BRP will be used to develop further details in order to create a detailed business case and delivery plan and to prepare RIBA stage 2 level designs to inform the outline planning application if required. As this is revenue funding, it will be also used for some of the revenue costs for setting up the advisory support part of the FEC which will be helpful to our food production businesses, specifically in the recovery phase of the current COVID-19 crisis.

6.6 Development of Council owned sites:

6.7 Following the Place Committee approval in October 2018, the Council commissioned consultants to prepare masterplans and development appraisals for 8 key sites in April 2019.

6.8 The brief included consideration of a range of options for land use, layouts, viability, development capacity, infrastructure requirements, costs and deliverability of each site. This work is well developed and is due to conclude by the end of April 2020. However the final phase of preparing delivery mechanism will need to be reviewed in the context of COVID-19 crisis and market conditions following the lockdown. The key objective of this piece of work has been to develop the Council owned assets to maximise community benefits, regeneration impact and commercial return. On completion, this work will be presented to the Cabinet before commencing the next stage of work using the BRP grant funding.

- 6.9 The delivery mechanism currently being prepared will clearly identify a series of projects, approach to prioritisation, phasing of delivery and cash flow requirements. It is proposed that a self-financing portfolio approach will be adapted for the delivery of these sites where the proceeds of one side could potentially finance the next site. The priority order and phasing will be partly determined by the market conditions, demand and commercial negotiations.
- 6.10 The use of the Council's investment will be to forward fund the initial preparatory phases for the development in readiness for the first phase of sites to be market ready. Any draw-down of Council's ring-fenced capital allocation will be informed by the regeneration, commercial and community benefits to be achieved by the asset portfolio as a whole.
- 6.11 The Council has already invested £75,000 towards the commission of the work done so far for development of these sites, which will form as part of the match funding. £50,000 of staff time will be spent in managing this project which will form another part of the match funding. This leaves the remainder of £375,000 to be identified for match funding from capital receipts.
- 6.12 The funding provided by BRP will be used to procure consultants and experts to undertake the next stage of works required in order to enable the Council to submit planning applications based upon these masterplans.
- 6.13 The offer of BRP funding is subject to the confirmation of Cabinet approval, risk assessment and confirmation of procurement timeline.
- 6.14 **Health and Leisure Park:**
- 6.15 The Council's indoor leisure provision in the Borough is currently delivered through two sites and operated under contract by SLM (Everyone Active). With the current sites requiring maintenance and investment, coupled with the level of expected growth in Melton over the next 20 years, there is a need to ensure sufficient provision and a sustainable future for leisure provision within the borough.
- 6.16 In early 2018 the Council harmonised the contract review dates for both Waterfield Leisure Centre and the Melton Sports Village (MSV) which ends on March 2022.
- 6.17 The Council commissioned review, undertaken by FMG in August 2018, made it clear that even with consolidation to a single site, unilateral investment by the council into a new leisure facility would not be affordable. Consequently the Place Committee authorised a full commercial appraisal of the Sports Village site with a view to establishing future options which could enable the required investment and a sustainable future for leisure provision.
- 6.18 Following the Place Committee approval in October 2018, consultants were appointed to prepare masterplans for both existing leisure sites to include options for one or both being used for leisure provision and explore the development potential of surrounding open space for a range of mixed use options including hotel, offices, managed workspace units, housing, extra care units etc.
- 6.19 While this work is ongoing, the initial feasibility and exploration of the opportunities and constraints of the site has highlighted the connection with the work being done on the northern and southern sustainable urban neighbourhood masterplans, specifically the provision of community facilities such as leisure, secondary school, playing pitches, doctor's surgery and community centre.

- 6.20 The funding bid is based on the options considered by the FMG report. The BRP revenue funding will be used to review all the information produced so far, consider alternative sites to provide parts of the offer and prepare designs, costing and supporting information to inform a detailed business case for the provision of health and leisure facilities in Melton. This work will determine the detailed costing for the delivery of health and leisure park in Melton, which will inform the Council's investment and other potential sources of funding from private and public sector partners.
- 6.21 This detailed business case will inform the nature of the bid secured from the large capital project fund of £2m to be submitted in April 2021. The LLEP contract award letter has identified that a copy of the BRP revenue funded feasibility study and business case will be required before contracting the grant agreement for the capital project. At this point in time, there is no requirement for the Council to ring-fence the match funding for £2m. A separate report will be brought to the Cabinet for consideration of the match funding following the conclusion of the detailed business case in early 2021.

7 Options Considered

- 7.1 Do nothing. This option is not recommended as the projects receiving BRP funding are identified as key priorities in the Corporate Strategy. Not accepting the grant would reduce the funding package to support these projects and would reduce the opportunity this affords in delivery.

8 Consultation

- 8.1 The next stages of work to be undertaken for each project will require consultation with a range of stakeholders and councillors. A communication plan will be prepared for each project in accordance with the Council's project management methodology.
- 8.2 The feasibility of the FEC is prepared as a result of extensive consultation with businesses who may benefit from it, Melton Mowbray Market, Brooksby Melton College and University of Nottingham.
- 8.3 The plans for the development of Council owned sites are being prepared in consultation with all stakeholders including adjacent land owners, potential occupiers, investors and delivery partners.
- 8.4 The offer of health and leisure provision is being prepared in consultation with the potential occupiers, operators, users, sports clubs, land owners and Leicestershire County Council.

9 Next Steps – Implementation and Communication

- 9.1 Prepare the information for submission to LLEP by 1st May 2020 as identified in the grant award letters (subject to potential risk of delays due to the current COVID19 crisis).
- 9.2 Agree the grant conditions and sign the documents.
- 9.3 Establish the project governance and project management documents for these projects.
- 9.4 Deliver the projects as per the agreed project plan and delivery timescales.
- 9.5 Report the progress to the Cabinet in March 2021.

10 Financial Implications

- 10.1 As required by the grant funding agreement, 50% match funding will need to be identified for each grant award.
- 10.2 £100,000 (50% of the required match funding of £200,000) for the revenue grant support match will be funded through the regeneration and Innovation reserve. The rest of the 50% match will be in the form of in-kind support in form of staff time.
- 10.3 The £500k match funding for the development of Council owned sites is proposed to be made up of officer time (50k) and sums already committed (£75k for masterplanning work). The remaining £375k is being proposed to be set aside from capital receipts subject to further business cases being presented to members for formal use of the reserve. Based on the recently approved capital programme for 2020/21 the predicted year-end balance on this reserve at 31 March 2021 is £604,608. This will therefore leave only £229,608 available for future capital investment that can't be funded from borrowing.
- 10.4 Within the Capital Strategy there will be future requirements that would need to be funded from Capital Receipts for areas such as ICT and asset improvement. Currently these total £59k but as outlined in the strategy there are still a number of conditions surveys needed to be complete in order to fully ascertain the future funding costs of protecting our assets with a limited reserve to cover this.
- 10.5 With limited capital investment reserves it is important the council reviews all its assets and in line with the new asset disposal policy being developed any surplus assets are disposed of in order to boost the available funding for reinvestment.
- 10.6 £2m of capital match for the health and leisure park will be identified following a viable detailed business case that will be prepared by using the revenue grant funding to support borrowing to fund the investment required The Council currently has £785k allocated in the Leisure Vision capital reserve to support the match funding element of this at present.

Financial Implications reviewed by: Dawn Garton, Director for Corporate Services - 20.4.20

11 Legal and Governance Implications

- 11.1 It is a requirement of the Financial Procedure Rules that applications for grant funding or other external funding above £50,000 is approved by the Chief Finance Officer and then Cabinet unless the timetable for bidding will not allow. It is the responsibility of the relevant Director (herewith the Director for Growth and Regeneration) to ensure that key conditions of funding and statutory requirements are complied with and that the responsibilities of the responsible body are clearly understood.
- 11.2 Legal advice will be provided once the Grant Agreements are received prior to the Director for Corporate Services certifying the claim and adding to the grants register.

Legal Implications reviewed by: Adele Wylie, Monitoring Officer – 20.4.20

12 Equality and Safeguarding Implications

- 12.1 Equalities Impact Assessment will need to be carried out for each individual project as part of the project delivery.

13 Community Safety Implications

13.1 None

14 Environmental and Climate Change Implications

14.1 These will be assessed as part of the detailed business case development of each project

15 Other Implications (where significant)

15.1 None

16 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	COVID-19 impact on delivery timescales, available resource and market conditions	High	Critical	High Risk
2	Impact on the corporate plan delivery of the viability of individual business case may indicate the project is not deliverable	High	Critical	High Risk
3	Interdependence of revenue and capital funding for health and leisure park	High	Critical	High Risk
4	Depletion of capital receipts/impact on capital strategy for other projects	Significant	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High			1,2,3	
	4 Significant			4	
	3 Low				
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	The impact of COVID-19 crisis on the economy and the Council's ability to continue the service delivery is being monitored closely. Any commitment on delivery timescales and resources will need to be kept under review until the situation becomes clearer.
2	The funding received will be used to prepare clear and deliverable business cases.
3	The timescales for the small capital project funding will be linked with the timescales for the delivery of outputs for the revenue funding bid. The grant agreement will include this clarification.
4	The business case for development of council owned sites will be informed by a clear cash flow strategy. It is proposed that a self- financing portfolio approach will be adapted for the delivery of these sites where the proceeds of one side could potentially finance the next site.

17 Background Papers

17.1 None

18 Appendices

18.1 None

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