

Cabinet Meeting	
Meeting Date	12 th June 2019
Report Title	Queenborough & Rushenden HIF Increase
Cabinet Member	Cllr Monique Bonney, Cabinet Member for Economy and Property
SMT Lead	Emma Wiggins, Director of Regeneration
Head of Service	Charlotte Hudson, Head of Housing, Economy & Community Services
Lead Officer	Debbie Townrow, Economic Development Officer
Key Decision	Yes
Classification	Open
Recommendations	1. To provide delegated authority to the Director for Regeneration and the Chief Financial Officer in consultation with the Cabinet Member Economy and Property and the Cabinet Member for Finance to enter into the Homes England Grant Determination Agreement to provide £5.1million HIF funding to support the Queenborough & Rushenden regeneration scheme and staff resources allocated to administer the funds in line with requirements.

1 Purpose of Report and Executive Summary

- 1.1 Homes England Housing Infrastructure Funding (HIF) of £3.5million was secured to assist the delivery of the infrastructure improvements required to enable Phase 4 of the Queenborough and Rushenden regeneration scheme to be developed. Cabinet approval to sign up to the Grant Determination Agreement (GDA) for this funding was received in December 2018.
- 1.2 This grant funds the land raising works to bring the development area for phase 4 out of the flood zone, and the site clearance plus land remediation works required to enable development to commence.
- 1.3 Prior to signing up to the GDA for this funding, changes to market conditions and material availability have meant that there is a shortfall between this funding and the actual costs for the schedule of works. A further bid has now been successfully approved by Homes England to cover this shortfall and so approval is now required to enter into the GDA for the revised amount of £5,180,200.
- 1.4 Approval is now required for signing the GDA with Homes England to enable Swale to receive the increased funds and allocate staff resources to administer the funds as per the GDA's requirements, in line with the December Cabinet approval.

2 Background

- 2.1 In December 2018, Cabinet approved delegated authority to the Director for Regeneration and the Chief Financial Officer in consultation with the Cabinet Member for Regeneration and the Cabinet Member for Finance & Performance to enter into the Homes England Grant Determination Agreement (GDA) to provide £3.5 million HIF funding secured from Homes England to assist the delivery of the infrastructure improvements required to enable Phase 4 of the Queenborough and Rushenden regeneration scheme to be developed.
- 2.2 Since that time, Homes England have carried out a tender process for the Mill Site at Queenborough to procure identical works to those included within the works schedule funded by this money. This exercise resulted in the tender returns being returned at a significantly higher cost than anticipated due to cost inflation and material availability. Homes England utilised the services of their technical consultant to review and revise the schedule of costs produced based on the information received from the recent works and tender exercises. This work resulted in the revised total now being £5,180,200 (including consultancy fees and a 10% contingency) against an original total of £3,500,000.
- 2.3 Following discussions with the Homes England HIF department, we were advised that they would be prepared to receive an additional bid for funding from us to increase our funding to cover these revised costs. This bid and supporting information were submitted to Homes England on 3rd April and approved in principle by their funding panel on 2nd May.
- 2.4 The GDA has been reviewed by our Legal team and independent advice has been sought from an external independent solicitor to advise on any State Aid implications and the previous agreement for £3.5million was ready for approval. The GDA for this increased funding will be the same drafting so whilst due process will still be followed, it is not expected that any issues will be raised by our legal advisors at this point.
- 2.5 The December Cabinet approval also covered the commissioning of consultants via Homes England's framework to procure the consultant to manage the contractor procurement and oversee the delivery of the works included within the HIG spend profile. This decision is not affected by this increase in funding.

3 Proposals

- 3.1 It is proposed that the Homes England HIF Grant Determination Agreement for the provision of £5,180,200 to support the Queenborough & Rushenden regeneration scheme be entered into and staff resources allocated to administer the funds in line with the requirements.

4 Alternative Options

- 4.1 An alternative option would be to not enter into the funding agreement. This option is not considered as a suitable alternative as without the funding, the overall viability of the Queenborough and Rushenden scheme is impacted. This will lead to potentially significant delays in bringing forward further phases and on phase 4 of the project in particular.
- 4.2 There is an alternative option to enter into the original funding agreement for the £3.5million. This option is not considered as a suitable alternative as the shortfall in funding would mean the full schedule of works required to enable Phase 4 to progress would not be deliverable and the delays in bringing forward phase 4 and other phases would still occur. The overall viability of the scheme would be impacted and the ability for Swale to meet the requirements of the funding agreement would also be negatively impacted.

5 Consultation Undertaken or Proposed

- 5.1 Internal consultation has taken place with relevant colleagues in Legal, Procurement, Finance and Senior Management Team. There has also been ongoing dialogue with Homes England.
- 5.2 Legal and Procurement colleagues will be required to approve all process and documentation prior to any agreements being signed or contracts issued.

6 Implications

Issue	Implications
Corporate Plan	The Queenborough and Rushenden Regeneration scheme is a key element of Delivering Regeneration within the current Corporate Plan and contributes to the delivery of major regeneration projects in the Borough to improve the appearance and facilities of our towns and villages.
Financial, Resource and Property	Failing to secure this grant funding investment would elongate the development timescales and delay the delivery of homes, in particular within phase 4 of the scheme.
Legal, Statutory and Procurement	Both Legal and Procurement have indicated that the proposals and all associated documents provided to date are acceptable. On receipt of further documentation, they will again be subject to review by colleague from the relevant service areas.
Crime and Disorder	None identified at this stage.
Environment and	None identified at this stage.

Sustainability	
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	Failing to secure this grant funding would put the future of the Queenborough and Rushenden Regeneration scheme at risk of failure through elongating the development timescales.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	All regulatory and legislative requirements associated with privacy and data protection are accounted for and met by utilising the council's procurement portal, Pro-Contract.

7 Appendices

None.

8 Background Papers

12th December 2018 Cabinet Report – Queenborough & Rushenden HIF Process