

Wiltshire Council

Cabinet Capital Assets Committee

13 September 2016

Subject: Wiltshire Growth Deal – Update and Funding Implications

**Cabinet Member: Councillor Fleur de Rhé-Philippe
Economic Development, Skills and Strategic Transport**

Key Decision: Yes

Executive Summary

The Swindon and Wiltshire Growth Deal was agreed between Government and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) between July 2014 and January 2015. In total £140 million of devolved Government funds have been allocated to the SWLEP area to support delivery of major projects.

This report provides an update on delivery and the financial implications arising from proposed changes to the programme.

The report also provides an update on the Growth Deal round 3 bid.

Proposals

That Cabinet Capital Assets Committee agrees the recommended cash flow proposal for the delivery of projects that form part of the Swindon and Wiltshire Growth Deal.

That Cabinet Capital Assets Committee delegates authority to the Section 151 Officer, to negotiate and agree with the Associate Director of Economic Development and Planning, and the Associate Director of Highways and Transport to cashflow and deliver the schemes.

That Cabinet Capital Assets Committee agrees to cover the development costs for Chippenham Station Hub and those requested in Appendix C using the £0.5 million transition funding provided for Growth Deal project development (see para 50).

That Cabinet Capital Assets Committee notes the development and submission of the SWLEP Growth Deal round 3 bid.

Reason for Proposal

To ensure that Wiltshire Council maximizes the benefits and opportunities associated with the Growth Deal programme in terms of delivering key infrastructure projects and building Wiltshire's economy whilst managing the financial implications and associated risks to the organisation.

Accelerated delivery of projects sends a strong message to Government on Wiltshire Council's ability to deliver Growth deal projects to time, cost and quality. Accelerated delivery could also help realise potential time and cost efficiency savings.

Dr Carlton Brand
Corporate Director

Wiltshire Council

Cabinet Capital Assets Committee

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Purpose of Report

1. That Cabinet Capital Assets Committee agrees the recommended cash flow proposal for the delivery of projects that form part of the Swindon and Wiltshire Growth Deal.
2. That Cabinet Capital Assets Committee delegates authority to the Section 151 Officer, to negotiate and agree with the Associate Director of Economic Development and Planning, and the Associate Director of Highways and Transport to cashflow and deliver the schemes.
3. That Cabinet Capital Assets Committee agrees to cover the development costs for Chippenham Station Hub and those requested in Appendix C using the £0.5 million transition funding provided for Growth Deal project development (see para 50).
4. That Cabinet Capital Assets Committee notes the development and submission of the SWLEP Growth Deal round 3 bid.

Relevance to the Council's Business Plan

5. The following key actions and outcomes in the Council's Business Plan are relevant to this report:

Key Action Two: Stimulate economic growth in partnership with the SWLEP

Outcome One: Wiltshire has a thriving and growing economy

Outcome Three: Everyone lives in a high quality environment

6. The Swindon and Wiltshire Growth Deal provides much needed capital investment towards a range of infrastructure projects that underpin our economy, including highways improvements, urban regeneration and business and economic development.
7. In addition, the Growth Deal provides an opportunity to bridge viability gaps that exist to bring forward strategic housing sites identified in the Wiltshire Core

Strategy as well as other housing sites that increase the availability of affordable housing in Wiltshire.

Background

8. The Swindon and Wiltshire Growth Deal was agreed between Government and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) between July 2014 and January 2015. In total £140 million of devolved Government funds have been allocated to the SWLEP area to support delivery of major infrastructure projects. In Wiltshire, over £38 million has been allocated to eight different projects (identified below), attracting additional local investment and supporting the creation of jobs locally. Two of these eight projects have already been completed (LTB A350 Chippenham Bypass Dualling (Bumpers Farm), and A429 Access Improvements).

Growth Deal Round 1

- A429 Access Improvements
- A350 Chippenham Bypass Dualling (Badger, Brook and Chequers)
- Chippenham Station Hub
- LTB A350 Chippenham Bypass Dualling (Bumpers Farm)
- Porton Science Park

Growth Deal Round 2

- Digital Corsham – Mansion House
- M4 Junction 17 Improvements
- Yarnbrook West Ashton Relief Road

9. The Swindon and Wiltshire Strategic Economic Plan (SEP), a comprehensive document detailing the strategic ambition to drive innovation and accelerate economic growth in Swindon and Wiltshire was approved by Government in April 2014. This Plan was an integral part of agreeing the aforementioned Growth Deal.
10. An exercise was undertaken in 2015 to refresh and revise the SEP, to build on the work achieved to date in bringing forward key developments approved through the Growth Deal. This refreshed Strategic Economic Plan therefore highlights the priorities and future opportunities for investment through to 2026.
11. In March 2016 the then Communities and Local Government Secretary Greg Clark announced the third round of Growth Deal funding, inviting the 39 LEPs to submit proposals for a share of the funds.
12. The SWLEP Board met on 16 June 2016 to finalise the strategy for this funding round. The discussion covered the rationale for the bid, what projects would be included and why, and an initial debate on prioritisation of the chosen projects. The chosen projects cover the SWLEP priorities of skills and talent, transport improvements, place-shaping and indirectly, business development.
13. At the SWLEP Board meeting on the 13 July 2016 the Board agreed an order of prioritisation for the projects that formed part of the bid. The bid was

submitted to Government on the 28 July 2016.

Main Considerations for the Council

Growth Deal Round 1 and 2 update

14. As stated previously the two Growth Deal projects identified below have already been completed earlier this year. Both projects were completed to time and budget (LTB A350 was completed 5 weeks early).
15. A429 Access Improvements - This scheme provided local road improvements at Malmesbury. It provided an opportunity to provide the local infrastructure improvements needed to accommodate the increased traffic movements required by the employment expansion at Dyson.
16. LTB A350 Chippenham Bypass Dualling (Bumpers Farm) - The scheme comprised capacity enhancements on the bypass, specifically in the vicinity of the Brook and Bumpers Farm Roundabouts. It is designed to increase highway capacity and act as one of the key enablers for unlocking urban expansion around Chippenham.
17. The remaining six Wiltshire projects (see paragraph 8) are currently scheduled for completion between 2017 and 2021.
18. Each of these remaining projects has an agreed drawdown profile of Growth Deal funds, meaning that tranches of funds are only available at certain agreed stages of the project (funds are provided annually by Government). However, delivery of projects can be accelerated or delayed depending on the individual circumstances of each scheme which therefore ultimately impacts on the overall funding drawdown profile.

A350 Chippenham Bypass Dualling (Badger, Brook and Chequers)

19. The A350 Chippenham Bypass Dualling (Badger, Brook and Chequers) scheme was successful in achieving an allocation (£7.1 million) as part of the first round of Growth Deal funding. The project was originally profiled to be delivered over three years, between 2017/18 and 2019/20.
20. Development of the scheme with the Council's transport consultant, Atkins, has resulted in changes to the scope enabling the project to be completed between 2017/18 and 2018/19. To realise this, delivery will require the Council to cash flow the scheme with the expectation that the Council will be reimbursed in April 2019 when the remaining Growth Deal funding is made available by Government.
21. The early delivery of the project would send a strong message to Government of Wiltshire Council's ability and reliability in relation to Growth Deal delivery.
22. Accelerating the delivery of the scheme can also save costs in relation to procurement and construction. The Outline Business Case approved by the SWLEP was based on the following inflation assumptions: construction

industry costs increasing by 3% per annum, and preparatory and site supervision costs increasing by 2% per annum. Given this, delivering the scheme over two years rather than three reduces the inflation cost by approximately £0.170 million. Furthermore, dualling of the section between Badger and Brook roundabouts will reduce safety risks (i.e. by reducing traffic merge points) and stem an increasing number of complaints from local residents, businesses and stakeholders about the current carriageway arrangements.

23. Cash-flowing this project so that it can be delivered and completed by 2018/19 will result in the Council cash-flowing £2.055 million in 2017/18 and £0.670 million in 2016/17. This is illustrated in the below table.

		16/17	17/18	18/19	19/20
A350 Chippenham Bypass Dualling (Badger, Brook, Chequers)	Forecast	670,000	4,062,000	2,368,000	0
	Grant	0	2,006,754	2,733,246	2,360,000
	Variance	670,000	2,055,246	-365,246	-2,360,000

24. In addition to the £7.1 million awarded to this project, the bid submission stated that a percentage of local contributions would also be provided to support delivery. The current total estimated project cost is £7.262 million (this will be further refined through the Full Business Case work currently being progressed), therefore £0.162 million of local contributions is currently required. It is proposed that this £0.162 million is provided using CIL funding (The scheme is on the Draft Regulation 123 list to be presented to Cabinet on the 13th September 2016).

25. The options considered for cash flowing this scheme are as follows:

- (i) Do not accelerate project delivery and instead commence in 2018/19 with completion in 2019/20 without realising potential time and cost efficiency savings and accepting any potential project cost increases and reputational damage that may occur.
- (ii) Seek delegated authority from Cabinet Capital Assets Committee to accelerate the delivery of the project to complete by 2018/19. To delegate authority to Section 151 Officer to negotiate and agree with the Associate Director of Economic Development and Planning, and the Associate Director of Highways and Transport to cashflow and deliver the scheme.

M4 Junction 17 Improvements

26. The M4 Junction 17 Improvements scheme was successful in achieving a Growth Deal allocation (£0.5 million) as part of the second round of Growth Deal funding. The project is currently profiled to be delivered in 2019/20.
27. The need for capacity and safety improvements at M4 Junction 17 had previously been established through the 'M4 Junction 16 and 17 PARAMICS: Wiltshire and Swindon Core Strategy Assessment' (March 2012) undertaken by the Highways Agency (now Highways England). More recently the Council commissioned Atkins to undertake additional assessment work which established that a part-signalisation scheme would be appropriate – Highways

England has agreed this scheme in principle.

28. Particular safety concerns have been identified, with queue lengths sometimes exceeding the length of the motorway off-slips, leading to queues blocking back onto the M4. Not only is this a safety concern, but also a potential inhibitor for growth along this part of the M4 corridor. Increased development across the West of England, Swindon and Wiltshire will increase the frequency and duration of blocking back occurring, as well as increasing the likelihood of accidents.
29. Delivering the M4 Junction 17 scheme is required to support accommodating planned growth as set out in the Wiltshire Core Strategy. Further information can be viewed via this link: <http://www.wiltshire.gov.uk/csocg-01-highways-england.pdf>
30. The M4 Junction 17 Capacity Improvement scheme seeks to address both the increasing congestion and safety issues at the junction. In turn, this will support housing and employment development in both the M4 and A350 corridors.
31. The scheme has been profiled for delivery and drawdown of funds in 2019/20; however, given the above issues and growth planned at Chippenham, delivery now needs to occur in 2017/18 with project development work taking place in 2016/17.
32. The early delivery of the project would send a strong message to Government of Wiltshire Council's ability and reliability in relation to Growth Deal delivery.
33. Accelerating the delivery of the scheme will also save costs, in relation to procurement and construction. Based on the inflation rates outlined in paragraph 22 and the current estimated scheme cost, inflation costs would be of the order of £30,000 per annum.
34. Cash-flowing this project so that it can be delivered and completed in 2017/18 will result in the Council cash-flowing £0.364 million in 2017/18 and £0.136 million in 2016/17. The expectation is that the Council will be reimbursed in April 2019 when the 19/20 Growth Deal funding is made available by Government. This is illustrated in the below table.

		16/17	17/18	18/19	19/20
A350 Chippenham Bypass Dualling (Badger, Brook, Chequers)	Forecast	136,000	364,000	0	0
	Grant	0		0	500,000
	Variance	136,000	364,000	0	-500,000

35. In addition to the £0.5 million awarded to this project, the bid submission stated that a percentage of local contributions would also be provided to support delivery. The current total estimated project cost is £0.934 million (this will be further refined through the Outline Business Case work currently being progressed), therefore £0.434 million of local contributions is currently required. Highways England is bidding for funding to cover this identified shortfall, however, if this bid is unsuccessful it is proposed that CIL funding is used (The scheme is on the Draft Regulation 123 list to be presented to

Cabinet on the 13th September 2016). Wiltshire Council wrote to Highways England in May 2016 agreeing to underwrite the funding of the scheme. The letter states that Wiltshire Council can bridge identified funding gaps, after the costs have been determined, through CIL. The letter also acknowledges that Highways England are currently seeking funding to augment the funding from the Growth Deal from two separate source. Should they be successful in this undertaking that funding will replace funding from the Council. (Further information regarding discussions with Highways England can be found via this link <http://www.wiltshire.gov.uk/csocg-01-highways-england.pdf>)

36. The options considered for cash flowing this scheme are as follows:
- (i) Continue with delivery of the project as per the original Growth Deal programme (completion in 2019/20) without realising potential time and cost efficiency savings and accept any project cost increases and reputational damage that may occur. Importantly, continuing delivery as per the original Growth Deal programme will not address the Wiltshire Core Strategy development concerns highlighted above.
 - (ii) Seek delegated authority from Cabinet Capital Assets Committee to accelerate the delivery of the project to complete by 2017/18. To delegate authority to the Section 151 Officer to negotiate and agree with the Associate Director of Economic Development and Planning, and the Associate Director of Highways and Transport to cashflow and deliver the scheme.

Growth Deal grant 2016/17

37. To enable A350 Chippenham Bypass Dualling (Badger, Brook and Chequers) and M4 Junction 17 Improvements to be completed earlier, scheme development is required in 2016/17. This is currently being financed through the 2016/17 profile underspend encountered on other Growth Deal projects.
38. When Growth Deal funding bids were submitted to Government each project included an indicative delivery profile. Some of Wiltshire's projects have since required their individual profiles to be updated due to changes to delivery timescales. This is not unique to Wiltshire as other authorities are experiencing the same issues.

Chippenham Station Hub

39. A funding bid for the Chippenham Station Hub project was submitted as part of the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) Strategic Economic Plan (SEP) in March 2014. It received a conditional funding allocation from the Local Growth Fund (LGF) of £16 million in July 2014, with the project scheduled to start in 2016.
40. The project has since been designated as a 'Retained Scheme', which means that additional requirements and conditions have to be met in order for grant funding to be provided by the Department for Transport (DfT).
41. To date, £0.350 million from the DfT has been provided to Wiltshire Council for project development work. At the time of writing this report approximately

£0.125 million has been spent from this allocation. The project is progressing and key stakeholders (Network Rail, and Great Western Railway) are working with the Council to develop a scheme (a letter of support has recently been received from Network Rail – see appendix D). The first phase has now been completed with the production of a Strategic Outline Business Case, Appraisal Specification Table, and an Options Assessment Report.

42. As the project has been designated as a retained scheme certain conditions need to be adhered to, one of which is:

c) the Department for Transport reserves the right to seek reimbursement from the Council of any payments made relating in respect of this grant award in the event that the scheme is not constructed.

43. Therefore, if no scheme is delivered, the DfT may seek reimbursement of any payments already made to Wiltshire Council. This presents a risk for the Council in the event of non-delivery; however, the £0.350 million could be covered using the transition funding of £0.5 million provided for Growth Deal project development. This reserve was allocated to the development of projects for submission to Growth Deal round 3. To date, £0.070 million has been spent from this fund, therefore if reimbursement is required from the Chippenham Station Hub project it is proposed that costs are covered using this allocation (see paragraph 50 for further detail). As stated, the project is progressing and regular engagement is occurring with the DfT, therefore there is currently no intention of using this transition funding to cover costs incurred. The risk of non-delivery is understandably higher during the initial early stages of development as concepts/options are still being agreed by the Council and key stakeholders. This risk of non delivery should decrease as the project progresses, reducing the likelihood of requiring transition funding to cover initial project development costs.
44. Cabinet Capital Assets Committee is therefore requested to agree covering (if required) costs incurred in developing this project from the £0.5 million transition funding in the event the DfT seeks reimbursement.

Growth Deal Funding re-allocation

45. At the July 2016 SWLEP Board meeting it was recommended that the £3.7 million Growth Deal allocation awarded to the M4 Junction 15 Project would be provisionally reallocated to other projects. This reallocation is dependent on the M4 Junction 15 project achieving private sector match funding, which is anticipated to be confirmed in September 2016.
46. It was decided that the £3.7 million would be provisionally re-allocated as follows:
- £1 million to provide match-funding to the £2 million from central government to roll out ultrafast broadband to areas in Wiltshire. (This is a Wiltshire Council managed project.)
 - £1.35 million each conditionally awarded to two culture and heritage

schemes (total £2.7 million). These schemes are the Salisbury Plain Heritage Centre and the Swindon Museum and Art Gallery. (These are not Wiltshire Council managed projects.)

47. As a result of this potential reallocation the financial profiling for the overall Growth Deal programme will need amending. The implications of amending the funding profile to include these projects are outlined in Appendix A.

Growth Deal Round 3

48. As stated in the background section, the Growth Deal Round 3 funding bid was submitted by the SWLEP to Government on the 28 July 2016. The Wiltshire Council led projects included in the submission are identified below (these are not in a prioritised order).
- Chippenham Transport Package - supports the housing and economic growth planned for Chippenham.
 - Salisbury Transport Package - supports the housing and economic growth planned for Salisbury.
 - Trowbridge Transport Package - supports the housing and economic growth planned for Trowbridge.
 - Salisbury Station Interchange - creates a high quality, convenient transport hub for the city and addresses transport challenges at the railway station through improving accessibility for public transport.
 - A350 Chippenham Bypass Dualling (Chequers to Lackham) - will deliver an improved, more resilient and efficiently operating A350, complementing works delivered under Growth Deals 1 and 2.
 - Regeneration of the Maltings and Central Car Park – a city centre mixed use redevelopment scheme for an important 8.7 hectare brownfield site in Salisbury.
 - A350 Melksham Bypass - improve north-south connectivity through increasing journey time speed and reliability between the M4, the A303, and south coast ports.
49. Each of the above projects were subject to a sifting and appraisal process as set out in the SWLEP Assurance Framework.
50. To support development of these projects, measures were set out to and agreed by Cabinet Capital Assets Committee (CCAC) in March 2016. At this meeting CCAC approved the process for approving and funding development costs to enable projects to be developed to a level where they would stand a greater chance of securing funding through future anticipated rounds of Growth Deals with Government. It was agreed that transition funding of £0.5 million would be set aside to cover development costs for specified projects (to be capitalised where applicable if Growth Deal grant is secured).

51. Following the Cabinet Capital Assets Committee meeting, Wiltshire Council officers met to discuss and agree which projects should have business cases developed for inclusion in the Growth Deal Round 3 bid. Development of business cases for the agreed schemes incurred costs of approximately £0.070 million.
52. At the SWLEP Board meeting of 13 July 2016, an order of prioritisation for the projects was decided. In addition, it was agreed that the A350 Melksham Bypass project would be submitted to the DfT's Local Transport Majors Fund, with the aim of securing funding to develop an outline business case for the scheme.
53. As per the below timetable the projects in paragraph 48 were included in the submission to Government on 28 July.
- **Friday 24 June** – draft Growth Deal 3 snapshot submitted to government
 - **Wednesday 13 July** – LEP Board agree project prioritisation
 - **Tuesday 19 July** – Ministerial Challenge Session on the Growth Deal 3 proposal
 - **Thursday 28 July** – Final Growth Deal 3 proposal submitted to government
 - **August through to October** – Government will undertake assessments on the 39 LEP Growth Deal 3 submissions
 - **November** – Chancellor of the Exchequer announces Growth Deal awards in his Autumn Statement speech
54. Cabinet Capital Assets Committee is requested to note the submission of the Growth Deal 3 bid and the costs incurred developing the included Wiltshire Council led projects. The Committee is also asked to approve the provision of £0.080 million (from the £0.5m transition funding detailed in paragraph 50) to support the development of the project detailed in Appendix C.

Overview and Scrutiny Engagement

55. A Swindon and Wiltshire Local Enterprise Partnership Joint Task Group has been established. This Group acts as a critical friend, developing an overview of strategies and plans and providing independent scrutiny of the work of the SWLEP Board and Joint Strategic Economic Committee (JSEC) and comprises four elected Councillors from each of the two Unitary Authorities. It is an essential element of assuring democratic accountability for the use of public funds.
56. Although it is planning to monitor the implementation of projects in future, the Swindon and Wiltshire Local Enterprise Partnership Joint Task Group has not specifically considered this report therefore cannot offer any further comments.

Safeguarding Implications

57. There are no safeguarding issues related to this report.

Public Health Implications

58. The local economy is a known contributor to the wider determinants of health. A struggling local economy can lead to higher unemployment throughout the local population. This in turn can impact on the social, physical and mental health outcomes of the population. Getting people into work is therefore of critical importance for reducing health inequalities.
59. Work is good – and unemployment bad – for physical and mental health, but the quality of work matters. Being in good employment is protective of health, but insecure and poor quality employment is also associated with increased risks of poor physical and mental health. For optimum outcomes a focus on facilitating the delivery of secure employment opportunities which offer opportunities for development will be important. The work of the SWLEP delivered through nationally competitive Growth Deals, aims to deliver significant levels of new jobs in Wiltshire and attract significant private sector investment to our economy. This will help ensure that Wiltshire's economy remains strong and resilient and that employment figures remain high.
60. The proposed transport packages offer an opportunity to enhance utilisation of both public transport and active travel options which over time could lead to improved health outcomes. There may also be associated benefits in relation to both road safety and air quality.
61. Utilisation of CIL funding for programmes should be considered alongside the opportunity costs of alternative calls on this funding. CIL funding can be used for a range of infrastructure needed as a result of development including new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

Procurement Implications

62. Growth Deal projects and development works associated will be procured in line with the Part 10 (Procurement and Contract Rules) of Wiltshire Council's Constitution and process pertaining to corporate procurement. Advice and guidance will be sought from the Corporate Procurement Unit prior to embarking on any procurement activities.

Equalities Impact of the Proposal

63. The Department for Business, Innovation and Skills published its Equality Impact Assessment (EQIA) for Growth Deals in July 2014. The report concludes that the Growth Deal programme has no adverse impact on any protected group and that the proposed funding decision is neutral in advancing equality of opportunity between persons who share the relevant protected characteristic and persons who do not share it.
64. As projects develop, Wiltshire Council officers will continue to consider the

equality implications locally and ensure that there are no negative impacts. This will be done throughout the life of their development and delivery.

Environmental and Climate Change Considerations

65. Through the development of the Growth Deal there will be an increase in demand for, and consumption of, energy in Wiltshire. However, these proposed developments also present opportunities for innovative and pioneering solutions in terms of meeting the challenges ahead of rising energy costs and disrupted supply.
66. The planned housing, transport improvements, and business growth and expansion, provide an opportunity to embed the development of a low carbon infrastructure and sustainable building practices. This in turn will also support the local skills agenda, offering opportunities for apprenticeships, up-skilling of the workforce and supporting emerging technologies and patent development.

Risk Assessment

67. The table below captures the risks together with impacts and probability assessments and mitigation suggestions.

Risk	Impact (0-4)	Prob (0-4)	Total	Mitigation
Approved grant funding is withdrawn causing the projects to be undeliverable and creating unbudgeted revenue costs for the Council.	4	1	4	<p>The Council is in receipt of a written provisional allocation of funding from Government outlining the extent of the Growth Deal grant. (see letter from CLG in Appendix B).</p> <p>The Council has been given no indication that LGF funding will be withdrawn, however the funding is only confirmed on a year by year basis. Therefore, there is a risk that government could pull future years funding. We are not aware of DCLG pulling such funding to date.</p> <p>As per comments in the financial implications section of the report this is currently considered to be a small risk. If funding is withdrawn the Council will have to borrow to cover the project costs (see paragraph 74).</p> <p>This risk will be monitored regularly and any changes will be communicated to Cabinet Capital Assets Committee.</p>
Tendering, Full Business Case development and the production of detailed designs increases project costs due to discovery of additional	4	2	8	<p>Business Cases have been developed to Outline Business Case level using the HM Treasury 5 case model. If the Full Business Case development and tendering phase identify any significant required project changes, these will be reviewed by the SWLEP Board and Wiltshire Council</p>

requirements.			<p>Capital Assets Committee before proceeding to delivery.</p> <p>While the estimated scheme costs do include inflation uplifts and risk contingencies, there is the chance that costs could go up based on further business case work particularly in relation to tender prices.</p>
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Risks that may arise if the proposed decision and related work is not taken

68. Should the funds not be made available to accelerate the delivery of projects they will continue delivering as per the original programme without realising potential time and cost efficiency savings and have to accept any project cost increases that may arise. Continuing delivery against the original programme will also not address the issues and concerns highlighted in this report.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

69. The risk is that if Wiltshire Council cashflows the projects and the grant is not received the Council will have to borrow to cover costs incurred (see paragraph 74).

Financial Implications

70. Appendix A provides a summary of the Growth Deal schemes grant allocation profile and proposed delivery profile which include the acceleration of A350 and J17.
71. Due to the delays on other Growth Deal projects the acceleration of A350 and J17 costs can be met in 2016/17 as LGF can be moved around. For 2016/17 Wiltshire Council profiles are currently showing an underspend against LGF grant allocation of £2.8 million.
72. This presents a problem in 2017/18 when all projects will be in delivery phase. In order to achieve the proposed delivery Wiltshire Council will need to cashflow £3.292 million in 2017/18, and £3.360 million in 2018/19. This is detailed in Appendix A.
73. The cashflow position would need to be assessed at the time, if short-term borrowing was required interest charges estimated at 1% would be incurred, this would be circa £0.066 million.
74. There is a small risk that future Local Growth Fund grants are withdrawn or grant allocations changed. In this event Wiltshire Council would have to borrow to fund these projects as they would be delivered. The cost of borrowing for the full scheme (A350 and J17) cost of £7.6 million would be £0.342 million per annum. This would require alternative savings to be found to fund this, but as this is not yet a risk no action is needed at this stage. Correspondence with the Department for Communities and Local Government regarding Growth Deal

funding is shown in Appendix B.

75. £0.5 million of Reserves has been ring-fenced to cover costs from LGF Development Costs which do not proceed. This has been allocated in the table below. If LGF round 3 bids are successful and if Chippenham Station Hub proceeds then costs will be funded from future LGF grant awards and will not have to come from the revenue reserve. It is hoped that progressing this work reduces the risk of any reserve draw down, and the need to challenge if money should be spent is still a pre-requisite of every decision taken regardless of the fact there is scope to look at reserves.

Scheme	Committed	Forecast	Total
LGF Round 3 Development Costs	£0.070m	£0.000m	£0.070m
Chippenham Station Hub – if scheme does not proceed LGF grant has to be repaid	£0.125m	£0.225m	£0.350m
Inward Investment Opportunity Development costs (appendix C)		£0.080m	£0.080m
Total	£0.195m	£0.305m	£0.500m

Legal Implications

76. Lead officers have been working closely with colleagues in Legal Services to ensure that Growth Deal projects comply with European State Aid Regulations and other legal requirements. Additional and future Growth Deal projects will follow the same process to ensure that legal issues are identified and discussed at the soonest opportunity in project development so that support and advice can be provided.
77. Legal advice will be taken in respect of the procurement exercise detailed in paragraph 62, and in respect of Wiltshire Council entering into any necessary contracts.
78. Officers at Wiltshire Council have been engaging with colleagues from SWLEP and Swindon Borough Council to ensure efficient and robust governance arrangements are in place to monitor Growth Deal delivery and development.

Options Considered

79. See Main Considerations section and Financial Implications.

Conclusions

80. Accelerated delivery of projects sends a strong message to Government regarding Wiltshire Council's ability to deliver Growth deal projects to time, cost and quality. Accelerated delivery could also help realise potential time and cost efficiency savings.

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The following unpublished documents have been relied on in the preparation of this Report: *None*

Appendices:

A – Growth Deal Financial Profile and Cash Flow (exempt)

B – Letter from CLG re: Growth Deal

C – Inward Investment Opportunity – Development costs request (exempt)

D – Letter of support from Network Rail – Chippenham Station Hub