

<b>SUBJECT:</b>	<b>WESTERN GROWTH CORRIDOR SCHEME DELIVERY</b>
<b>DIRECTORATE:</b>	<b>MAJOR DEVELOPMENTS</b>
<b>REPORT AUTHOR:</b>	<b>JO WALKER – ASSISTANT DIRECTOR, WESTERN GROWTH CORRIDOR</b>

## 1. Purpose of Report

1.1 To update Executive on progress towards achieving a start on site and the wider funding and delivery arrangements for the Western Growth Corridor (WGC) development, since the report of 17<sup>th</sup> October 2022 (*Western Growth Corridor – Next Steps*).

To seek authority to proceed with the next stages of delivery as follows:

- To approve the delivery arrangements for the Phase 1a infrastructure works, which are required to provide access to the development from Skellingthorpe Road.
- To approve the proposed delivery arrangements to progress the detailed design of the first 52 homes on land owned by the Council at the gateway to the development, off Skellingthorpe Road, to enable the submission of a Reserved Matters application during summer 2023.
- To approve in principle, the proposed delivery arrangements for the gateway housing, to allow for delivery once the initial infrastructure works have been completed and subject to planning consent. The final form of agreement shall be subject to a further Executive approval.
- To acknowledge the award of funding under the Levelling Up Fund Round 2 (LUF2), which would enable the accelerated delivery of the Tritton Road bridges and spine road, known as Phase 1b of the WGC development.
- To agree to delegate the final signing of the Memorandum of Understanding (MoU) in respect of the LUF2 funding to the Director of Major Developments and Section 151 Officer, in consultation with the Leader of the Council, to enable the initial feasibility and design work to proceed as set out in this report, in order to inform the full delivery strategy and to meet the funding timescales.
- To approve the proposed consultation and engagement strategy to keep the community and stakeholders informed of project progress prior to and during the construction phases.

## 2. Executive Summary

2.1 On 20<sup>th</sup> January 2022, outline planning consent was granted for the overall WGC development, with detailed consent for the two access points into the site at Skellingthorpe Road (southern access) and Tritton Road (eastern access).

- 2.2 Significant progress has since been made in order to prepare for and enable a start on site and to plan for the wider delivery of the scheme. This includes securing funding, expanding resources for delivery, cost-planning, procurement, stakeholder engagement and progressing the technical design and approval process for the infrastructure which is required to open up the site.
- 2.3 This report now sets out the proposals for the delivery of the Phase 1a infrastructure (Skellingthorpe Road – Southern Access), which is scheduled to commence on site during Spring/Summer 2023. The report further outlines the proposals for progressing the detailed design of a first phase of 52 homes at the gateway into the site and arrangements for delivery thereafter, subject to planning consent.
- 2.4 Finally, the report sets out initial details and arrangements for taking forward the design, development and delivery of the Phase 1b infrastructure (Tritton Road bridges and spine road) following the announcement of the LUF2 funding award in January 2023.
- 2.5 The proposals are in accordance with the principles approved by Executive on 20<sup>th</sup> March 2019 and the terms of the Delivery Agreement, which is in place between the Council and Lindum Western Growth Corridor (LWGC), as adjoining landowners to jointly promote the overall development.

### **3. Background**

- 3.1 The Western Growth Corridor (WGC) is one of 4 sustainable urban extension (SUE) areas around Lincoln identified and promoted in the Central Lincolnshire Local Plan for development to meet the area's growth projections up to 2036. It is the closest SUE to the city centre and has the greatest opportunity to achieve real sustainability both within the development and for the surrounding communities. It is the major area for housing and employment growth in the city itself and is a key part of delivering Lincoln's Growth Strategy over the next 20 years.
- 3.2 The Central Lincolnshire Local Plan adopted in April 2017 following a robust and thorough examination, approved the principle for development of the site. Having established the principle of development, the next stage was to consider the key building blocks of the development at a broad rather than a detailed level. The Local Plan allocation is for a new neighbourhood of 3,200 new homes (640 affordable), 20 hectares of commercial/employment space, a new Leisure Village, improvements in accessibility to green space, flood mitigation improvements, remediation of the former tip and a range of improved connectivity (roads, cycle paths and pedestrian routes).
- 3.3 The City Council is a significant landowner and has been leading on bringing forward development of the area in a viable, sustainable and deliverable way since 2016. WGC is a key priority within the City Council's Vision and delivers across all the Council's priorities and objectives. It is also the single biggest development area within the City boundary.
- 3.4 The remaining development land on WGC is owned by Lindum Western Growth Community Limited (LWGC) which is a subsidiary of the locally owned and based construction/development company Lindum Group. Together the Council and

LWGC submitted a planning application for the whole development on 03 April 2019.

- 3.5 Outline planning consent for the overall development and detailed planning consent for the two access points into the development at Skellingthorpe Road and Tritton Road was granted on 20<sup>th</sup> January 2022.
- 3.6 The Council and LWGC work jointly together as the two landowners (the developer team), under the terms of the approved Delivery Agreement to shape and progress the development.

#### **4. Progress Towards Delivery**

##### **4.1 Phase 1a Infrastructure: Technical Approvals**

Detailed planning consent is in place for the southern access proposals at Skellingthorpe Road, subject to a number of pre-commencement conditions. This includes approval of the technical proposals for the highway and drainage infrastructure to open up the site.

In order to satisfy these conditions, the developer team has been working with both Lincolnshire County Council (LCC as the Highways Authority and the Lead Local Flood Authority) and the Local Planning Authority since March 2022, to agree on the detailed plans for these works. Detailed proposals for the new signalised junction into the development on Skellingthorpe Road/Birchwood Avenue (s278 works) were submitted to LCC on 30 September 2022. Details on the proposals for the infrastructure/drainage works on the site beyond the junction (s38 works) were also submitted to LCC on 30 September 2022. These proposals have been further refined and finalised between October – January 2023, in consultation with LCC, with technical approval now expected in March 2023.

##### **4.2 Phase 1a Infrastructure: Use of Compulsory Purchase Order (CPO) Powers**

In accordance with the resolution agreed by Executive on 17<sup>th</sup> October, Officers have progressed the CPO pertaining to the two slender parcels of unregistered land which are required for the delivery of the initial infrastructure works.

The Order has been published and the consultation period is currently underway, closing on 2<sup>nd</sup> March 2023. The Order, together with the Statement of Reasons and all supporting evidence has been submitted to the Secretary of State, pending this current consultation period.

Subject to confirmation of the Order, the Council will be able to use its powers under section 226(1)(a) of the Town and Country Planning Act 1990 (“TCPA”), section 111 (1) Local Government Act 1972 and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 (“MPA”) to acquire land compulsorily.

##### **4.3 Phase 1a Infrastructure – Exchange of Land**

Following negotiation with the Church of the Latter Day Saints, an agreement was reached to secure a land swap, to enable the required junction arrangement to be

accommodated at the entrance to the site on Skellingthorpe Road, providing access into the site.

The transfer agreement completed on 7<sup>th</sup> February 2023. Under this agreement, the Church has transferred a parcel of its land close to Skellingthorpe Road to the Council. In exchange, the Council has transferred a parcel of its land immediately adjacent to the existing Church car-park, to enable an extension of the car-parking area. Works will be undertaken over the next 3 months to prepare the extended car-parking area and to install new boundary fencing to secure the Church land, ahead of the main site infrastructure works.

#### **4.4 Resources to Support Delivery**

In order to support the delivery of the first phase of development and to progress proposals for the wider scheme, the Council has made new fixed-term appointments and mobilised existing resources as follows:

- Senior Communications Officer – Partnerships to lead on implementing the community/resident engagement plan including keeping all stakeholders informed of opportunities to influence the development and advanced warning of activity on site.
- Assistant Director WGC to lead the implementation of the substantial delivery programme for the Council, working with the Strategic Director – Major Developments.
- Capital Projects Manager – to manage the delivery of the construction works (infrastructure & housing) on behalf of the Council and developer team
- Finance Business Partner – to manage budget and funding arrangements
- Legal specialist – to advise and lead on all legal matters and to assist and co-ordinate any specialist external advice

External resources have also been procured to provide the following, specialist services:

- Engineering and technical design - to progress the technical approval process for Phase 1a
- Commercial services - to provide independent valuation advice, inform development viability and delivery strategy
- Cost consultancy & project management – to provide independent scrutiny over project costs, prepare and manage construction contracts, certify valuations and payments and advise on wider infrastructure delivery

#### **4.5 Funding – Levelling Up Fund 2 (LUF2)**

The City Council in conjunction with Karl McCartney as the local Member of Parliament has been successful in its bid to secure £20m LUF2 funding to support the delivery of a new all vehicular/cycle/pedestrian bridge over the railway from the development into Tritton Road and a pedestrian/cycle bridge replacing the existing pedestrian rail crossing at Oak Farm (opposite the new LN6 development).

This will unlock further housing land to enable the construction of a new spine

route through the development to accelerate the overall delivery proposals and further minimise the short-term negative impacts of the development on existing residents.

The delivery and resourcing strategy for Phase 1b is currently being reviewed.

Wider financing and delivery mechanisms to support the overall development, including spine road, are also being explored with strategic partners such as Homes England.

Full details of the delivery strategy for Phase 1b and the wider development, will be the subject of a future Executive Report once all of the funding details are understood and further site survey work has been undertaken to inform the detailed design solution and costings.

Initial survey and consultancy work is currently being procured and will be funded via the remainder of the Levelling Up Fund Capacity grant, in advance of the main LUF2 Grant Funding Agreement and draw-down arrangements.

Alongside this initial work, the Council proposes to procure a lead contractor, to undertake the substantive design process to achieve all technical approvals for the bridges and access road. The proposed scope of works would also include the detailed design of the spine road to allow for delivery in the future, if additional funding can be secured. This detailed design work, would be delivered under a Pre-Construction Services Agreement with the purpose being to demonstrate the technical and financial feasibility of the works, to enable the Council to enter into a contract for delivery on a design and build basis. The decision to proceed with a full contract for delivery would be subject to Executive approval at the end of the pre-construction phase. This pre-construction work is proposed to be funded via the main LUF2 grant, subject to the Memorandum of Understanding (MoU), which will set out the terms for this funding.

## **5. Delivery Proposals – Phase 1a Infrastructure (Skellingthorpe Road – Southern Access)**

5.1 The Council is working in partnership with LWGC, under the terms of the Delivery Agreement to deliver Phase 1a.

5.2 The scope of work is as follows:

- A new signalised junction on Skellingthorpe Road (and modifications to the existing Skellingthorpe Road/Birchwood Avenue junction), with traffic management arrangements
- Design and construction of a new bridge across the Boultham Catchwater Drain
- Design and construction of a new access road from Skellingthorpe Road which will serve the first 300 houses of the development. This will also include new cycle paths, footpaths, lighting, drainage, utilities and landscaping
- Work to safeguard the Public Right of Way along the Catchwater (with diversions during the main works and to accommodate the new access route on a permanent basis)

- 5.3 Subject to Executive approval, the Council is proposing to enter into a contract for the delivery of the infrastructure with Lindum, procured under the Pagabo framework. The contract for delivery will be subject to final costs, which will be determined under the scope of works to be undertaken as part of a Pre-Construction Services Agreement (PCSA), following the process set out under the Pagabo framework.
- 5.4 Under the PCSA, the technical approval process will be concluded, alongside the work which is required to discharge the planning conditions and prepare for delivery on site. This will include the development of a Construction Environmental Management Plan (CEMP), to include any required ecological mitigations, as well as a Highways Management Plan, setting out the proposed traffic management arrangements as well as diversionary works required to maintain the existing public rights of way. Wider, private access rights will be maintained during the works.
- 5.5 The construction work is expected to start on site during spring/summer 2023, lasting for a period of about 1 year in duration.
- 5.6 The felling of the trees along the southern boundary of the site with Skellingthorpe Road, will form part of the site works. The planning consent which is in place for the overall development included detailed approval of the access arrangements at Skellingthorpe Road, which requires the removal of these trees. It is not possible to deliver the junction arrangements to open up the site without removing these trees. The Council has set out the following measures which it intends to implement to mitigate the loss of these trees, in partnership with LWGC:
- Wood from the trees to be felled will be utilised in the manufacture of furniture or other products to be used on the site or within the local community.
  - Wherever possible, the Council and delivery partners LWGC will seek to retain the existing trees on site. Where this is not possible, at least 2 new trees will be planted to replace each tree which is required to be felled to make way for the development.
  - Ecological mitigation measures will be implemented on site, under the guidance of a specialist ecologist prior to and during the construction of Phase 1a and as part of the wider development to meet the aim of delivering a sustainable scheme which achieves an overall biodiversity net gain.

## **6. Housing Delivery – Gateway Development**

- 6.1 The works to open up the site will enable the delivery of 300 homes. The first 52 homes will be on City Council land, between Skellingthorpe Road and the Boultham Catchwater drain.
- 6.2 The quality of the housing and overall scheme design on the Council's gateway site is of key importance to place-making and to set the standard for future housing delivery. Standards for energy efficiency are of particular importance, to deliver sustainable homes, which are also affordable to prospective buyers in terms of the initial price point and the ongoing running costs. Mature landscaping,

with open spaces and attractive, accessible routes will be important towards achieving biodiversity net gain across the site and ensuring that the development sits well within its surroundings.

6.3 A number of delivery options have been explored for this gateway site in order to achieve the required quality standards whilst also generating a return to the Council to offset the cost of the required infrastructure works and support future delivery. Options include the sale of the land, direct delivery under a construction contract or a form of partnership with a housing developer through a joint venture or development agreement. The strengths and weaknesses of each approach are summarised below.

<b>Option</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>Land sale</b>	<p>Development risk is transferred</p> <p>Reduced resourcing costs and potential for early capital receipt/land value</p> <p>Potential to accelerate delivery via private sector house-builder</p>	<p>Loss of control over the design/consultation process</p> <p>Loss of control over delivery timeframe</p> <p>Unlikely to maximise land value, based on conventional profit requirements</p>
<b>Direct Delivery</b>	<p>Full control over design/delivery and build-out rate</p> <p>Potential to reduce costs (contractor profit only) and maximise land value over the course of the development</p> <p>Options to deliver under procurement frameworks to expedite delivery</p>	<p>Development risk sits with the Council</p> <p>Lack of marketing/sales expertise in respect of open market housing – requirement for additional resourcing to achieve strong values</p> <p>Previous supplier engagement indicates that this route would not necessarily generate the best return</p>
<b>Development Partner</b>  (Joint Venture or Development Agreement)	<p>Shared risk/return</p> <p>Council benefits from developer expertise in the sales and marketing</p> <p>Potential to structure to achieve a strong return over the course of the development</p> <p>Options to deliver under procurement frameworks to expedite delivery</p>	<p>Potential complexity and resourcing – requiring bespoke agreement</p>

6.4 Following consideration of the delivery mechanisms which are available to the Council, it is proposed to move forward on the basis of a development partner approach. This approach will enable the Council to benefit from the commercial expertise of a house-building partner, whilst ensuring control and influence over the design and delivery process.

6.5 The Council is proposing to enter into a development agreement with Lindum, under the Pagabo Developer-Led Framework, to deliver the first 52 homes, subject to the satisfactory outcome of the initial pre-construction stage, which is prescribed under this framework.

6.6 The pre-construction stage will include the detailed design of the housing

proposals to enable the submission of a Reserved Matters. These proposals will be subject to consultation prior to and as part of the formal planning process. This stage will also provide detailed cost information and allow for further testing of the delivery solution to ensure that this meets the Council's quality objectives, achieves value for money and delivers wider social value benefits.

- 6.7 The Council has procured specialist commercial and legal advice to ensure that the process it follows and the proposed form of agreement protects the Council's interests and is compliant with the Pagabo framework and the Public Contract Regulations [PCRs] 2015, subsidy control and wider legislation.
- 6.8 Subject to final agreement and planning consent, the housing development is expected to start on site during Autumn/Winter 2023.

## **7. Communications, Consultation and Engagement**

- 7.1 Proposals to inform, engage and consult with the community and wider stakeholders are being progressed as part of a joint Communications Plan for the WGC development and alongside the work to achieve delivery on site at Phase 1a.
- 7.2 Proposals will include a regular newsletter to ensure the local community are aware of what is planned ahead of and during the delivery of the Phase 1a infrastructure and future phases of housing delivery. The newsletter will also explain how residents and stakeholders can get involved in shaping the future housing and development plans. The first newsletter will have been distributed in advance of this meeting.
- 7.3 Stakeholder meetings are also planned ahead of a start on site on Phase 1a and a programme of wider consultation events will then be scheduled whilst the infrastructure works are in progress. These events will provide an opportunity to share the emerging housing plans and will look ahead to the delivery of Phase 1b/wider scheme proposals now that funding has been secured for this phase of infrastructure delivery. The first stakeholder meeting will be taking place during March and will focus on the proposed delivery arrangements for the Phase 1a infrastructure and the emerging housing proposals for the gateway site. This will include detailed information on the proposed traffic management arrangements and bus services, as well as the proposals for a temporary diversion of the public right of way adjacent to the Boultham Catchwater.
- 7.4 In addition to the newsletters and events, the developer team will meet with local organisations and community groups, to engage them in the development process and to look at opportunities for support so that wider social objectives can be achieved through the scheme.
- 7.5 Finally, digital communication will be developed over the next year, including through a website, digital messaging and branding. This will enhance capability to enable a greater level of information and detail to be shared, as the proposals for delivery are developed.



## 8. Strategic Priorities

### 8.1 Let's drive economic growth

The delivery arrangements which are proposed in this report will open up the WGC development. The creation of this new neighbourhood and its proximity to the city centre and main employment areas provides homes for the workforce alongside 20 hectares of commercial land as well as a new local centre providing a wide range of employment opportunities.

### 8.2 Let's reduce inequality

The development will have a positive benefit in terms of this priority. As well as 20% of the new homes being affordable, a range of employment opportunities, paid for and free cultural/leisure opportunities, energy efficiency measures as well as a wide range of options for walking/cycling and non-car transport measures.

### 8.3 Let's deliver quality housing

The Council will be ensuring through its land ownership that a full range of type and tenure of housing choice is delivered to a quality standard, commencing with Phase 1a. The landownership within the Housing Revenue Account will also enable development of Council homes on the site beyond Phase 1a alongside the sale of land to generate funds to spend on delivering housing priorities, including Council homes in other parts of the City.

### 8.4 Let's enhance our remarkable place

The area for development has a fantastic environment and some very special attributes in terms of existing quality landscape, views of the historic area and the biodiversity of the natural environment that will be utilised to create a quality community environment. The detailed development proposals will be required to take account of these assets and to seek to preserve key landscape features and to secure biodiversity net gain across the site.

## 9. Organisational Impacts

### 9.1 **Financial Impacts:**

There is a revised funding requirement of £4.320m to support these initial infrastructure works. This represents an increase of £2.105m over the 2019 estimates, largely as a result of cost-price inflation.

The return to be derived from the subsequent housing development, which is estimated at £2.415m, will help to recover the cost of this initial infrastructure in part over the short-medium term, leaving an estimated net cost of £1.906m.

Over the longer-term, revenues from land sales and housing delivery unlocked by the Phase 1b work will cover these costs in full and generate a surplus for the Council. The award of grant to support the bridge works under LUF2 will accelerate delivery of this infrastructure and should reduce the financial risk to the Council in delivering Phase 1b, helping to offset the additional upfront requirement for Phase 1a over the longer-term.

### 9.2 **Procurement:** All procurement associated with the delivery of the proposals set out in this report will be undertaken in accordance with Public Contract

Regulations 2015. There is also an agreed procurement strategy agreed with LWCG that forms part of the Delivery Agreement.

The proposals for Phase 1a will make use of the Pagabo procurement frameworks. These frameworks provide a compliant and expeditious route to market and allow for early engagement with a contractor to support feasibility and cost-planning from the beginning. The process of engagement allows for this work to be progressed under an initial pre-construction agreement, prior to a delivery agreement, and with no obligations to proceed to the delivery phase. This assists in ensuring an early understanding of project feasibility and costs whilst also protecting the Council's position.

Services in support of the delivery of the Phase 1a proposals have been procured in accordance with the Procurement Strategy and the PCR regulations.

The procurement strategy for Phase 1b and the wider development proposals is currently being reviewed in light of the LUF2 funding announcement and the need to accelerate delivery. In all cases, goods and services will be procured in accordance with the PCRs, either via compliant frameworks or via a traditional method, in alignment with the Council's Procurement Strategy.

- 9.3 **Legal Implications:** External legal advice has been obtained in relation to the procurement of a development partner under the Pagabo framework. Further external legal advice will be obtained in relation to the drafting of the proposed heads of terms and the full development agreement to ensure that the process followed and the final form of agreement complies with the PCR regulations and wider legislation, including in relation to subsidy control.
- 9.4 **Equality, Diversity and Human Rights** – There are no new implications arising from this report that require an Equality Impact Assessment or Action Plan at this stage.
- 9.5 **Human Resources** - a combination of internal officers and specialist external advice is either already in place or funds identified within the report to provide the required human resource to deliver the implications of the report.
- 9.6 **Land and Property** – The CPO relating the unregistered parcels of land has been published and the consultation period underway, closing on 2<sup>nd</sup> March 2023. The Order, together with the Statement of Reasons and all supporting evidence has been submitted to the Secretary of State, pending this current consultation period. Subject to confirmation of the Order, the Council will proceed to exercise its powers to acquire the land compulsorily.

The land swap agreement with the Church of the Latter Day Saints completed on 7<sup>th</sup> February 2022.

## 10. Risk Implications

- 10.1 A risk register is in place for the delivery of Phase 1a and for the development as a whole.

Key risks and mitigations include:

- Scheme viability and ability to fund/finance – cost sharing arrangements, external grant funding, delivery mechanisms to share risk/return
- Scheme delay/increase in costs – land acquisitions and technical approvals well progressed/greater cost-certainty, contingencies, dedicated project manager/QS, contract provisions
- Market conditions impacting house prices – delivery mechanisms to share risk/return, control of build-out programme, contract provisions
- Subsidy control and wider legal matters – proposals in line with Delivery Agreement and Council policy, independent legal advice on mechanisms and contract drafting for delivery
- Construction impact/disruption – planned programme for communication and engagement, detailed traffic management plan, contract provisions and conditions

The risk registers are reviewed on a regular basis by the developer team as part of the project governance arrangements.

## **11. Recommendations**

- 11.1 To approve the proposed delivery arrangements for the Phase 1a infrastructure works, which are required to provide access to the development from Skellingthorpe Road.
- 11.2 To approve the proposed delivery arrangements to progress the detailed design of the first 52 homes to enable the submission of a Reserved Matters application during summer 2023.
- 11.3 To approve in principle, the proposed delivery arrangements for the gateway housing, to allow for development once the initial infrastructure works have been progressed and subject to planning consent. The final form of development agreement shall be subject to a further Executive approval.
- 11.4 To acknowledge the award of funding under the Levelling Up Fund Round 2 (LUF2), which will enable the accelerated delivery of the Tritton Road bridges known as Phase 1b of the WGC development.
- 11.5 To agree to delegate the final signing of the Memorandum of Understanding (MoU) in respect of the LUF2 funding to the Director of Major Developments and Section 151 Officer, in consultation with the Leader of the Council, to enable the initial feasibility and design work to proceed as set out in this report, in order to inform the full delivery strategy and to meet the funding timescales.
- 11.6 To approve the proposed consultation and engagement strategy to keep the community and stakeholders informed of project progress prior to and during the construction phases.

**Is this a key decision?** Yes

**Do the exempt information categories apply?** No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** No

**How many appendices does the report contain?** None

**List of Background Papers:** None

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