Executive Report  
Ward(s) affected: Stoke  
Report of Director of Planning and Regeneration  
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## Slyfield Area Regeneration Project (SARP)

### Executive Summary

SARP has been designated as a Strategic Site in the Local Plan. The relocation of the sewage treatment works (STW) facilitates the delivery of two new industrial units, 1,500 new homes and associated infrastructure.

The project incorporates the replacement of the existing STW, which is owned and operated by Thames Water (TW), with a new STW facility being built on the former Slyfield Landfill site. The facility will meet modern day standards improving the environment for local people, providing extra sewage treatment capacity to meet the demand from the Local Plan Strategic Sites.

The project will have a consequential effect on the surrounding area providing more job opportunities within an enhanced Slyfield Industrial Estate. The project will enable the relocation of the Council depot and the waste facilities away from residential areas, opening up the riverside for the wider community.

The Council was successful in an application to the Homes England (formerly HCA) for Housing Zone designation of the SARP housing site for a loan of £90 million, with access to a Public Works Loans Board (PWLB) loan at preferential rates. A decision on the drawdown of this funding will be made as part of the treasury management function of the Council and is subject to Business Case appraisal. In addition, the Council secured a grant of £600,000 from the HCA to assist with the review of the financial assumptions for the project and £900,000 from the Local Enterprise Partnership M3 to assist with ground investigations.

The Council has submitted a bid for a £52.3 million grant from the Housing Infrastructure Fund (HIF) and a decision is expected later this spring. A EM3 LEP bid has also been submitted for £7.5 million.
To date, the Council entered into a non-legally binding Heads of Terms with TW in July 2018, making a 50 per cent contribution of £1.345 million towards TW’s costs to date of £2.69 million.

The agreement with TW has progressed with completion programmed for late March 2019. Under this agreement, the Council will reconcile TW’s incurred costs to date as well as fund legal, professional fees and design costs leading to the submission of the planning application for the STW.

**Recommendation to Executive**

(1) That the sum of £10 million be transferred from the provisional capital programme to the approved capital programme to facilitate the funding of 50 per cent of Thames Water’s costs as well as any future spend covering Thames Water’s legal, professional fees, and design costs leading to the submission of the planning application for the Sewage Treatment Works.

(2) That the Managing Director be authorised, in consultation with the Leader of the Council, to sign and complete the Development Agreement with Thames Water to proceed with the implementation of the relocation of the Sewage Treatment Works and associated works.

**Reason for Recommendation:**
To enable the design and relocation of the STW and to progress with the wider Slyfield Area Regeneration Project that will have a positive impact on the supply of housing and employment land in the Borough and regenerate the Slyfield landfill site.

1. **Purpose of Report**

1.1 To seek approval of the transfer of the sum of £10 million from the provisional capital programme to the approved capital programme to facilitate the funding of 50 per cent of TW’s costs as well as any future spend covering TW’s legal, professional fees, and design costs leading to the submission of the planning application for the STW.

1.2 On 27 September 2016, the Executive authorised the Managing Director, in consultation with the Leader of the Council, to finalise and approve the Development Agreement with TW. This report also seeks authority from the Executive to authorise the Managing Director, in consultation with the Leader of the Council, to sign and complete the Development Agreement with TW to proceed with the implementation of the relocation of the STW and associated works.

2. **Strategic Priorities**

2.1 The delivery of this project will have a positive impact on the supply of housing and employment land in the Borough and regenerate the Slyfield landfill site.
2.2 The recommendations support the delivery of the following priority from the Corporate Plan 2018-2023:

- Delivering the Local Plan and providing the range of housing that people need, particularly affordable homes.

3. Background

3.1 The Council has made good progress with TW reaching a stage in agreeing a legal document between the Council and TW. The agreement will set out the responsibilities, mechanisms, governance and risks of both parties in delivering the new STW and de-commissioning of the existing.

3.2 The costs to cover TW's legal, professional fees, and design costs leading to the submission of the planning application for the STW is an estimation only and £10 million should be sufficient to cover these costs at this stage. Costs submitted for claim by TW will be scrutinised.

3.3 The Executive is requested to approve the transfer of up to £10 million from the provisional to the approved capital programme for the funding of 50 per cent of TW's costs as well as any future spend covering TW's legal, professional fees, and design costs leading to the submission of the planning application for the STW.

3.4 In October 2014, the Council submitted an application to Homes England (formerly HCA) for the SARP housing project to be designated as a Housing Zone. The HCA funding application was specifically to bring forward brownfield sites for housing and was successful with a loan offer of £90 million, at the PWLB project loan rate, subject to submission of the project Business Case.

3.5 The Council has submitted a bid for a £52.3 million grant from the Housing Infrastructure Fund (HIF) and a decision is expected later this spring. A EM3 LEP bid has also been submitted for £7.5 million.

3.6 To date, the Council entered into a non-legally binding Heads of Terms with TW in July 2018, making a 50 per cent contribution of £1.345 million towards TW's costs to date of £2.69 million.

3.7 The agreement with TW has progressed with completion programmed for late March 2019. Under this Development Agreement, the Council will reconcile TW's incurred costs to date as well as fund legal, professional fees, and design costs leading to the submission of the planning application for the STW.

3.8 A funding condition has been included in the TW agreement so that completion of the scheme will be dependent on obtaining the external funding from Homes England and EM3 LEP, and Council approval of the overall SARP business case and programme. Council approval of the business case and overall scheme is currently scheduled for 9 October 2019 and there will be a councillor briefing on the project in June / July before the business case is presented to Executive and then Council in the autumn.
4. **Consultations**

4.1 The Leader and the Lead Councillor for Infrastructure and Governance are fully briefed on the project. Presentations at key points in the project have been made to Executive councillors, Governance Board and Corporate Management Team.

4.2 The SARP Councillor Forum has been updated on the outline of the project, but not the detail for confidentiality reasons.

4.3 Due to the importance as a Council strategic and Corporate Plan 2018-2023 objective, the Leader has asked for this report to be presented at this Special Executive meeting.

5. **Equality and Diversity Implications**

5.1 There are no Equality and Diversity implications.

6. **Financial Implications**

6.1 There is £69.083 million on the provisional capital programme for works to the site, and the Executive is requested to approve the transfer from the provisional to the approved capital programme to enable the project to move forward.

6.2 The budget is in the capital programme and was part of the approved underlying need to borrow. There is, therefore, no additional financial impact arising as a result of this report.

7. **Legal Implications**

7.1 Our legal advisers, Pinsent Masons, will report on the Council’s obligations prior to the completion of the TW legal agreement. This will be presented to the Managing Director and Leader, as well as to Corporate Management Team prior to final completion.

7.2 A funding condition has been included in the TW agreement so that completion of the scheme will be dependent on obtaining the external funding from Homes England and EM3 LEP, and Council approval of the overall SARP business case and programme.

8. **Human Resource Implications**

8.1 The SARP project is being led by the SARP Regeneration Lead and supported by the wider SARP project team. The related human resources expenditure is within the approved budgetary provision.

9. **Summary of Options**

9.1 There are three options:

   (1) To continue with the regeneration project and realise the strategic benefits identified in the Corporate Plan 2018-2023
(2) To cease the project retaining the site in its existing state, or

(3) To develop the landfill site with industrial units.

9.2 Officers strongly recommend Option (1) to continue the project as detailed in this report.

10. Conclusion

10.1 This Regeneration Project has major benefits for Guildford by providing a new STW, Council depot, waste facilities, industrial units and 1,500 homes by bringing a brownfield site back into economic use.

10.2 Council approval of the business case and overall scheme is currently scheduled for 9 October and there will be a Councillor briefing on the project in June / July before the business case is presented to Executive and then Council in the autumn.

11. Background Papers

None

12. Appendices

None