

Highways England

Growth and Housing Fund:
£100m to be allocated by 2021





Introduction

The Road Investment Strategy established a £100 million Growth and Housing Fund (GHF) to be administered by Highways England.

The fund provides leverage and flexibility for Highways England to support Local Enterprise Partnerships (LEPs) local authorities and the private sector to mobilise development sites that require prompt investment in our network to allow them to progress quickly.

The fund is a supplement to developer contributions and other existing sources of funding, and will only be invested where it is clearly unviable for the market to do so.

The fund complements the ambitious infrastructure projects announced in the Local Growth Deals, and the much larger programme of support for housebuilding being delivered by other Government bodies.

The fund is the key means by which Highways England will play its part in supporting the country's economy locally. Critically, our investments under the Growth and Housing Fund must be matched with funds from other sources.

How much funding is available?

To spread the benefit of the fund nationally, and to enable us to capitalise upon specific local opportunities that other funds may not be as well placed to tackle, we have chosen to target the fund at a larger number of local schemes, rather than a small number of large, complex schemes.

The maximum we will invest in an individual scheme will usually be £5 million, although we may consider up to £10 million where a scheme offers excellent value for money.

Our expectation is that about 50% of costs will be covered by other sources of funding. We may consider a higher intensity of investment where both excellent value for money and a substantial viability gap can be demonstrated. The first phase of schemes will start to be delivered in 2016/17.

How can the fund help?


The Growth and Housing Fund will provide capital investment to bridge funding gaps in highway work and associated transport infrastructure which are preventing economic and housing sites from being progressed.

We expect the first wave of schemes under the Fund to be delivered by Highways England, with matched funds committed by third parties through legal agreements. This builds on our historic experience of delivering improvements to the network to mitigate the impact of new developments, identified through the planning process, and fully funded by developers.

We are aware of opportunities where we may be able to 'unlock' development by supporting third parties in undertaking work near to the Strategic Road Network (SRN), using funding agreements or other methods for investment, providing that there is an evidenced benefit to the SRN.

We also intend to use the Growth and Housing Fund to explore these opportunities.





How will we select schemes?

We are currently developing our selection and prioritisation criteria for the GHF.

The primary purpose of the GHF is to enable the early and quick delivery of substantial numbers of jobs and homes - at the best possible value for money. For a scheme to be eligible under the fund it must first be demonstrated that the intervention would be a complement to and not a replacement for the other funds, from private or public sources.

We will robustly test whether we are investing our funds at the right level. We will need to be sure that we are only covering costs that the private sector could not be expected to meet, and be sure that we are not distorting competition or the proper operation of the market.

We will also need to be confident that there are no other blocks to delivery of any given scheme, apart from works to the highway.

We anticipate applying the following criteria:

- **Match Funding.** We expect schemes to demonstrate substantial private match funding (about 50%);
- **Scheme Readiness.** This will primarily be identified by the planning status of the sites to be served. We expect to invest in schemes that have full planning consents in place. We will also consider what else has to happen before the scheme can start, such as compulsory purchase orders or other mitigations;

- **Early delivery of jobs and homes – and added value.** We will also consider the timing and quantity of jobs, homes and other widescale economic impacts that will be unlocked by the scheme and compare these to the level of funding being requested;
- We will also assess the Benefit Cost Ratio and Value For Money of all schemes using the Web Transport Analysis Guidance (WebTAG).

What has happened so far?

Over spring and summer 2015 we have been developing and testing a process for identifying potential schemes.

We have started initial work to identify potential schemes that might benefit from this fund, using a similar approach to that used for the Highways Agency 'Pinch Points Programme'. This work will help us to identify some early schemes to be taken forward.

What happens next?

It is critical that we also test the market and ensure that we are not missing opportunities for leveraging in private capital, or for supporting developments with the potential for the early delivery of substantial numbers of jobs and homes. It is also critical that we are as transparent as possible about how we select and prioritise where we invest our funds.

We will be writing to the Local Enterprise Partnerships during winter 2015/16 to invite them to work with us to identify the next phase of schemes. We would value your feedback on our funding offer. You may want to offer views on some of the following points:

- Is £5 million, and about 50% of costs, sufficient to make a difference?
- Are our criteria for prioritising schemes reasonable and realistic?
- Where and how can the Fund make the biggest difference?

We look forward to working with you.

For more information

For more information on our national plans for the fund, or if you have any comments on our funding offer please contact: growthandplanning@highwaysengland.co.uk



Growth and Housing Fund

Frequently asked questions

Q. How much funding is available?

A: Through the Road Investment Strategy (RIS), £100 million has been committed between 2015 and 2021. Funding of up to £5 million, to be matched by other contributions, will be made available to individual schemes. In exceptional cases, where excellent value for money can be demonstrated, we may consider investing up to £10 million in a single scheme.

Q. Does the GHF require match funding?

A: Yes. All schemes to be considered for support under the GHF must demonstrate substantial match funding. We expect that GHF schemes will attract about 50% funding from other sources, but will consider schemes on a case by case basis.

Q. What is different about the GHF to previous Highways Agency programmes such as the Pinch Points Programme?

A: The GHF builds on the success of the Pinch Points Programme and other previous activity to support the creation of jobs and new homes. Key differences between Highways England's GHF and previous Highways Agency programmes are the requirement for match funding - and a sharper focus on delivering growth and new homes.

Q. What types of scheme will be supported?

A: The GHF is a capital fund, and will contribute to improvements on or connected to the Strategic Road Network (SRN) which satisfy the fund criteria, and demonstrate best value for money. It is expected that the fund will support smaller-scale junction improvements and other works to increase capacity on the network.

We expect many schemes to be delivered by Highways England directly, with financial contributions from third parties. There may be scenarios where we may wish to support works off the SRN, or for works to be undertaken by third parties. We will consider these scenarios as they come forward.

Q. How will you identify potential schemes to be supported?

A: We have made progress with identifying some initial schemes under the Fund which are currently being developed by our local delivery teams working with local partners. This will only account for a small proportion of the schemes to be funded by the GHF. The bulk of the programme is expected to be identified by dialogue via the LEPs, with our partners and stakeholders, which we have now begun.

Q: How will you select the schemes to be supported?

A: Potential schemes will be selected via a competitive process, against a set of specific criteria. These criteria reflect the selection criteria for other government investments in economic and housing projects. Schemes will be judged on their ability to enable the early and substantial delivery of jobs and homes, deliverability, the level of match funding levered, and the addition to existing or expected activity. The GHF must not and will not displace funding already in place through the Regional Growth Fund or other Government funded programme. It is also not a substitute for reasonable private investment. To safeguard value for money all potential schemes will be assessed against these criteria, and must satisfy the relevant scheme appraisal requirements for highways schemes (WebTAG). All investment decisions will be made by Highways England.

Q: How will you know that you are not displacing funding already in place?

A: The assessment process will thoroughly test whether schemes are dependent on the GHF being invested now, at the level requested. All schemes funded under the GHF will need to demonstrate that there is a funding shortfall (a viability gap) and that the GHF is the most appropriate to fill this gap.

Q: How do I apply for funding?

A: We will be writing to the LEPs during winter 2015/16 inviting them to work with us to identify the next phase of schemes. This will include guidance and a proposal pro-forma to be returned to us by the end of the year.

Whilst this will not be an open call at this stage, we are committed to testing the market as far as we can. This will ensure that the best schemes, with the best value for money in terms of jobs and homes released for the funding we invest. We will regularly review our options for delivering the fund, and may consider alternative options based upon need, demand – and opportunity.

Q: When do you expect the first GHF schemes to start?

A: We have a commitment to start to deliver our first schemes in the next financial year 2016/17. Announcements will be made on the individual schemes to be supported and timescales as they become available.

Q: Who should I contact to find out more?

A: For enquiries regarding the fund, please contact:
growthandplanning@highwaysengland.co.uk
or contact the team members direct:

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If your enquiry concerns a specific location, we will be able to route your enquiry to the appropriate regional delivery lead within Highways England.



If you need help accessing this or any other Highways England information, please call **0300 123 5000** and we will help you.

