

**BRECKLAND DISTRICT COUNCIL**

**Report of:** Executive Member for Finance & Growth

**To:** Council 31<sup>st</sup> October 2019

**Author:** Robert Campbell, Inward Investment Manager

**Subject:** Snetterton Electricity Upgrade Project – Project Update and Acceptance of Grant

**Purpose:** To accept additional Norfolk Business Rates Pool funding designed to support with the delivery of a power distribution solution for the Snetterton Heath employment area.

**Recommendation(s):**

- 1) Council approves acceptance and spend of a Norfolk Business Rates Pool (BRP) grant value uplift of £156,541, from £782,706 to £939,247, in order to support with the delivery of a power distribution solution for the Snetterton Heath employment area.

**1.0 BACKGROUND**

- 1.1 The lack of access to power at Snetterton Heath has been a long standing issue, restricting business growth and inward investment at this major employment site. Snetterton has an estimated 68.1 hectares of underdeveloped employment land with a further 20 hectares proposed for allocation through the current Local Plan review. It has been estimated that there is sufficient land to deliver 200,000 sq. m of B1, B2 and B8 employment space, providing potential for up to 1,750 new jobs (and safeguarding a further 1,450 existing jobs in Breckland - local companies who require relocating, as part of their expansion plans).
- 1.2 It was considered very unlikely that any single private sector development could afford the outlay necessary to fund the power upgrade.
- 1.3 On 17<sup>th</sup> May 2018, Council approved the acceptance and spend of a total of £3,432,706 of external funding to allow the project to upgrade the electricity capacity at the Snetterton Heath employment area to proceed.

The funding was made available from:

New Anglia LEP Growth Fund	£2,650,000
Norfolk Business Rates Pool	£ 782,706

- 1.4 The project consisted of two elements:
  - Design and construction of a new 33kV Primary Substation
  - Design and construction of a new 11kV Electricity Distribution Ring (required to distribute the additional power around the Snetterton Heath employment area)

Both elements of the project are included in both grant agreements.

- 1.5 Subsequent to that approval, the Council entered into a contract with UK Power Networks (UKPN) for the construction of the new Primary Substation for Snetterton.
- 1.6 Since the award of contract, UKPN have sought to complete the detailed design of the substation. This detailed design exercise has led to the authority being presented with a revised project cost, which is higher than previously anticipated.
- 1.7 The Council has agreed to proceed on the basis of the revised price so that the substation could remain on schedule for a summer 2020 completion. However, the increase in cost for the substation has created a budget constraint for the delivery of the 11kV Electricity Distribution Ring.
- 1.8 Consequently, in order to ensure that the project can be delivered as originally proposed including the distribution ring, the council has formally requested an uplift of the Norfolk BRP grant award by £156,541, from £782,706 to £939,247. Officers are satisfied that this should provide sufficient additional funding to fund both the substation and the distribution ring whilst maintaining an adequate level of cost contingency. Both the LEP and NCC are working with the Council closely on this project.
- 1.10 On 12<sup>th</sup> September, the Norfolk BRP approved the grant uplift. This report seeks member authority to accept the increased BRP funding allocation for the project, as a means of enabling the project to be delivered as originally envisaged. The funding will be made available under the same terms of the previous funding allocated to the project, which require the authority to expend the funding only in relation to the project, and report on progress with delivery to the BRP team throughout the life of the programme.

## 2.0 OPTIONS

- 2.1 **Option 1 – Proceed as per the report recommendations (Recommended).** Under this option, the authority will accept the additional £156,541 of grant funding from Norfolk BRP so that the Distribution Ring works can proceed.
- 2.3 **Option 2 – Do not accept the additional BRP funding (Not recommended).** Under this option, the authority will have the budget to deliver the substation but not the distribution ring. This would undermine the ability of the project to deliver its overarching stated aims, which are to support with power distribution to and around the Snetterton Heath employment area.

## 3.0 REASONS FOR RECOMMENDATION(S)

- 3.1 Acceptance of the additional grant funding supports the completion of the new 11kV Distribution Ring at the earliest possible date, estimated at Autumn 2020, whilst maintaining an adequate level of project budget contingency.
- 3.2 Delaying the work on the new distribution ring could potentially jeopardise a number of development projects at Snetterton Heath which are currently in negotiation.

## 4.0 EXPECTED BENEFITS

- 4.1 Completion of the project in summer/autumn 2020 will make an additional 6MVA of power available to support development of employment land at Snetterton Heath. Additional power is possible through a further Phase 2 development (at additional cost).
- 4.2 Snetterton Heath has the potential to support:-

- 3,200 (1,750 net) jobs;
- The delivery of 68.1 hectares of employment land increased in density with a further 20 hectares over the Local Plan period to 2036;
- 218,690 sq m of new employment space;
- Net additional Gross Value Added (GVA) of £106m per annum;
- Private sector investment of £224m.

## 5.0 **IMPLICATIONS**

### 5.1 **Carbon Footprint / Environmental Issues**

- 5.1.1 Individual planning applications for commercial property schemes will detail any carbon footprint and environmental issues.
- 5.1.2 Additional employment opportunities at Snetterton have the potential to reduce average travel to work distances for workers living in Breckland, many of whom travel to Norwich and Bury St Edmunds for work at present. This becomes particularly relevant as the two major house building schemes in Attleborough and Thetford occur.

### 5.2 **Constitution & Legal**

- 5.2.1 External legal advice has previously been taken to ensure that the Council's use of grant funding is compliant with State Aid regulations.

### 5.3 **Contracts**

- 5.3.1 Officers are satisfied that the variation of the contract with UKPN to include the 11kV Distribution Ring works is permitted under Public Procurement Regulations.

### 5.4 **Corporate Priorities**

- 5.4.1 This project contributes to the following Council priorities:
- Supporting Breckland to develop and thrive
  - Developing the local economy to be vibrant with continued growth

### 5.5 **Financial**

- 5.5.1 The project is entirely funded through external grant funding. The financial matters related to this report are captured in the appended Proforma B form.

### 5.6 **Reputation**

- 5.6.1 The delivery of the project is important to maintaining the Council's assurances that the power project would be delivered on schedule by summer 2020. Officers are aware that these assurances have supported progress on potential developments.

### 5.7 **Risk Management**

- 5.7.1 The Delivery Team maintain a full risk register for the project which is reviewed by senior management on a regular basis.

## 6.0 **WARDS/COMMUNITIES AFFECTED**

- 6.1 District Wards: All Saints and Wayland

Parish Wards : Snetterton

## 7.0 **ACRONYMS**

- 7.1 NALEP: New Anglia Local Enterprise Partnership  
UKPN: UK Power Networks  
MVA: Mega Volt Amp (a measure of electrical power)  
kV: Kilovolt (a measure of electric potential)

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Background papers:-

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### **Lead Contact Officer**

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**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Discretionary Service**

**Appendices attached to this report:**

Proforma B