

North Somerset Council

REPORT TO THE COUNCIL

DATE OF MEETING: 16 JUNE 2020

**SUBJECT OF REPORT: ACCEPTANCE OF HOUSING
INFRASTRUCTURE FUND (FORWARD FUND) GRANT HEADS OF
TERMS WITH CONDITIONS**

TOWN OR PARISH: BANWELL AND LOCKING

**OFFICER/MEMBER PRESENTING: THE EXECUTIVE MEMBER FOR
PLANNING AND TRANSPORT**

KEY DECISION: NO

RECOMMENDATIONS

It is requested that, in relation to the Housing Infrastructure Fund (HIF) (Forward Fund), Council;

1. notes the draft heads of terms and conditions;
2. agrees to increase the NSC Capital Programme by £97,067,550;
3. delegates to the Executive Member for Planning and Transport, with advice from the Director of Development and Environment, Director of Finance and Head of Legal & Democratic Services, to agree the final terms of the Grant Determination Agreement and Assurance Framework incorporating the HIF final heads of terms and conditions.

1. SUMMARY OF REPORT

- 1.1 North Somerset Council submitted an Expression of Interest on 28 September 2017 to the HIF Forward Fund. The objectives of this bid are to provide infrastructure and educational provision which can support the delivery of existing and potential housing allocations totalling 7,557 new dwellings. 4,482 of the homes are to be located at the existing Weston Villages development sites; the specific numbers and locations of the residual dwellings will be subject to the new Local Plan process.
- 1.2 Following a successful shortlisting, COU18 on the 8 May 2018, gave authority to work up the business case for this project, as part of Stage two: Co-

Development. This work was completed, and the HIF business case was submitted on 7 February 2019 following approval under 18/19 DE341.

- 1.3 Following a period of assessment and scrutiny, the Ministry of Housing, Communities and Local Government (MHCLG) recommended to the Secretary of State for Housing, Communities and Local Government approval of North Somerset Council's HIF (FF) bid. This was confirmed on the 26 November 2019 in a letter to the Council together with accompanying terms and conditions.
- 1.4 The Council needs to formally accept the Heads of Terms (which captures the main terms of the Grant Determination Agreement (GDA) and associated conditions in order to receive the HIF funding of £97.1M. The conditions are a mix of standard and bespoke to the project.
- 1.5 The funding on offer provides a unique opportunity to provide infrastructure to deliver benefits to existing communities and to enable the delivery of housing, however with this level of funding comes risks which the Council needs to consider in acceptance of the funding terms and conditions. Key risks are detailed in section 8 to this report.
- 1.6 The council has a statutory duty to provide school places and housing. In a no-HIF world significant additional school places would still be needed to provide school places to cater for children already within the primary educational system and to enable housing at Weston Villages. Banwell Bypass can enable housing in the area and provide relief to the village of Banwell. Without these key infrastructure interventions being provided before housing takes place, housing development will stall, and alternative provisions will need to be found in addition to any housing requirements from the emerging Local Plan process.
- 1.7 Given the ongoing situation regarding Covid-19 Pandemic, programme and cost impact is inevitable, with less efficient working practices, inability to undertake full advanced works, supply chain uncertainties and delays, financial volatility (deflation a possibility) all having an impact on the ability to seamlessly undertake works. Discussions are continuing with HE on how these impacts can be covered within the grant consideration with regard to programme and cost.
- 1.8 The HIF infrastructure has always been essential in terms of provision of school places and enabling infrastructure for Banwell relief and housing provision. In the light of COVID-19 and its wider societal and economic impacts the infrastructure takes on more resonance as part of local and regional recovery and has a key place in the Councils economic strategy and wider economic recovery and renewal.
- 1.9 As part of ongoing engagement and consultation, we have taken this project through an informal scrutiny meeting on the 5 June for which comments and feedback will be given by the Executive Member at the Full Council meeting. We will then be returning to the first formal SPEDR meeting 22 July to ratify

the recommendations prior to Councillor Tonkin undertaking any delegated authority.

2. POLICY

This supports Core Strategy polices including:

- CS10 Transportation and movement
- CS12 Achieving high quality design and place making
- CS13 Scale of new housing
- CS14 Distribution of new housing
- CS15 Mixed and balanced communities
- CS16 Affordable housing
- CS20 Supporting a successful economy

The proposed infrastructure also supports the Corporate Plan priority of ‘a broad range of new homes to meet our growing need, with an emphasis on quality and affordability’.

3. DETAILS

3.1 The HIF is £5.5 billion capital grant funding available until March 2024. It is allocated to local government on a competitive basis, providing infrastructure targeted at unlocking up to 650,000 new homes in England.

3.2 Following a successful bid process North Somerset Council were awarded (subject to agreeing terms and conditions) £97.1M, the full grant requested, for the delivery of key enabling infrastructure, namely;

- Secondary school place provision at Weston Villages;
- Banwell bypass including land assembly and flood mitigation works;
- Local transport improvements including supporting active and sustainable travel and public realm/traffic management within Banwell village;
- Strategic capacity improvements to the utility network.

3.3 The key headline programme is detailed below (subject to COVID-19 assessment);

- Council Grant Decision – 16 June 2020
- Procurement Plan approvals - May and June 2020
- Signing the GDA - August 2020
- Supplier appointments - Autumn 2020
- Planning submissions - Autumn 2021
- Planning determinations - Winter 2021/2022
- Public Inquiry - Autumn 2022
- School construction commences - Summer 2022
- School completion - 2024
- Highway work commences - 2023

- Highway work completion - 2024

3.4 The core objectives for the HIF programme:

- To deliver infrastructure that maximises, underpins and de-risks associated housing development in the shortest possible timeline;
- To deliver infrastructure that is affordable and provides good value for money;
- To deliver infrastructure that meets the needs of all stakeholders including developers and local communities; and
- To minimise environmental impacts and maximise opportunities for sustainable travel and biodiversity net gain.

HIF CONTRACT

3.5 To formally secure the funding and drawdown the money for the infrastructure detailed, the council needs to enter into a contract with Homes England.

3.6 As part of the contract, the council will need to agree to a set of funding conditions. These include both standard conditions for all schemes and bespoke conditions for each project. The conditions are detailed Appendix 1.

3.7 The commercial Heads of Terms (HoT's), capture the main terms of the Grant Determination Agreement (GDA) with a key summary document detailed Appendix 2.

3.8 In addition, the council will need to sign up to an Assurance Framework which builds on the previous checks and balances during bid development and includes regular reporting, an annual performance review and a robust approach to monitoring and evaluation. The framework can be found Appendix 3.

3.9 The GDA is a project specific legal agreement which sets out the terms and conditions for the grant funding, including the amount of the grant awarded, the availability period, project deliverables (including key milestones and outputs) monitoring and evaluation. The GDA should be read together with the HoT's and the Assurance Framework.

3.10 Particular reference to 3 pre-conditions are required;

- Condition 4 - Land for Bypass: NSC to provide a letter from the Chief Executive setting out that the land acquisition is approved in principle;
- Condition 7 – Compulsory Purchase Order (CPO) approval: Evidence to be provided that NSC will use CPO powers if required.
- Condition 15 - NSC to confirm in writing that it will cover all cost overruns for the delivery of the infrastructure

We will need to acquire land to complete Banwell Bypass, we will seek to secure the land necessary by negotiation and agreement, but the use of CPO may be needed to secure the land necessary.

The actual exercising of CPO powers would be subject to a specific council resolution during the scheme development.

As is usual for Government funding grants, cost over-runs would need to be funded by the Council. The risk and mitigation options to ensure we avoid or minimise cost pressure is detailed more fully in section 5 Financial Implications and section 8 Risk Management of this report.

A formal letter from the CEO will be required to confirm acceptance of the conditions noted above.

- 3.11 Pre-contract conditions detailed at Appendix 1 will need to be satisfied prior to entering into the GDA. These conditions mainly focus on information supplied within the HIF bid previously or relate to updated cost and programme information. They also include the conditions related CPO, land and cost. Work has progressed well on the satisfaction of the pre-contract conditions and will be satisfied prior to the GDA signing currently of the forward plan for August 2020. Post-contract conditions must be satisfied prior to commencement of the main infrastructure works commencing. These mainly flow from the pre-contract conditions but also cover planning, design and land acquisition for which HE will fully fund (through the GDA).
- 3.12 Whilst the impact of COVID-19 upon programme and cost is currently uncertain, scenario planning will assist in providing a framework for understanding of likely impacts, both in terms of potential deflationary impacts and contractor response to the crises. We continue to discuss COVID-19 with HE with regard to assistance on programme and cost pressures (if they arise). This risk and mitigation is covered more fully in section 5 Financial Implications and section 8 Risk Management of this report.

LOCAL PLAN

- 3.13 The route of the Banwell Bypass has been safeguarded on the Policies Map. Additionally, the safeguarded route alignment is identified in Core Strategy Policy CS10 and Development Management Policies Plan DM20 which was adopted in July 2016 and covers the period to 2023 and identifies the main design, development and legal processes needed for the Bypass work.
- 3.14 The secondary school at Parklands Village is identified in the Weston Villages SPD with the land secured through S106 agreements. 4,482 of the homes identified in the bid fall within the Weston Villages development area, which is an allocation in the existing Local Plan. Core Strategy Policy CS30 and Site Allocations Policy SA1.
- 3.15 A new local plan is being prepared by the council to cover the period 2023-2038 which will help identify the location of the remaining HIF enabled dwellings.

- 3.16 The new local plan will guide housing, business investment, transport and infrastructure until 2038 and should be adopted by 2023. The recent publication of the Local Development Scheme (LDS) sets out the timetable for the emerging new Local Plan including what documents will be produced and when. Additionally, a Pre-Commencement Document outlines the plan's scope and marked the formal start of the process.

TIMETABLE AND MILESTONES	
Pre-Commencement Document (Reg 18)	March 2020
Issues and Options Consultation (Reg 18)	May – June 2020
Consultation on Draft Plan (Reg 18)	January 2021
Consultation on Pre-Submission Plan (Reg 19)	September 2021
Submission to Secretary of State (Reg 22)	December 2021
Examination Hearings Period (Reg 24)	April 2022
Inspector's Report (Reg 25)	October 2022
Adoption (Reg 26)	January 2023

- 3.17 At the Executive meeting on 29 April 2020 it was resolved to consult on the Issues and Options in two stages. The first stage to communicate the issues faced by the district and seek views on them and then, following consideration of the responses received, to consult separately on the options for potential spatial strategies for future development. The 'Challenges' consultation would take place in Summer followed by 'Choices' in the Autumn. This will result in some slippage to the published plan-making timetable.

4. CONSULTATION

- 4.1 The Banwell Bypass safeguarded route alignment and the allocated area for the Weston Villages secondary school formed part of consultation undertaken within the Development Management Policies Plan in July 2016.
- 4.2 Further consultation was undertaken with local communities during November 2018 as part of various focus groups Local Plan Issues and Options consultation. The new Local Plan process has commenced and will be accompanied by an extensive programme of consultation over the next 2 – 3 years.
- 4.3 Education Provision in North Somerset ~ A Commissioning Strategy 2018 – 2021 was the subject of public consultation during the period 5 March to 27 April 2018. The strategy sets out how the Council hopes to work with existing and new partners to deliver the right number of school places in the right locations to meet Basic Need. With academisation, it must be noted however that much of the consultation about specific additional school places and any decisions about new provisions will be made outside the Council's remit.
- 4.4 However, the core and specific detailed consultation and engagement for the programme of infrastructure works will take place from late 2020 onwards. With the initial early engagement focussed on the local community and

landowners at Banwell to engage with them on access for seasonal ecological surveys.

- 4.5 The HIF engagement and communication strategy aims to ensure project success through effective engagement, consultation and communication, the strategy will;
- Build effective relationships between the programme and key stakeholders;
 - Ensure stakeholders are consulted and informed about the programme and its activities;
 - Engage and consult to achieve meaningful feedback from representative participants;
 - Increase participation in consultation;
 - Raise awareness of the programme among stakeholders;
 - Improve understanding of the programme’s projects – school, housing and road;
 - Ensure effective and responsive internal communication across programme teams between project staff and across workstreams.
- 4.6 We will be engaging with SPEDR throughout the life of the project to provide regular updates and allow open and transparent decision making around the project. We have started this with an informal scrutiny meeting on 5 June which will be followed by the first formal meeting on 22 July.

5. FINANCIAL IMPLICATIONS

- 5.1 The total project cost to develop and deliver the HIF infrastructure was estimated at submission, March 2019, at £99.8M, however this estimate used dates provided by HE on when Government announcements and funding for successful schemes would be available, that is May 2019 and when completion was required, March 2023.
- 5.2 However, whilst the bid was submitted in March 2019, the successful announcement did not arrive until November 2019 and funding will be available following this decision and formal signing of the GDA, likely to be August 2020. Completion date has been pushed back to March 2024, which whilst helps in enabling delivery, adds further risk and inflationary pressure to the bid amount. This is detailed in the table below;

Element	Cost Estimate March 2019	Cost Estimate May 2020
Banwell Bypass including land assembly and flood mitigation works	£46.4M	£46.4M
Secondary School Places	£27.1M	£28.0M
Transport Improvements	£4.0M	£4.0M
Utility upgrades	£4.0M	£4.2M
Inflation	£8.4M	£12.9M
Risk	£9.3M	£10.4M

Bid Preparation Costs	£0.6M	£0.6M
Total	£99.8M	£106.5M

The cost estimation process used a multi-level approach to ensure the bid costs were robust, this included;

- 'Bottom-up' approach by independent Commercial Services team. Using a rates database that has been built-up from cost submissions from tenderers and the supply chain;
- Top-down benchmarking exercise undertaken to give certainty of order of magnitude. Both linear cost comparisons and comparisons by specific work areas using previous major projects;
- A contractor review of costs was also undertaken;
- Benchmarking against local and regional major projects;
- Peer review of costs by disciplines including NSC costs informed by colleague engagement culminating in a programme cost review workshop to validate costs;

The original bid figures were revisited and assessed by the consultant teams supporting the council in the HIF bid and further informed by internal colleagues to understand programme delay and inherent risk and inflation impacts.

The additional risk reflects the construction industry which is experiencing changing and challenging market conditions with supply chains becoming increasingly selective in the opportunities they pursue, this is leading to pricing volatility and reduced the number of available contractors which has increased the risk profiling for the HIF programme as noted above. This is considered further in the risk section of this report.

Furthermore, the additional time delay for the programme has had a significant inflationary impact upon the programme with £4.5M added to cover inflation over the over 12-month period of delay and time extension to the programme.

It should be noted however that these revised figures do not consider COVID-19 impacts upon primary programme delay due to inability to carry out works, in particular, advanced work, resource reallocation, consultant and construction industry impacts, and also impacts upon costs of raw materials, labour costs and inflation. Some of which will have a negative impact upon prices. Scenario planning will assist in our understanding of likely impacts and how working with HE and Government we can jointly manage and mitigate both programme and cost impacts.

5.3 The HIF Forward Fund grant allocation with March 2019 bid submission of £99.8M, from;

HIF grant	-	£97,067,550 (awarded subject to T&C's)
North Somerset Council	-	£213,000 (bid costs paid)
Section 106	-	£2,195,000 (future receipt)
Bloor Homes	-	£187,000 (bid costs paid)

HIF capacity funding	-	£110,000 (bid costs paid)
Total	-	£99,772,550

Current estimated cost of HIF infrastructure development and delivery is as noted in 5.2 now £106,500,000, which is a potential shortfall of £6,727,450, this additional funding falling mainly in the risk and inflation section has resulted from the additional time between HIF application and grant acceptance to award. Currently HE is unable to confirm any additional funding, so the shortfall, if it arises, would need to be found locally.

Below details opportunities to fund this potential shortfall.

Basic Need	-	£1,000,000
CIL	-	£14,458,632

The CIL would be in addition to any S106 recovery achieved, plus CIL from non-strategic sites.

CIL figure does not include indexation, which is calculated annually in line with national guidance. This figure is not guaranteed and is subject to site viability assessment. CIL is also needed for other key infrastructure including primary schools, GP surgeries and highway improvements.

The financial risk is considered more fully within Section 8 Risk Management of this report; however, it is noted that the programme has only assumed the original £99.8M for scheme delivery purposes with the additional detailed as risk/inflation. Key to this will be robust budgetary management and control and working with finance and procurement colleagues across the programme team in bringing the HIF infrastructure to the original bid amount;

- Engagement with suppliers to ensure value for money and exercising appropriate contractual mechanisms to secure price certainty and/or flexibility to enable value engineering where appropriate;
- 'Cutting our cloth' – without compromising quality or scheme objectives;
- Work with providers on actual school provision requirements;
- Noting the large original risk and inflation allocation;
- Continue to lobby HE for additional funding.
- Note the option for GO/NO GO gateway points to enable informed programme and financial decision making along the timeline.

6. LEGAL POWERS AND IMPLICATIONS

- 6.1 Subsequent works inherent within the proposal if progressed will require exercise of functions (and use of applicable Acts) of the Local Planning Authority, Mineral Planning Authority, Local Highway Authority, Local Education Authority and Housing Authority.

- 6.2 To carry out the procurements, the council will ensure it is compliant with the Public Contract Regulations 2015.
- 6.3 The council will need to acquire land in order to construct the Banwell Bypass; it is proposed that all the land required for the bypass will be acquired by negotiation and agreement, but the council can and may have to use its CPO powers if agreement cannot be reached with landowners. The decision on the use of such powers will be subject to a further and specific council resolution.
- 6.4 The School Standards and Framework Act 1998 sets out how Local Authorities should exercise their statutory duties to secure education to meet the needs of the population in their area. The Education and Inspection Act 2006 enhanced the role of Local Authorities, making them strategic commissioners of services with a mandate to promote high standards for all and greater choice and diversity.
- 6.5 The Education Act (EA) 1996 Section 14A, added by Section 3 of Education and Inspections Act (EIA) 2006 requires Local authorities to consider and respond appropriately to parental representations about school provision in relation to local authorities' functions under Section 14 of the Education Act 1996. Local Authorities must reasonably consider parental representations regarding the provision of schools and respond accordingly, including outlining any proposed action or, where it is considered action is not needed, to explain the reasons for this.
- 6.6 The Education Act 2011 maintains the role of Local Authorities as the strategic commissioner of services but provides greater autonomy of education provision by the encouragement of the establishment of academies, free schools, studio schools and Enterprise Colleges that are independent of the Local Authority. The Act gives Local Authorities 'a critical new role as strengthened champions of choice, securing a wide range of education options for parents and families, ensuring there are sufficient high-quality school places, co-ordinating fair admissions, promoting social justice by supporting vulnerable children, and challenging schools which fail to improve.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 A council led initiative to ensure all supply chain partners play an active and key role in ensuring the council's ambition of carbon reduction and bio-diversity net gain is secured and achieved through both as an active member of the project team and through as necessary application of statutory and non-statutory legislation in the design, development and delivery of the proposed infrastructure.
- 7.2 We will be adopting best practice through the use of independently assessed and verified CEEQUAL and BREEAM sustainability assessment methodology across the programme of highway, school, housing and master planning to ensure as a programme of work we deliver on the council's ambition regarding carbon reduction and bio-diversity net gain.

7.3 The benefits that will be secured include;

- Whole-life costing reduction, waste minimisation, resource efficiency (materials, water, energy), responding to climate change.
- Reduction in material usage and maximising the use of recycled materials.
- Carbon reduction in construction - PAS2080:2016 standards to secure understanding on carbon creation and methods to reduce and offset; solar power, local labour and supply.
- Biodiversity net gain – ensure we leave the environment enriched; ponds, tree planting, meadows.
- Cost savings through design changes and alternative materials; carbon reduction as a proxy for cost saving.
- Public transport and walking/cycling routes provided and enhanced – robust links to existing networks including rail.

7.4 HIF infrastructure also provides a unique opportunity to secure substantial positive social value benefits in line with council’s corporate objectives, specifically;

Employment for young people and those removed from the job market;

- Promoting positive environmental impacts through local community engagement;
- Use of local supply chains and local labour;
- Supporting schools and lifelong learning;
- Volunteering within local community.

8. RISK MANAGEMENT

8.1 The HIF programme and grant of £97.1M of external capital funding provides a unique opportunity to deliver much needed school places and highway infrastructure to enable significant housing delivery – all key requirements at both local and national levels and forming part of the council’s statutory obligations. Acceptance of the HIF terms and conditions and the GDA inevitably comes with specific risks, these contractual/programme level risks are detailed below, together with potential impact and mitigation. All costs, including cost-push inflation and impact on the timetable for delivery of the infrastructure works prepared currently do not take account of any COVID-19 impacts.

Risk	Impact	Mitigation
Council declines the HIF grant terms and conditions	<p>Loss of £97.1M capital grant funding and opportunity to deliver new secondary school places and bypass, contrary to the corporate plan objectives.</p> <p>The identified need for school places resulting from housing delivery at Weston Villages (predicated on the need for a</p>	<p>Council notes the conditions and HOT summary, which inform the GDA and agrees to delegate formal acceptance and signing of the GDA as per recommendation 3 of this report. Council notes the following risks and mitigations relating to programme and cost.</p>

	<p>new school) will have to be accommodated and an alternative funding mechanism found; substantial temporary accommodation on existing school sites to accommodate new class rooms; Housing delivery at Weston Villages would halt, impacting 5-year housing supply and longer-term housing rollout.</p> <p>Loss of Banwell Bypass could prevent housing to the east of Weston-super-Mare; Any housing location will require substantial infrastructure with a currently unknown risk profile. Lose the opportunity to bring relief to the village of Banwell and improvements in air quality and village quality of life.</p>	<p>Council notes the ability to stop work at gateway decision points -go/no go points without penalty.</p>
<p>Timely HE decisions has delayed the programme.</p> <p>The bid submission assumed a decision for HIF funding by May 2019 (HE date), drawdown of funding soon after and completion of the Infrastructure Works by Spring 2023 (HMT deadline). HE's decision to award HIF funding was notified to the Council in November 2019. Whilst an additional year has been added to the programme, completion of the infrastructure works by March 2024, this programme delay has created increased inflationary pressure on the budget.</p>	<p>Cost remodelling undertaken by education and highways, working with consultants, has indicated additional cost push inflation risk of £4.5m due to delay. This inflationary increase can possibly be accommodated within the envelope of the grant, but the risk of a cost overrun has increased from the bid submission date.</p>	<p>GDA notes three funding windows, historic, preliminary and infrastructure, costs up to infrastructure delivery will be fully covered by the grant and prior to the infrastructure delivery there is an opportunity for a GO/NO-GO decision whereby money spent to date does not have to be paid back to HE (subject to milestone extension agreement if required). 'Cutting-our-cloth' – working with the supply chain to the original budget will be key and contracts working for us through use of effective clauses to offer cost certainty and/or flexibility with regard to value engineering and dependent upon a clear assessment of risk and opportunity. The original budget and grant application included substantial risk and inflation assumptions to the value of £17.9M. The HIF governance includes for regular reporting and updating of cost plan and forecast – this will include management and implementation of mitigation measures, which could include assessment of scheme scope, type and nature of infrastructure not fundamental to outcomes needed. High level senior lobbying of HE underway to secure additional funding in relation to the inflationary impact of delayed decisions.</p>

<p>Cost above the grant sum of £97.1M borne by the Council.</p> <p>The sum of £97.1m is the total grant sum available for the Infrastructure Works.</p>	<p>The Council is responsible for funding the cost of any over-runs locally.</p> <p>Current updated cost planning has indicated that due to inflation and risk review the potential cost of the infrastructure works is now estimated at £106.5M.</p>	<p>As above; and</p> <p>The project team has secured approval for the various procurement plans and once the GDA has been signed, will be able to commence competitive procurements to secure the suppliers as quickly as possible. The contracts will include a strong emphasis on value for money and will move the project from estimates to actual values, working with the supply chain will provide further opportunity to assess cost envelope without the council being exposed to funding works beyond the grant allocation, working with the industry to the original budget envelope to deliver solutions.</p> <p>Substantial risk and inflation assumption of £17.9M included in bid costs.</p> <p>Potential for CIL contributions from development may be available and could help address/reduce funding shortfall, this will be assessed during scheme development re scope of potential funding but is currently estimated at £14.45M</p> <p>Working with school provider may allow some economies in scale if the school can be a 2nd site expansion to a current provision rather than a new school.</p> <p>Conservative in our original estimating, worse-case assumptions.</p>
<p>Programme completion by March 2024 not achievable</p> <p>Completion of the infrastructure works, including full completion by March 2024, cannot be delivered by the key milestone dates and in accordance with the expenditure forecast.</p>	<p>The infrastructure works are complex and subject to many external factors and statutory processes including, planning, local plan adoption and public inquiries.</p> <p>A delay to the construction programme and/or increases in costs and cost-push inflation as a consequence of the Covid-19 pandemic.</p> <p>The Council cannot draw down the HIF funding after the 31 March 2024.</p> <p>In the event of failure to achieve the key milestone dates HE may: reduce the HIF funding to reflect any variations to those dates, agreed by the parties;</p>	<p>As above; in particular the funding of works up to infrastructure delivery and the ability to decide at that key GO/NO-GO decision point minimising cost exposure to the council and prior to infrastructure delivery.</p> <p>A deed of variation clause with the GDA does allow milestone variation to be explored with HE, this will be subject to agreement.</p> <p>The GDA provides for the milestone dates to be extended in certain circumstances, including any reasonable delays in the planning process and CPO, (subject to HE agreement).</p> <p>Programme analysis and independent assessment by contractor has indicated that June 2024 is possible for completion of the works, but that it requires robust and timely decision making throughout the project lifecycle. (Non COVID-19 impacts)</p>

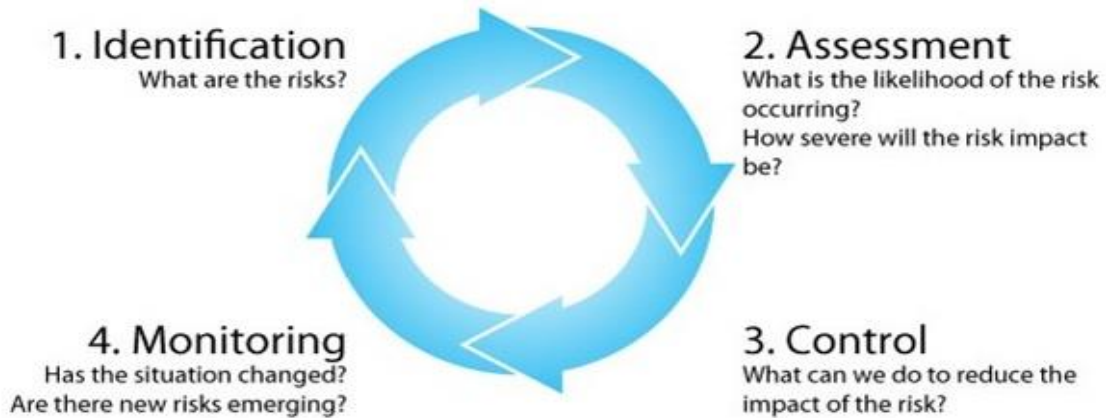
	<p>HE can also terminate the GDA; withhold and cancel any further payment of the funding; reallocate or redirect any part of the funding (not yet paid to the Council) to a third party.</p>	<p>Lobby of HE to extend the funding and delivery window to take account of delays in the HIF process, early indications are that additional time could be granted in line with our requirements.</p>
<p>Housing Development</p> <p>To procure the delivery of the housing numbers by the target dates set out in the Grant Determination Agreement</p>	<p>The Council can enable and unblock but has little control over the timing for the housing start on site date, build out rates or practical completion dates, which will be influenced by factors such as the state of the economy, confidence in the housing market, economic growth and job security; affordability, with the added complicating factor of Covid-19 and the end of the Brexit Transition Period.</p>	<p>Using previous delivery models and working with developers will provide some level of assurance over housing delivery. A Joint Delivery and Review Board underpinned by a signed Joint Position Statement. The Board would meet quarterly, with a focus on unlocking obstacles to development and investment. Fortnightly "Priorities" meetings for officers to address any issues that have arisen, as well as regular meetings of a working group of elected members is proposed to ensure robust management and unlocking of development.</p>
<p>State Aid</p> <p>If the HIF Funding is found to be unlawful State Aid, the Council must repay the HIF funding, plus interest, to HE.</p>	<p>The Council would have to repay all the funding it had received from HE, plus interest, irrespective of whether that funding has already been spent.</p>	<p>The Council and HE to work together to restructure the arrangements to make the HIF Funding State Aid compliant,</p> <p>The Council has obtained external state aid advice which advises that funding is not unlawful state aid but funding to provide genuine infrastructure provided the new bypass is not designed solely to benefit adjoining land owners / developers, nor designed solely to access the proposed developments sites and within the planning legislation the Council secures CIL/s.106 funding from landowners/developers contributions for the new school.</p>
<p>Risk factors outside of the Council's control impacting Milestone Dates and cost of the infrastructure works, including;</p> <p>Covid-19 pandemic impacting supply chains, material availability, workforce and costs of works;</p> <p>Uncertainty following the Brexit transition period.</p>	<p>Uncertain but potentially significant programme impacts resulting in delay, cost and inflationary pressures.</p>	<p>GDA does allow milestone variation to be explored with HE, this will be subject to agreement.</p> <p>The GDA provides for the milestone dates to be extended in certain circumstances, including any reasonable delays in the planning process and CPO, (subject to HE agreement).</p> <p>Early engagement with supply chain partners to understand likely cost and</p>

		programme impacts; scenario planning. Covid-19 provision now within GDA.
Repayment of the HIF Funding in certain circumstances, including on fundamental default and unlawful State Aid.	<p>In the event of fundamental default or if the funding is held to be unlawful State Aid, the Council is required to repay the HIF funding and all others sums due under the GDA, plus interest.</p> <p>General default incapable of remedy, or where the default is capable of remedy but the Council fails to do so, or where the parties fail to agree a resolution for any material amendment, HE may withhold and cancel any further payment of funding and /or reallocate or redirect such part of the funding, not yet paid, to a third party.</p>	<p>Legal and financial support and opinion obtained at all key decision and gateway points. Strict adherence to CSO, statutory processes and procedures.</p> <p>The Council to follow and ensure that the Contractor and the professional team follow good accounting practice financial recording keeping and reporting;</p> <p>Robust governance and legal/financial/planning support.</p> <p>Ongoing and constant engagement with HE to advise of programme and costs.</p> <p>GDA includes for a remediation plan to remedy or mitigate the effects of the default.</p> <p>A deed of variation clause with the GDA does allow milestone variation, subject to HE agreement.</p>
Indemnities to be given by the Council to HE are uncapped and unlimited		<p>Insurance provision from supply chain will cover the design, development and construction activities.</p> <p>The Council to require like for like warranties and indemnities from the contractor and the professional team</p> <p>The highway infrastructure will form part of the public highway with the equivalent liabilities.</p> <p>School provision when in use will form part of the insurance stock of the school sponsor.</p>

8.2 In addition to the risks associated specifically with the HE contracts documents, there are also more granular programme specific risks. A quantified risk assessment (QRA) has been established and re-assessed to understand the likelihood and value of scheme risks that may arise during scheme development and construction. Specifically, the scheme costs include for contingency to cover the associated QRA identified and valued risks

8.3 Risk management is the methodical approach to identifying, quantifying and managing risks that occur during the lifecycle of a project. The key to effectively mitigating risks is to develop a series of well-defined steps to support better decision-making through an understanding of the potential risks inherent to a scheme and their likely impact. A risk management strategy has been developed in line with HM Treasury Green Book.

The four-stage approach adopted;



8.4 This approach has been embedded within the formal programme delivery documents.

Top infrastructure programme specific risks are detailed below;

Highway;

Risk "There is a risk that..."	Cause "This is because..."	Consequences "If the event occurs, there will be the following consequence(s)..."	Proximity	Mitigation Actions	Likelihood (%)	Cost Impact	Schedule Impact	Reputational Impact	Score
Objection to scheme from public causes delays	Lack of engagement / consultation. Political pressures	Programme delays	Planning / CPO	Develop comms strategy engaging with Parish Councils and local community	3. Possibly	0. None	3. Moderate	4. High	12
Early land access for surveys isn't granted when necessary	Land not yet acquired	Programme delays	Planning / CPO	Highway powers to be used if negotiation is not possible	3. Possibly	2. Low	4. High	3. Moderate	12
CPO objections	CPO likely to be required for road	Programme delays and cost increase	Planning / CPO	Project Director reviews and discipline lead reviews to ensure best practice and compliance is achieved. Allowance made in programme for Public Inquiry	4. Likely	2. Low	2. Low	3. Moderate	12
Impact on SRN requires significant mitigation	Highways England acceptability criteria not well defined	Programme delays and cost increase	Design	Agree modelling requirements with HE and quantify impacts on SRN. Impact at J21 to be mitigated through small, short term interventions.	2. Unlikely	5. Severe	4. High	3. Moderate	10
New utilities required for SDL exceed expected provision	Master planning to be finalised to establish exact requirements	Cost increase	Design	Carry out early liaison	3. Possibly	4. High	2. Low	3. Moderate	12
Flood modelling identifies greater impact on design	Further flood modelling is required to confirm flood zone constraints	Programme delays and cost increase	Design	Accelerate flood modelling in programme.	4. Likely	4. High	3. Moderate	3. Moderate	16
Land costs increase	Potential for increased costs through negotiation process	Cost increase	Planning / CPO	Employ land agent to prepare cost estimates.	5. Almost Certain	4. High	0. None	3. Moderate	20
The road will need to be raised higher through the embankment	Flood level to be confirmed following fluvial modelling	Additional imported fill material	Detailed Design	Carry out fluvial modelling asap	4. Likely	3. Moderate	2. Low	2. Low	12
Moor Road junction will need to connect to Riverside instead of Bypass	The number of junctions on the bypass needs to be minimised	Increased cost to divert and cross River Banwell	Detailed Design	Seek further detail on housing masterplan and incorporation access to Moor Road into fringe of Banwell Garden Village development	4. Likely	3. Moderate	2. Low	2. Low	12

School;

Risk "There is a risk that..."	Cause "This is because..."	Consequences "If the event occurs, there will be the following consequence(s)..."	Proximity	Mitigation Actions	Likelihood (%)	Cost Impact	Schedule Impact	Reputational Impact	Score
Insufficient time allowed for in programme for activities	Duration of tasks is projected only	Programme delays	Construction	Peer reviews of programme. Early contractor involvement to improve efficiency of design solutions and consider deliverability of construction programme	3. Possibly	4. High	3. Moderate	3. Moderate	12
Failure to secure a school sponsor. Possible by July/Aug but only through expansion.	Insufficient contractor engagement or buildability reviews results in inefficient solutions.	Programme delays. No or reduced opportunity for end user customer engagement during design stages if sponsor engages with design/construction late in process. Education Brief will need to be an integral part of the Initial Project Brief at RIBA Stage 1.	Procurement	Early contractor involvement to consider buildability review and workshops to be held at suitable stage gates. Investigate early engagement process with potential school sponsor and obtain Education Brief to incorporate into the Initial Project Brief at RIBA Stage 1.	3. Possibly	3. Moderate	3. Moderate	3. Moderate	9
Additional existing utilities identified during construction	Potential inaccuracies in available data	Programme delays and cost increase	Design	Carry out GPR survey to minimise risk	3. Possibly	1. Negligible	3. Moderate	2. Low	9
Delays resulting from Statutory Undertakers throughout lifecycle of project	Control over third party inputs limited	Programme delays	Design	Build database of key contacts and provide regular updates	3. Possibly	3. Moderate	3. Moderate	2. Low	9
Additional ecological impacts are found	Limited ecology information is available. Nearby developments increases risk of limited mitigation areas.	Increased cost	Design	Carry out Phase 1 Habitat Survey and species specific surveys. Share information with developer.	3. Possibly	3. Moderate	2. Low	2. Low	9
Unforeseen buried constraints	Not all below ground constraints can be determined pre-construction	Programme delays and cost increase	Construction	Carry out GPR survey to minimise risk	3. Possibly	1. Negligible	2. Low	3. Moderate	9
Completion of design and construction of site infrastructure works and utilities to provide a serviced school plot	Currently not forming part of the NSSR works. Part of the S106 works obligations are to provide a 'serviced site' for the school. No programme or design information is currently available to evidence delivery intent. Scope of works, access point into school and delivery party responsible for same need to be defined.	Delayed co ordination with access design and potential delay to school opening if permanent access is not completed.	Detailed Design	Early engagement with St Modwen and NSSR delivery team and contractor to clarify scope of work and respective party delivery responsibilities	4. Likely	4. High	4. High	3. Moderate	16
School construction will not be complete by September 2023	Duration of tasks with overlap cannot be achieved	School not opened	Construction Stage	Contingency needs to be provided such as by temporary buildings on site	4. Likely	2. Low	4. High	4. High	16
Land acquisition from Homes England and St Modwen is delayed	Parties do not resource or prioritise the progression of the site transfer. Prolonged issues over extent of land boundaries, access or respective parties obligations ie provision of 'serviced site'	Access for surveys, enabling work and construction delayed. Long stop date may be missed.	Construction Stage	Instruct legals and management team to commence engagement for land transfer at an early stage	4. Likely	4. High	4. High	4. High	16

8.5 Whilst there is risks to the council in accepting the grant, any large external capital investment will have risks attached; the risks, costs and programme challenges are known, recognised and will be managed with robust governance and management/mitigation strategies including external scrutiny and audit. Key gateway decision investment points within the programme allow for a period of cost and programme assessment prior to commitment minimising cost and risk exposure, these include GO/NO-GO decisions points prior to construction.

9. EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? **Yes** / No

9.1 An initial screening exercise has been carried out to identify protected characteristics that the Equality Act 2010 requires us to consider, in relation to the highway and school infrastructure. As part of the project design and development phase a full EQIA will be carried out for both the school and highway work.

9.2 The protected characteristics most pertinent to the highways and school are age, disability and religion or belief. Provisions will be made to maximise

equality between those who share a protected characteristic and those who do not.

9.3 Potential solutions to be included in the next stage of the design include: for the Bypass;

- Simple road layouts that are easy to understand and navigate through;
- Gentle slopes on footways to aid mobility;
- Crossing points to ensure established routes to places of worship are maintained;
- Technology within signal-controlled crossing points to indicate to those with disabilities that the signal for pedestrians to cross is active.
- Appropriate provision of toilet, shower and changing facilities for males, females and those with disabilities;
- Simple school layout that are easy to understand and navigate through;
- Gentle slopes on walkways to aid mobility;
- Multi-faith prayer room(s) and quiet spaces for staff that may be, for example, breast-feeding;
- Tactile surfaces to assist those with visual impairments

10. CORPORATE IMPLICATIONS

10.1 The provision of key enabling infrastructure and educational facilities and the improvement of the transport network widely supports the Corporate Plan objectives and priorities but specifically within the priority of a Thriving and Sustainable Place.

11. OPTIONS CONSIDERED

11.1 Council does not agree to the terms and conditions and does not enter the contract with Homes England.
The opportunity afforded by the HIF funding will provide a step-change in infrastructure delivery securing nearly £100M of capital investment to deliver much needed infrastructure, including a new secondary school and bypass of Banwell. This infrastructure not only allows much needed housing delivery but also resolves existing issues both within the educational and highway networks.

11.2 Whilst there is significant cost risk to the council in accepting the grant, that is usual when dealing with such sums and the nature of the infrastructure. Robust governance is already in place and will continue to be throughout the life of the programme with key gateway decision investment points where the programme of works can be fundamentally assessed as to cost and programme risks. This will be independent and external to the programme team and include GO/NO-GO decision points.

AUTHOR

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APPENDICES

Assurance Framework for the Housing Infrastructure Fund – Forward Funding
Enabling Infrastructure for M5-A38 Strategic Development – Heads of Terms for
Grant summary
HIF award letter with conditions – 26-11-2019

BACKGROUND PAPERS

<http://apps.n-somerset.gov.uk/cairo/docs/doc28834.pdf>
<http://map.n-somerset.gov.uk/PoliciesMap.html> (Banwell Safeguarded alignment)
<https://www.gov.uk/government/news/government-investment-to-unlock-more-homes-across-england> (links to HiF announcements and all supporting MHCLG HIF documents)
<https://www.jointplanningwofe.org.uk/consult.ti>
HIF Bid Pro-Forma online form 03 December 2018
MHCLG HIF Forward Funding Business Case Guidance
HIF Forward Fund Business Case Questions
COU18 Dated 08 May 2018
Exec Member Decision 18/19 DE341
Corporate Plan 2020-2024
<https://www.n-somerset.gov.uk/my-services/planning-building-control/planningpolicy/local-plan/new-local-plan/about-the-local-plan/>

Appendix 1:

North Somerset Housing Infrastructure Fund - pre and post contract conditions			
Number	Category	Pre /Post Condition	Condition
1	Planning Criteria	Pre-Contract	NSC to provide regular updates on the Local Plan activities to ensure that adoption will allow for the HIF-funded infrastructure to be delivered by March 2024
2	Planning Criteria	Pre-Contract	Statutory consents: Confirm the strategy and statutory approvals process for the infrastructure. This should be clearly identified on the updated project programme
4	Land Assembly	Pre-Contract	Land for Bypass: NSC to provide a letter from the Chief Executive setting out that the land acquisition is approved in principle
5	Land Assembly	Pre-Contract	NSC to agree long-stop date for agreeing acquisition of Bypass land, which needs to ensure that the Bypass can be delivered within the HIF spend window (March 2024)
6	Land Assembly	Pre-Contract	Bloor Homes Land: NSC to provide monthly updates on land acquisition progress by Bloor Homes
7	Land Assembly	Pre-Contract	CPO approval: Evidence to be provided that the NSC will use CPO powers if required
12	Site Conditions	Pre-Contract	Regular and formal engagement with land owners/developers to monitor the planned delivery of housing and provide update to Homes England.
13	Site Conditions	Pre-Contract	Parklands Village: NSC to provide evidence setting out how the required 100 homes are to be delivered at Parklands Village, including the timing for the units to be built

15	Infrastructure	Pre-Contract	NSC to confirm in writing that it will cover all cost overruns for the delivery of the infrastructure
16	Infrastructure	Pre-Contract	Detailed designs and costs: NSC to provide an update on design progress
17	Infrastructure	Pre-Contract	Applicant to provide an up-to-date detailed cost plan, including a breakdown of costs for the secondary school, benchmarked against comparable secondary school projects in England for approval by Department for Education.
19	Financial Viability & Funding	Pre-Contract	Financial appraisal: NSC to provide a comprehensive financial appraisal on a site-by-site basis to demonstrate the amount of HIF grant that can be recovered to include the levels of affordable housing
20	Financial Viability & Funding	Pre-Contract	Recovery mechanism: NSC to confirm the HIF repayment mechanism on a site-by-site basis
21	Financial Viability & Funding	Pre-Contract	NSC to provide evidence on the split of HIF Secondary School costs across each site. Homes England reserves the right to either seek full recovery from Locking Parklands and Moss or reduce the HIF funding in proportion to its contribution
24	Programme & Delivery	Pre-Contract	NSC to provide a detailed programme on the delivery of the infrastructure including planning, design, procurement, delivery and other relevant elements
25	Programme & Delivery	Pre-Contract	Project risk register: NSC to submit an updated Project Risk Register for the infrastructure and housing
30	Land Assembly	Pre-Contract	Provide a strategy for the CPO delivery (if expected to be required) for the land required for the HIF infrastructure.
31	Land Assembly	Pre-Contract	Provide a programme for the land assembly, to include the timetable for CPO if expected to be required.

32	Land Assembly	Pre-Contract	Provide evidence of commitment that CPO powers will be used if required to deliver the HIF FF infrastructure.
Post Contract			
3	Planning Criteria	Post-Contract	NSC to secure planning consent for the HIF infrastructure and provide evidence of consent (including statutory consents)
9	Planning Criteria	Post-Contract	Land for Bypass: NSC to acquire Land for the Bypass and provide evidence
10	Land Assembly	Post-Contract	Implementation of strategy: to implement the proposed land acquisition strategy and to provide monthly updates on progress to Homes England
11	Site Conditions	Post Contract	Ground conditions: NSC to undertake site investigations of ground conditions for the infrastructure to ensure programme can be met and the costs are within the overall cost envelope.
14	Delivery of Homes	Post Contract	Parklands Village: NSC to provide evidence setting out how the required 100 homes are to be delivered at Parklands Village, including the timing for the units to be built
18	Infrastructure	Post-Contract	Applicant to provide quarterly update on costs to confirm that infrastructure can continue to be delivered within the agreed funding envelope.
22	Financial Viability & Funding	Post-Contract	Financial appraisal: NSC to provide financial appraisal on quarterly basis for monitoring to demonstrate clawback
23	Financial Viability & Funding	Post-Contract	Implementation of recovery strategy: NSC to implement the strategy for the recovery and recycling of the HIF funding on a site-by-site basis

26	Programme & Delivery	Post-Contract	Programme updates: NSC to provide quarterly updates identifying areas of change, risk and mitigating measures which could impact on delivery, timescales and costs
27	Programme & Delivery	Post-Contract	Programme updates: provide programme updates
28	Transport Impacts	On Going	The applicant needs to continue discussion with Highways England to develop a package of measures to mitigate the impacts of their scheme on the M5 J21, and these need to be deemed sufficient by Highways England.
29	Transport Impacts	On Going	The applicant needs to provide assurance that the funding for the required mitigation works can be obtained by third party sources, or is underwritten by the bidder
33	Land Assembly	Pre-Contract	Implement the CPO strategy if required
34	Land Assembly	Pre-Contract	Provide updated land assembly programme to include CPO.
35	Land Assembly	Pre-Contract	Provide evidence that all necessary CPO documentation is in place to ensure that the programme can be met and HIF funds can be spent within the HIF spend timetable.
36	Land Assembly	Pre-Contract	Provide quarterly updates of progress of CPO process.

Appendix 2:

Grant Determination Agreement – Heads of Terms

The Grant Determination Agreement (**GDA**), is a project specific legal agreement which sets out the terms and conditions for the grant funding, including the amount of the grant awarded, the availability period, project deliverables (including key milestones and outputs) monitoring and evaluation, which the Council, as the grant recipient, is required to enter into by March 2020, unless otherwise agreed.

This appendix provides an overview of the key requirements for the grant funding, including governance, monitoring and evaluation, the claims process, the warranties and indemnities to be given by the Council to Homes England, termination and repayment of the HIF Funding.

Housing Infrastructure Fund (HIF) Funding

1. Homes England (**HE**) will make available to the Council a maximum sum of £97,067,550 million (**Maximum Sum**) to enable the Council to deliver, or procure the delivery of, the Infrastructure Works to unlock land capable of delivering the Housing Outputs.
2. The Maximum Sum is available to drawn down between the date of the GDA and the 31 March 2024 (**Availability Period**).
3. The Infrastructure and housing outputs are detailed within the GDA.
4. It is essential that the Infrastructure Works (including the commencement and completion dates) and the Housing Outputs are deliverable by the Milestone Dates, in accordance with the Delivery plan and within the Expenditure Forecast as HE reserves the right to reduce the Maximum Sum to reflect any changes to that agreed by the parties.
5. It should also be noted that HE's obligation to provide HIF Funding is subject to them receiving any approvals they may require, whether internally or from Central Government.

Pre-Commencement conditions and conditions precedent (Appendix 1)

1. The HIF Funding will not be available until:
 - a. due diligence (including legal and financial due diligence in relation to the Infrastructure works) has been carried out by, and is satisfactory to, HE;
 - b. the Pre-Commencement Conditions listed have been satisfied or waived by HE;
 - c. where making a claim for Preliminary Costs and before such payment is made, evidence from the Section 151 Officer that (i) the Council has

incurred the costs relating to the Claim and (ii) such costs form part of the Preliminary Costs and relate to the Infrastructure Works; and
d. in relation to each Claim, satisfaction of the conditions listed.

Payment of HIF Funding

1. GSA Clause sets out the procedure for making a Claim during the Availability Period.
2. The Council must follow and ensure that the Contractor and the Professional Team follow, good accounting practice and financial recording keeping enabling the s151 officer to verify and approve the Claim to be made.

Housing Outputs

1. The Council to use its reasonable endeavours to procure that the delivery of the Housing Outputs is achieved no later than the target dates set out in the table headed 'Housing Output Targets'.

Procurement

1. The Council must:
 - a. comply with all applicable Procurement Laws in connection with the Infrastructure works, or any services relating to them;
 - b. ensure that the procurement of works is based on value for money and the Infrastructure Expenditure represents fair market costs; and
 - c. ensure that all sub-contracts are competitively procured.

State Aid

1. If the HIF Funding is found to be Unlawful State Aid and it is not possible to restructure the arrangements to make the HIF Funding State Aid compliant, the Council must repay the Unlawful State Aid received to HE, plus interest.
2. Any on-lending or other advance of the whole or any part of the Maximum sum must comply with the rules on State Aid and the loan or grant agreement include an obligation for the repayment of such sums together with interest and any penalty) if any payment is found to be Unlawful State Aid.
3. Where the General block Exemption Regulation applies, the Council must provide all necessary notifications to the relevant authorities.
4. The HIF grant conditions require the Council to obtain independent legal advice of the State Aid treatment of the project.

Special Contractual Provisions

Insurance

- a. the insurance requirements will have to be replicated in the contract for the Infrastructure Works, which may cause an issue if an industry form of contract is used and the insurance provisions cannot be amended. This risk may be minimised by the Council not appointing a contractor under an existing framework agreement;
- b. HE is a named beneficiary of the insurance policies;
- c. there is no exclusion that the Council's obligation to insure is subject to any exclusions, limitations and conditions that may be imposed by the insurers and insurance being available in the London insurance market on reasonable terms;
- d. if any works forming part of the Infrastructure Works, or any materials or goods required to undertake such works are damaged or destroyed, if the insurance proceeds are insufficient the Council must make up any deficiency out of its own resources.

Variations

1. GDA Clause sets out provisions to extend the Milestone Dates provided such variations will not require the payment of the HIF funding after the 31 March 2024.
2. Where the failure to achieve any Milestone by the relevant date arising from an event not resulting from a Milestone Extension Event, HE will be entitled (but not obliged) to agree a revised Milestone Date or:
 - a. terminate the GDA in its entirety;
 - b. withhold or cancel any further payment of HIF Funding and/or
 - c. reallocate or redirect the HIF Funding (not yet paid to the Council) to such other person or for such purpose as HE in its discretion considers appropriate
3. In limited and prescribed circumstances, amendments will be allowed without the prior approval of HE.
4. Where a material amendment is or will be required, the Council must immediately notify HE and the parties will cooperate with a view to identifying what steps are available to ensure delivery of the Infrastructure Works and the Housing Outputs. Until a resolution has been found, HE will be under no obligation to make any further payments to satisfy any further claims and will be entitled to exercise the rights set out above (Variations), if within three months the parties fail to agree any change to take account of the material amendment.
5. The Council is responsible for the costs and expenses of HE (including legal fees and irrecoverable VAT) in dealing with any variation or amendment proposed by the Council, together with HE's costs in investigating any Event of

Default (unless investigation reveals no breach) or preserving or enforcing rights under the GDA.

Reporting and Monitoring

1. HE has the right to be represented at each project meeting.
2. On the occurrence of the certain notifiable events the Council must immediately notify HE of the change, event, Event of Default, investigation, audit, regulatory investigation, reputational harm or funding related matter, and if requested by HE provide proposals to resolve or mitigate the event and take into account all representations made by HE.
3. Submit annual reports on the progress of the Infrastructure Works and monthly / quarterly monitoring reports, signed by the s.151 officer.
4. Each party may call a Review Meeting to discuss the Annual Report and/or monitoring reports.
5. The parties to attend Annual Review Meetings.
6. GDA provides for open-book accounting and on an Open Book basis all materials, documents, data relating to the Infrastructure Works or the Housing Outputs or the HIF Documents. Such requirements to be passed down to the Contractor, Developer and sub-contractors.
7. HE has the right to require additional reports and monitoring.
8. If requested by HE, all data, materials, documents and accounts to be handed over to them on the expiry or earlier termination of the GDA. Such requirement to be passed down to the Contractor, Developer and sub-contractors.
9. The retention period is 10 years.
10. The monitoring and notification requirements will involve the production and completion of, and the maintenance of, accurate records and supporting documentation for all aspects of the HIF Documents, the Infrastructure Works and the Housing Outputs, involving time and resource across different tiers and which apply equally to the Contractor, Developer and sub-contractors.

Disposal of the Site

1. The Council may only dispose of the Site by way of a Permitted Disposal, unless otherwise agreed by HE. The Site comprises the Infrastructure Site and the Housing Site, this being the land upon which the Housing Outputs will be situated.

2. The Council must not transfer any land acquired using the HIF Funding to any Developer to enable or facilitate the provision of the Infrastructure Works for a value which is less than Market Value.

Publicity

1. The Council must notify HE and obtain approval to any press or other media communications.
2. The Council grants to HE a non-exclusive, royalty free licence (to the extent that it can grant such licence) to use any photographs, records, images, articles or illustrations relating to the Infrastructure Works or Housing Outputs undertaken by or for the Council for use in any publicity or advertising.
3. HE reserves the right to use all data provided by the Council in relation to the HIF Funding for publicity or promotional purposes.

Intellectual Property

1. IPRs will be licenced (including software licences and the right to grant sub-licences) to HE to use, copy and make publicly available all IPRs, drawings, reports, specifications, calculations and other documents and information provided by the Council, or which are owned by the Council and which relate to the Infrastructure Works or the Housing Outputs.
2. In the event a third party makes a claim or threatens proceedings against HE that the IPRS used infringe the third party's IPRs, the Council will fully indemnify HE against such action.

Indemnities

1. The GDA includes a general indemnity clause under which the Council is responsible for all losses incurred by HE which arise from death or personal injury, loss or damage to property, default or breach of the GDA.

Warranties

1. The representations and warranties to be given by the Council are set out in Schedule 5. You should ensure that at the date of the GDA, on the date of each claim and the date of each Monitoring Report that the warranties are true and accurate in all respects.

Suspension of the Funding

1. Fundamental Default:
 - a. Report or Direction is made in relation to the Council;

- b. the Council, or where applicable any Developer, Contractor, subcontractor, employee, officer or agent commits any Prohibited Act
- c. an act or omission on the part of the Council or a Developer or any of its contractors (including Contractors) that in HE opinion (using its absolute discretion) harms the reputation of HE, the Housing Infrastructure funding programme or bring them into disrepute.

2. On the occurrence of a Fundamental Default:

- a. HE is entitled to suspend or alter the payment of any HIF Funding for such period as HE will determine, in its sole discretion;
- b. Withhold and cancel any further payment of HIF Funding;
- c. Reallocate or redirect such part of the HIF Funding (not yet paid to the Council) to such other person or for such purpose as HE in its discretion considers appropriate;
- d. Terminate the GDA; and
- e. Repay the HIF Funding and all other sums due under the GDA together with Interest.

General Default

2. A General Default means the occurrence of any of the following:

- a. Failure to achieve a Milestone which is not the direct result of a Milestone Event;
- b. Act/omission on the part of the Council or a Developer or any of its contractors that in HE's opinion (using its absolute discretion) has the potential to harm the reputation of HE, the Housing Infrastructure Funding Programme or to bring them into disrepute;
- c. Failure to perform and/or observe any obligation or restriction on it under any Infrastructure Related Document which affects the likelihood of delivering the Project;
- d. Any representation or warranty made by the Council is incorrect in any material respect when made or repeated;
- e. Any Consent is withdrawn or revoked, where such withdrawal or revocation is likely to have a Material Adverse Effect;
- f. Any Infrastructure Related Document is terminated without the prior consent of HE and such termination is to have a Material Adverse Effect;
- g. The Council fails to pay any sum due under a HIF Document or Finance Document on the due date for payment thereof provided;
- h. The Council does not have sufficient funds or resources available to them to complete the Infrastructure Works in accordance with the Infrastructure Details;
- i. A Disposal other than a Permitted Disposal has occurred without the prior consent of HE;
- j. The Infrastructure Works are found to be unlawful State Aid;

- k. A breach by the Council of employment legislation, planning law, relevant H&S legislation, modern slavery legislation, equal opportunities, CDM Regulations, financial regulations; copyright and data protection legislation;
- l. Any other material breach by the Council of any of its obligations under the GDA;
- m. A failure by the Council to comply (or secure compliance) with a Remediation Plan;
- n. The Final Certificate (being the certificate confirming completion of the Infrastructure Works) issued by the s.151 officer is inaccurate or misleading in any respect;
- o. HE determines (acting reasonably) that proper progress against the Delivery Plan has not been made;
- p. The Council fails to secure legal and beneficial ownership and vacant possession of the Infrastructure Site.

3. General Default capable of remedy

- a. In the event of a General Default which is in the opinion of HE (in its absolute discretion) capable of remedy, the Council must submit a Remediation Plan to HE for approval setting out the steps the Council proposes to take to remedy or mitigate the effects of the General Default.
- b. Approval of a Remediation Plan by HE will suspend HE's rights to exercise its rights on default, where are:
 - i. Terminate the GDA in its entirety;
 - ii. withhold or cancel any further payment of HIF Funding and/or
 - iii. reallocate or redirect the HIF Funding (not yet paid to the Council) to such other person or for such purpose as HE in its discretion considers appropriate.

- 4. The right to exercise rights on default is without prejudice to any other right of action or remedy (including any claim for damage) in respect of the relevant Event of Default.

Grounds for Termination

- 1. On the occurrence of a Fundamental Default.
- 2. On the occurrence of a General Default incapable of remedy.
- 3. Where the Council fails to comply with the obligations set out in the Remediation Plan or HE determines in its absolute discretion that the Remediation Plan has not been effective.
- 4. Where the parties fail to agree any material amendment to the Delivery Plan, the Expenditure Forecast, the Bid, the Infrastructure Works or the Housing Outputs.

Repayment Provisions

1. The Council may be required to pay any amount of the HIF Funding (together with Interest (where applicable)) where:
 - a. an over-payment has been made to the Council;
 - b. the Council has been paid any sum in excess of the Maximum Sum;
 - c. any part of the Maximum Sum was not expended on Infrastructure Expenditure;
 - d. any funding received or receivable from public sector bodies to finance any part of the Infrastructure Works exceeds the Infrastructure Expenditure actually incurred in delivery of those works.

2. On the occurrence of a Fundamental Default, to repay the HIF Funding and all other sums due under the GDA, together with Interest.

VAT

1. The GDA includes a statement that the HIF funding is not consideration for the supply of VAT. However, if it is subsequently determined that there has been a supply than the HIF Funding will be treated as inclusive of VAT.
2. All sums payable by the Council to HE will be deemed exclusive of VAT. If VAT is payable on such sums, then the Council is to pay to HE all the VAT payable upon receipt of a valid VAT invoice.
3. Risk: VAT advice should be obtained to confirm that the HIF Funding is not a chargeable supply for VAT purposes.

Appendix 3:



Homes England

Assurance Framework for the Housing
Infrastructure Fund – Forward Funding

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1. Introduction

1. The Housing Infrastructure Fund (HIF) is £5.5 billion of capital grant funding available from 2017/18 to 2023/24. It has been allocated to local government on a competitive basis, providing infrastructure targeted at unlocking up to 650,000 new homes where housing demand is greatest. HIF was announced at Autumn Statement 2016 as part of the National Productivity Investment Fund, with £2.3 billion funding available. An additional £2.7 billion was announced at Autumn Budget 2017, and a further £500m was announced at Autumn Budget 2018.
2. HIF is divided into two funding streams:
 - **Marginal Viability Funding (MVF)** – for typically smaller, stalled sites that aren't viable due to infrastructure costs and where the Fund will be the final, or missing, piece of the funding puzzle. Grants of up to £10m¹ were available to lower tier Local Authorities (districts, metropolitan, London boroughs, or unitary authorities); and
 - **Forward Funding (FF)** – for strategic projects where HIF may be the first piece of funding needed to lever in and secure private investment and other public sector funding. Grants of up to £250m² are available to the upper tier of Local Authorities (combined authorities, or counties and unitary authorities).
3. This document sets out the Assurance Framework requirements for Forward Funding projects receiving HIF funding from 2019/2020.
4. In addition to the Assurance Framework, there will be a HIF FF Grant Determination Agreement (GDA) that will be specific to each project. GDA's will be entered into following a period of funding clarification which will confirm the amount of grant awarded and project deliverables. Further details regarding funding clarification and the GDA are set out in Section 4 of this document.

¹ MVF schemes had a "soft" cap of £10 million, however higher funding amounts could be awarded in exceptional cases.

² FF schemes had a "soft" cap of £250 million, however higher funding amounts could be awarded in exceptional cases.

2. Section one

Audience of the document

1. This document should be read by those Local Authorities who were successful in their application to the HIF for Forward Funding.
2. It is understood that, in some instances, the Local Authority submitting the bid will not be the recipient of the funding and another local authority will be responsible for utilizing the HIF Funding. In these circumstances, this document should also be read by the recipient of funding.
3. The GDA will confirm the recipient of the grant funding and the accountability of the parties.

3. Section two

How the Assurance Framework works with the Accountability Statement for Local Government

1. The Assurance Framework for the HIF Forward Funding builds on the checks and balances established in the Accountability System Statement for Local Government. It includes regular reporting, an annual performance review, and a robust approach to monitoring and evaluation.

The Accountability System Statement for Local Government

2. The Accountability System Statement for Local Government sets out how the MHCLG Accounting Officer will meet their responsibilities and assure themselves that local government spends its money with regularity, propriety and value for money. It sets out the core local government accountability framework and, since the HIF FF grant is expected to be paid to local authority accountable bodies, applies to how the HIF FF grant is managed by those local authorities.
3. This Assurance Framework (the Assurance Framework for the Housing Infrastructure Fund – Forward Funding) provides the additional specific arrangements to assure MHCLG of value for money for the HIF FF grant.

4. Section three

Allocation of the Housing Infrastructure Fund – Forward Funding

Expressions of Interest

1. Allocations of the HIF FF projects were informed by an assessment of an expression of interest submitted by Local Authorities. Bids were assessed using three main criteria:
 - Value for money
 - Deliverability
 - Strategic approach to delivering housing growth.
2. The assessment, based on Green Book principles, shortlisted bids with the strongest expressions of interest and projects. The assessment was undertaken by analysts and officials, providing a fuller understanding of the projects, particularly around strategic approach, delivery and value for money. This process was moderated to ensure a consistent and transparent approach to assessment. The investment decisions were made via a cross-government panel with MHCLG Ministerial agreement.

Co-Development

3. Following shortlisting, projects were invited into a period of co-development before submitting a full business case (answering questions which follow the “five case model”). Through co-development, Homes England played a critical friend role, supporting shortlisted bids to complete a business case and agree local support packages based on the needs and capabilities of the Local Authority. Support was delivered by a team of local and technical leads, other government department specialists, and procured consultancy support to deliver the economic case. MHCLG coordinated cross-government and department interest in the bid, and sought to unblock any cross-Whitehall issues.

Funding Decisions

Business Case Assessment

4. All HIF business cases are assessed against the criteria set out in the published prospectus and guidance documents. Assessment of bids is carried out by a multidisciplinary team drawing on the commercial expertise of Homes England, MHCLG (economic analysts and policy), and experts from relevant government departments.
5. As part of the assessment process, Homes England is conducting initial due-diligence on projects and will partner with external consultants where required in order to do so. During this time it is likely that further information will be required, if sufficient evidence was not provided in the business case, or if further clarity is required.

6. Recommendations will be made to the Investment Panel, and will follow the process detailed below.

Investment Panels

7. Funding recommendations to Ministers for FF bids are made by a cross-Whitehall Investment Panel chaired by MHCLG. Attendees include MHCLG, Homes England, Infrastructure and Projects Authority (IPA), HMT and Other Government Departments (OGD's). The Investment Panel shall act as official-level sign off on the project.
8. When making recommendations to Ministers the Investment Panel may choose to include wider considerations such as fitting the spending profile, or wider economic benefits.

Funding Conditions

9. The Investment Panel will agree a series of funding conditions which will ensure decisions can be made and certainty offered, without compromising Government's funding or accounting positions. Conditions will be set, taking account of views from key Government Stakeholders including OGDs, IPA, HMT and the Prime Minister's Office and these will be focused on ensuring delivery and value for money, while nevertheless giving Local Authorities and Homes England sufficient flexibility to proceed in the best way. For instance, the conditions could include the securing of planning permissions, or ensuring final costs are within a certain variance, etc. Homes England will ensure these conditions are attached to successful projects, and reserves the right to attach further project-specific conditions to ensure appropriate delivery and monitoring arrangements are in place (for example, the appointment by the Grant Recipient of an independent monitoring surveyor, employer's agent or project manager where deemed necessary).

Future Funding

10. Any future awards of HIF, or similar grant programmes, will be informed by a consistent track record of successful implementation and demonstration of value for money, which will act as an important incentive to ensure quality and deliverability of projects. This includes the funding awarded under MVF or FF.

5. Section four

How Local Authorities receive and utilise their Housing Infrastructure Fund

Due Diligence

1. The allocation of grant may be subject to a period of further due diligence which will be undertaken before the GDA is concluded.
2. This will provide further assurance on the deliverability of the project and ensure that the details provided in the bid present an accurate and current representation of the project, including financials, site conditions and planning and procurement status. The further due diligence will also ensure that the approval conditions agreed in the Investment Panel are met and confirm any specific contracting or drawdown conditions required.
3. The bid, business case and any due diligence work will provide the required metrics that will be used for the GDA and baseline.
4. Local Authorities that commence project activity, or enter in to any legal contracts (including the ordering or purchasing of any equipment or services), or incur expenditure prior to completing the contracting process outlined above, and prior to receiving formal confirmation that any pre-conditions have been met, do so entirely at their own risk.

Grant Determination Agreement

5. The GDA will be agreed following the conclusion of the due diligence. The parties to the GDA will be Homes England and the local authority that receives the grant, referred to as the Grant Recipient, plus any other entity that may be critical to the delivery of the scheme. All Grant Recipients will be required to sign up to the GDA by March 2020, unless otherwise agreed, even if grant funding is not required until future years.
6. The GDA will set out the terms and conditions for the grant funding, including the availability period, within which the funds are available to be drawn, and the project end date. The GDA will define the 'project' and the deliverables (including key milestones & outputs) to be monitored. The GDA will also include an initial cashflow setting out costs, values, funding and outputs.
7. The cashflow is a key document which will set the annual HIF funding profile for the project. In order to ensure that HIF FF spend for all projects is in line with the profile agreed with HMT, it is required that any alteration to an individual project's annual profile is agreed, in writing, by Homes England.
8. The Grant Recipient is accountable for the successful delivery of the project, with the relevant Grant Recipient's Section 151 Officer (or equivalent senior officer if the Grant Recipient is not a Local Authority) responsible for signing off satisfaction of conditions, claims, representations and warranties. Therefore, Homes England requires the Grant Recipient to have in place suitable governance and monitoring arrangements, including an appropriately qualified professional team (which may vary depending on the project and the contracts in place). Homes England must be satisfied with these arrangements which will need to be proportionate to the scale & complexity of the project. Homes

England may require amendments/additions to the governance and monitoring arrangements to be put in place, including the professional team if the proposals are not considered sufficient for the project. This will be confirmed through the due diligence process and reflected in the Grant Determination Agreement.

Project type

9. Homes England will be providing funding to projects with amounts provided ranging from c.£10m up to £250m (potentially more in exceptional circumstances), and for many of these will be a major (or sole) funder. Therefore, the approach to monitoring these projects needs to be proportionate not just to the size of project, but also to the complexity of the projects (for example the number of infrastructure types, partners, sites, etc).
10. Therefore, it is proposed that there will be two categories of project as follows:
 - Monitoring Arrangement A – for those projects deemed to be “standard” (i.e. less complex and/or smaller in scale).
 - Monitoring Arrangement B – for those projects deemed to be “complex” and/or larger in scale.
11. The monitoring arrangements relating to Category B are to be more involved and are considered proportionate to the scale and complexity of the project. The determination of the category is to be set by Homes England.
12. Dependent on the project type the monitoring requirements will differ as outlined below.

Payment mechanism

13. All funding allocations will be paid to the Grant Recipient. All payments will be made by Homes England under Section 19 of the Housing and Regeneration Act 2008.
14. Once all relevant conditions have been met, the payments will be on a standardised basis, following first drawdown.
15. Payments will be made in installments on the receipt of a valid claim form (with required supporting documentation), as well as evidence of progress from the most recent monitoring return provided by the Grant Recipient. The Grant Recipient will need to confirm that delivery is on track and that there is a reasonable expectation that they will be able to spend the allocated funding on the infrastructure project within the financial year (1 April to 31 March). If the Grant Recipient cannot provide adequate assurance, then Homes England retains the right to withhold the grant payment.
16. The relevant Grant Recipient’s Section 151 Officer sign-off (or delegated authority of appropriate seniority and experience) must be received for all payments.
17. Grant Recipients may use grant funding to recover any capital which has been spent at risk on the project since 28 September 2017 and was identified in their bid, subject to the claim and supporting documentation being to the satisfaction of Homes England.
18. Due to the challenging nature of delivering infrastructure projects, it is recognised that there may be exceptional circumstances where urgent payments may be required. In

these circumstances, the Grant Recipient can request an ad-hoc payment. Requests will only be granted on the condition that the previous grant payment has been spent and waiting until the next scheduled payment tranche could delay the progress of the project. Decisions will be made on a case-by-case basis by Homes England.

19. Any potential changes regarding the annual profile payments will be reviewed as part of the annual performance conversation or regular engagement with Homes England contract managers. Any changes to the agreed profile will require authorisation by Homes England, and, if significant, by MHCLG (and in some circumstances HMT).
20. Where required by Homes England, the GDA will set out the responsibility for the Grant Recipient to appoint a monitoring surveyor to review, monitor progress and report against the planned delivery and expenditure on such terms as Homes England shall reasonably require.
21. The GDA will set out specific funding requirements for the project and the relevant Grant Recipient's Section 151 Officer (or equivalent senior officer if the Grant Recipient is not a Local Authority) is required to agree to these and the following standard grant conditions to receive HIF funding:
 - a. The money is to be spent on capital related to the project;
 - b. The project will deliver by an agreed date, otherwise Homes England can recover unspent funding
 - c. Any funds recovered by the Grant Recipient may be retained, to be used for further housing delivery (subject to Homes England approval); and
 - d. The Grant Recipient will assure Government on delivery through proportionate regular reporting on progress, as set out in this document and the GDA.
 - e. In specific circumstances Homes England may demand repayment of HIF funding. The GDA will confirm these.
22. It will be the responsibility of the Grant Recipient to procure and manage spend on the agreed project, including through contracts for the delivery of infrastructure being funded by the grant. As part of the Grant Recipient's delivery plan, they will keep the procurement plan and associated timelines up to date.
23. Grant Recipients are responsible for ensuring that any funding they are awarded will be spent in accordance with all applicable legal requirements. This includes state aid, public procurement law, wider public law (including the Public Sector Equality Duty), and planning law.
24. Grant Recipients are expected to deliver the agreed projects. Where a Grant Recipient chooses to loan or pay money to developers or contractors to secure infrastructure delivery, the Grant Recipient will also be responsible for ensuring the recipient delivers on that agreement, and for taking any follow-up enforcement action. Government reserves the right to take track record of delivery on HIF projects into account when determining the allocation of future funding.

Payment frequency

25. For both Category A and Category B projects, payments will be made monthly in arrears (funding costs incurred); payments in advance can be requested by exception where

necessary to cashflow substantial up-front costs (e.g. land assembly) and only where they are to be incurred both within an agreed period and in any event within the same financial year (1 April to 31 March). Payments will be made within 12 business days of receipt of a valid claim in accordance with the GDA. Annex A provides an overview of the claim process for these projects.

6. Section five

Monitoring and evaluating delivery

1. Each project will be subject to monitoring and evaluation. Grant Recipients will be required to monitor and report on a range of data including inputs, outputs and outcomes to demonstrate success and providing clarity to Government and the public about what HIF funding has delivered.
2. Relevant metrics include the progress of the infrastructure against milestones, wider project delivery, the amount of private sector investment leveraged, housing units started and completed, and wider benefits achieved (such as supporting SMEs / Modern Methods of Construction). Progress will be monitored by Homes England, enabling it to target support where issues arise.

Monitoring

3. The project's progress will be monitored throughout the life of the project, this includes prior to first payment and after last payment up to the point that the outputs enabled by the infrastructure are delivered and any recovery due is made to the Grant Recipient to ensure that projects remain on track. Monitoring returns will need to be signed off by the Grant Recipient's Section 151 Officer (or equivalent senior officer if the Grant Recipient is not a Local Authority).

“Category A Project” Monitoring

Category A Projects will be monitored in the following ways:

4. Prior to first payment:
 - a. **Project baseline.** A baseline of project deliverables and milestones will be agreed with Homes England in the GDA and appended cashflow. Monitoring returns, during the life of the projects, will be compared against this baseline to keep track of progress.
 - b. **Quarterly Grant Recipient monitoring returns (MR's).** Grant Recipients will provide Homes England with comprehensive data relating to each project on a Quarterly basis, including forecast spend, and project deliverables and progress and output metrics.
 - c. **MR Assurance.** A team of Homes England staff will carry out a contract management and assurance role, and will review project delivery and monitoring returns. This team will provide an assessment of project performance and sign-off drawdowns of grant funding to Grant Recipients. The allocated contract manager will attend meetings with Grant Recipients and carry out site visits as appropriate, depending on the size, complexity and risk profile of the projects. If any concerns are raised by the contract manager (or Homes England colleagues) about the monitoring submission, they will be communicated to Grant Recipients and may require amendments to be made to the submitted return. These reviews, combined with regular engagement, provide an early warning system which highlights any emerging risks so that prompt action can be taken to address them. If a project is identified as not delivering as anticipated, Homes England reserves the right to request more frequent meetings and updates against progress and will work with Grant Recipients to put in place mitigation plans with appropriate mechanisms to address delivery concerns.
5. During payments:
 - a. **Quarterly Grant Recipient monitoring returns (MR's)** - as detailed above and will also include detail on actual spend to tie in with accompanying grant requests.
 - b. **MR Assurance**, as detailed above.
 - c. **Monthly grant request.** Prior to each grant payment, Grant Recipients will submit a grant request with evidence of costs incurred that are included in the claim. The grant request and additional assurance information will need to be signed off by the relevant Grant Recipient's Section 151 Officer (or equivalent senior officer if the Grant Recipient is not a Local Authority). Documentation provided from the most recently submitted MR, including an updated cashflow, and prior performance will be reviewed and considered by Homes England before confirming that the payment will be made. Relevant reporting information available to the Grant Recipient's project team may be requested to support the claim (e.g. an employer's agent or project manager's report; contractor/developer's monthly returns).
 - d. **Annual assurance reviews.** Homes England will use the information from the monitoring framework to conduct a performance review of project delivery over the past year. This will review how the project is performing compared to the agreed baseline

and confirm a forward plan for the next 12 months. It will also agree a set of actions and next steps, if there are any issues to be addressed by the Grant Recipient or by central government.

6. After payments completed:
 - a. **Quarterly Project discussions.** Every quarter, through engagement with Homes England contract managers, Grant Recipients will confirm whether progress on site is in-line with the baseline and that the project is on-track to deliver the housing and any other expected outputs.
 - b. **Ongoing Quarterly Grant Recipient monitoring returns (MR's).** Grant Recipients provide Homes England with a progress report on the wider project works and the delivery of housing. This monitoring requirement will continue throughout the lifetime of the project. Homes England reserves the right to request more frequent monitoring returns if the wider project is underperforming (e.g. monthly).
 - c. The frequency of monitoring returns will be reviewed 5 years after the completion of the HIF funded infrastructure works, with any decision on the potential reduction of the number of monitoring returns required per annum being at Homes England's discretion.
7. Throughout the life of the project, Homes England reserves the right to have its representatives invited to attend formal decision-making forums relating to the project as an observer (i.e. they are permitted to attend, and participate and to receive all information provided to members of the forum), or with attendance to be as a full member with the ability to vote (as agreed with Homes England and set out in the GDA).

“Category B Project” Monitoring Process

The monitoring of Category B projects will be as is set out for Category A projects, with the following differences:

- a. **Monthly Monitoring Returns (MR's).** Both prior to the first payment and during payment, the Grant Recipient shall provide the monitoring returns as set out in the Category A process on a monthly basis.
- b. MR Assurance site visits by Homes England are likely to be more frequent.
- c. Homes England may require additional duties of care from employer's agents, projects managers or similar for the benefit of Homes England.
- d. Homes England may require that the Grant Recipient appoints a monitoring surveyor with a duty of care to Homes England.

When things don't go to plan

8. It is understood that infrastructure projects are complex, often long term projects, and may not always go as expected. Homes England has therefore put in place a series of

intervention measures depending on the nature and severity of the issues arising. These measures include, but are not limited to, the following:

9. Additional monitoring arrangements – increasing the frequency and/or detail of monitoring in place. Homes England reserves the right to introduce an external monitoring surveyor if deemed necessary (where one is not already in place), in these instances full co-operation from the Grant Recipient and contractor/development partners is expected
10. Technical support – this may be specific technical/commercial support from Homes England colleagues, or may involve Homes England funding 3rd party technical support/consultancy.
11. Government department level “unblocking” – should an issue arise which could be partially or fully resolved by leveraging relationships with OGD’s or bodies, Homes England and MHCLG will carry out a “stock-take” meeting in order to facilitate the development of potential solutions with the relevant department(s) or body(ies).
12. Funding issues – should the funding package the Grant Recipient has in place, including that from Homes England, prove to be insufficient, Homes England will look to work with the Grant Recipient to find a solution.
13. Significant delivery issues – should there be significant cause for concern regarding the delivery of the project (including delays, material cost-overruns and contractor/developer failure) Homes England reserves the right to introduce a project manager/other professional support to ensure the project gets back on track.
14. Assurance reviews – where there are concerns regarding project management and delivery, Homes England reserves the right to carry out an assurance review of the project. This will involve members of the Assurance & Project Management team carrying out an assessment of processes and procedures, governance arrangements and capacity in place to deliver the project. The outcome of such a review will inform potential interventions, actions and support packages (including those outlined above).

Evaluation

15. As a recipient of grant funding, Grant Recipients will be required to participate in an evaluation of FF, to help inform future programme and policy development. The exact scope of the evaluation is to be determined but is likely to require the Grant Recipients and their partners (including those contracted to develop the infrastructure and housing) to provide data to Homes England and MHCLG throughout the life of the project. Where possible, data required for the evaluation will already be collected as part of the monitoring process. However, there may be some data which cannot be collected through these returns. In these instances, Grant Recipients will be required to share data with independent programme evaluators, i.e. third parties who are employed by/on behalf of MHCLG to complete an independent evaluation of the FF. The types of data Grant Recipients will be expected to share includes, but is not limited to, completion of surveys and interviews. Where information is potentially commercially

sensitive/confidential, this will be considered on a case-by-case basis with MHCLG and the programme evaluators acting reasonably at all times. Grant Recipients will be supported through the evaluation process by Homes England and MHCLG.

Annex A Claim process overview - All Projects

- Payments will be made on a monthly basis in arrears.
- **All claims must be for spend incurred within the financial year (1 April to 31 March).**
- First payments will be made once the relevant GDA pre draw conditions are met.
- Claims should be submitted to Homes England **no later than the 20th of the month** using the claim form provided with the GDA in order for payments to be processed. Homes England reserves the right to consider claims made after the 20th of the month, however the decision as to whether to process any payment within the month of receipt of claim will be entirely at the discretion of Homes England.
- Payments will be made within 12 working days on receipt of a valid claim.
- All claim forms require a Section 151 Officer sign off (or delegated authority)
- If there is any expenditure that was not validated in a previous claim (i.e. appropriate evidence still to be provided) then this can be included within the next payment (if valid).
- Claim forecasts will be required within MRs.

24 September 2019