

REPORT OF THE LEADER OF THE COUNTY COUNCIL**LOCAL AUTHORITY ACCELERATED CONSTRUCTION FUND FOR
COUNCIL OWNED DEVELOPMENT SITES****Purpose of the Report**

1. For the Committee to decide on whether to accept in principle the proposed funding from Homes England.
2. To delegate authority to the Corporate Director, Place in consultation with the Chair of Policy Committee as well as the Service Director Finance, Infrastructure & Improvement, and the Group Manager, Legal, Democratic & Complaints, to agree the terms on which the funding agreements are accepted.
3. To delegate authority to the Corporate Director, Place in consultation with the Chair of the Policy Committee and the Service Director for Finance, Infrastructure & Improvement, and the Group Manager, Legal, Democratic & Complaints to develop and/or dispose of the sites referred to in the report at Paragraph 8 in order to maximise the available grant funding.

Information

4. The Council Plan Your Nottinghamshire, Your Future sets out the commitment that Nottinghamshire is a great place to live, work, visit and relax. We will work with the Government, developers, house-builders and our local partners to provide a supply of good quality, affordable housing in attractive areas, close to employment. In order to enable the supply and pace of housing growth in the county the Council has been working closely with Homes England and has secured a substantial offer of grant funding of approximately £11 million which will enable the delivery of more than 1,800 new homes.

Background to the Bid for Homes England Funds

5. The Council has been offered provisional funding from the Homes England Local Authority Accelerated Construction Fund (LAAC) to assist the development of sites in its ownership. The fund aims to make the best possible use of public sector land to increase the supply of new homes by helping to remove the barriers facing local authorities with development on their sites. It also seeks to promote Small to Medium Enterprises (SMEs) in the housing industry as well as Modern Methods of Construction (MMC).
6. A timeline has been submitted to Homes England for the Council sites which demonstrates what needs to be done in order to start construction of the housing prior

to the deadline of the end of March 2021. This deadline is a key requirement of Homes England as all infrastructure and enabling works must be completed and funding drawn down by this date. In order to achieve this the deadlines for each stage of the development process need to be followed closely. To ensure delivery within these timescales an agreement from Committee is required at this stage to enable terms to be agreed as soon as possible to allow the maximum time from receiving the funding agreement to starting on site otherwise meeting the Homes England deadline is at risk.

Nottinghamshire County Council Sites

7. The recommendations of this report relate to the following sites which have previously been declared surplus to the Council's operational requirements and have allocations in either adopted or draft Local Plans for residential development.

- Rolleston Drive, Arnold
- Top Wighay
- The Paddocks, Radcliffe on Trent
- Low Moor Road, Kirkby-In-Ashfield
- Beck Lane, Sutton – In – Ashfield
- Abbey Road, Mansfield
- Stuart Avenue, Mansfield
- Cauldwell Road, Mansfield

The Key Homes England Funding Agreement Conditions

8. As with any grant offer there are conditions attached. The offer from Homes England is made up of a funding agreement which is a standard country wide document with specific sections relating to the offer itself. It provides the details of the amount of grant funding for each site as well as the conditions relating to the grant. It is expected that the terms will be negotiated depending on the expectation for the level of pace, the proportion of Modern Methods of Construction (MMC) and the disposal approach. In addition, all investment must be drawn down by March 2021. MMC involve off-site manufacture or assembly and are factory, system built approaches to housing construction rather than traditional methods.
9. Homes England have set up a Delivery Partner Panel 3 (DPP3). The DPP3 has been procured through the Official Journal of the European Union (OJEU) processes, and can be used to enable the efficient procurement of housing-led development on land owned by public sector bodies and Homes England. As part of the LAAC funding agreement it is a preference of Homes England for local authorities to sign up to and use the Panel. By using the DPP3 this allows the Council the fastest route to engage housebuilders and developers on the panel who have already been procured.
10. It is expected that the Council will deliver the agreed number of housing units for each site, and will work with housebuilders to secure the agreed levels of pace and MMC. In most cases Homes England would expect this to be achieved through the use of a Building Lease. Freehold disposal of sites will be restricted until completions as these do not allow sufficient control of the requirements around delivery pace and MMC.
11. Clawback conditions are part of the funding offer whereby any profit over and above the clean site value will need to be paid back to Homes England up to the amount of the funding offer.

12. If there are bids that don't eventually meet the specified pace or MMC requirements, or initial soft market testing suggests that these grant conditions may be unachievable, Homes England will discuss with the Council how best to progress with the sites at this point. This may result in the grant funding not being made, or an alternative route being considered.
13. Homes England will work with the Council to agree a set of core delivery milestones. If the core milestones are not achieved, and no resolution can be found to the issues causing the delays, Homes England can terminate the funding agreement and prevent further draw-down, or ask for the grant to be repaid.

Next Steps

14. In order to move forward quickly the Council will need to carry out a development appraisal for each site; to sign up to the DPP3 and commence discussions with developers in order to check the levels of pace and MMC. And, to negotiate with Homes England and agree to the funding offer on terms suitable to the Council. Delegated authority is therefore sought from the Committee because of the tight timescales which will be conditions of the funding body.

Other Options Considered

15. There is the potential to market and sell the sites individually without accepting the potential LAAC funding offers. This would mean that the timeframes and conditions set by the funding agreements would not need to be adhered to but, for many of the sites, the Council would still require significant upfront funds in order to achieve the best capital receipt and in some cases the funding from Homes England may be required in order to make the scheme viable. The intention of the Council is for each of these sites to be developed in order to promote growth and to provide additional homes in the County and the conditions set by the funding agreement are likely to be in accordance with the aspirations of the Council. It is therefore recommended to consider accepting the fund, subject to the further investigations and negotiations to be carried out as outlined in the next steps section of this report.

Reason/s for Recommendation/s

16. To obtain the initial funding required to provide the infrastructure and utilities into each site which will allow the plots to be sold and residential units to be developed.
17. In order to meet the deadline for starting development on site by the end of March 2021, approval is required to allow the Corporate Director, Place (in consultation) to make the delegated decisions subject to negotiations which will take place with Homes England.

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are

described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) To accept in principle the proposed funding offers from Homes England subject to the decisions of the Corporate Director, Place (in accordance with recommendation 3 below).
- 2) To delegate authority to the Corporate Director, Place in consultation with the Chair of the Policy Committee and the Service Director for Finance, Infrastructure & Improvement, and the Group Manager, Legal, Democratic & Complaints, to agree the terms on which the funding is accepted.
- 3) To delegate authority to the Corporate Director, Place in consultation with the Chair of the Policy Committee and the Service Director for Finance, Infrastructure & Improvement, and the Group Manager, Legal, Democratic & Complaints to develop and/or dispose the sites referred to in the report at Paragraph 7 in order to maximise the available grant funding.

Councillor Mrs Kay Cutts MBE
Leader of the County Council

For any enquiries about this report please contact: Steve Keating, Property & Estates,
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Constitutional Comments [CEH 21/09/2018]

19. The recommendations fall within the delegated authority to Policy Committee under its terms of reference. The grant funding agreements with Homes England will need to be in a form agreed by the Group Manager, Legal, Democratic and Complaints.

Financial Comments [GB 24/09/2018]

20. The financial implications of this report will remain unclear until further questions with regard to the conditions of the grant are resolved.

Background Papers and Published Documents

- None.

Electoral Division(s) and Member(s) Affected

- Ward(s): Newstead, Radcliffe on Trent, Arnold North, Sutton North, Kirkby North, Sutton Central & East, Mansfield South
- Member(s): Councillors Chris Barnfather, Kay Cutts MBE, Pauline Allan, Michael Payne, Helen Ann-Smith, John Knight, Samantha Deakin, Stephen Garner, Andy Sissons