

NORTH SOMERSET COUNCIL DECISION

DECISION OF: COUNCILLOR DAVID PASLEY. THE EXECUTIVE MEMBER FOR HUMAN RESOURCES AND ASSET MANAGEMENT, CAPITAL PROGRAMME AND TRANSFORMATION PROGRAMME.

WITH ADVICE FROM: DIRECTOR OF DEVELOPMENT AND ENVIRONMENT; HEAD OF FINANCE AND PROPERTY.



DECISION NO: 17/18 DE 111

SUBJECT: Approval of bids to Housing Infrastructure Fund (HIF)

KEY DECISION: YES

BACKGROUND:

On 4th July 2017, government announced a new Housing Infrastructure Fund (HIF) to fund infrastructure to support housing growth.

The fund has two strands:

- i. **Marginal Viability Fund:** this is for up to £10m per bid to fund the “final piece” of infrastructure at sites faced with viability issues but which are otherwise ‘ready to go’. Bids are to be submitted by 28th September, with expenditure from 2017/18 – 2019/20.
- ii. **Forward Fund:** this is aimed at a small number of strategic, very-large scale sites, providing up to £250m per bid. The initial stage of this fund is to submit an Expression of Interest (EoI) by 28th September 2017. If approved, we would then work with DCLG on a more detailed business case for submission in spring 2018. Those securing funding will be announced in summer 2018 with expenditure required by 2021.

Both funds provide grant funding (non-repayable) and offer the possibility to local authorities that they may recycle any parts of the fund that can be recouped into other infrastructure projects to support housing.

Officers have discussed a range of possible schemes and have shortlisted the following, for which bids are being prepared:

- (i) **Marginal Viability Fund:** installation of development drainage and utilities to service NSC-owned land at Parklands Village. This land is currently subject to an Outline Planning application. The drainage/utilities could be delivered as part of the forthcoming works to deliver the North South Link. At present, up to £1.1m has been allocated from NSC’s own funds to pay for the utilities. If HIF is secured the funds would be released for other purposes.

- (ii) Marginal Viability Fund: re-location of sub-station at Dolphin Square. The sub-station at this site constrains potential development options and even if incorporated into a development scheme would be likely to affect the viability and attractiveness of the properties. The site is owned by NSC and leased by the Homes & Communities Agency (HCA). The estimated cost is around £2m.
- (iii) Forward Fund: an Expression of Interest (Eoi) for infrastructure to support potential growth along the M5 - A38 corridor as identified in the West of England Joint Spatial Plan (JSP). This would encompass transport, utilities, drainage and education to a total of £60 – 100m. It should be stressed that this Eoi would not commit NSC to acceptance of the JSP development proposals, which remain subject to consultation and examination. However the Eoi if successful would help to ensure NSC was well-positioned to take forward infrastructure should development proposals later be adopted. As an Eoi this item does not require Executive Member approval but is included here for information.

Where local authorities are submitting more than one bid for either of the funding strands, they are required to rank the bids in order of priority. This would apply in the case of the two Marginal Viability funding bids. The guidance implies that if the highest ranking bid is rejected by DCLG, then the next ranked bid would not be considered.

Based on the scheme criteria, the Parklands bid would be expected to score more highly with DLG than the Dolphin Square proposal. For this reason it is recommended that the Parklands bid is ranked as priority (1) and the Dolphin Square proposal as priority (2).

The details of the bids including final costs continue to be developed as the deadline of 28th September approaches. The Executive Member is asked to delegate authority to the Section 151 Officer to finalise the details of the bids.

As this is an urgent decision which has not been included in the Council's Forward Plan the Public Notice Procedure has been complied with.

DECISION:

1. To approve the submission of bids to the Housing Infrastructure Fund (HIF) Marginal Viability Fund as follows:
 - Provision of utilities and services to land owned by North Somerset Council at Parklands Village: bid estimate £750,000 – 1,250,000, to be ranked as priority 1 of 2.
 - Re-location of sub-station from Dolphin Square: bid estimate: £1,500,000 - £2,500,000, to be ranked as priority 2 of 2.
2. To delegate authority to the Section 151 Officer to finalise bid wording and amounts, within the range specified above.
3. To note the proposed Expression of Interest to the HIF Forward Fund for provision of infrastructure in the area of the A38 corridor to support the emerging Joint Spatial Plan.

REASONS:

To take advantage of potential government funding for infrastructure to support housing growth, improve site viability and accelerate delivery.

OPTIONS CONSIDERED:

- (i) Bidding for alternative projects: officers considered a wide range of alternative infrastructure proposals for funding. These were ranked according to their importance to NSC and how well they met the criteria of the funding stream, in particular the requirement for delivery within time period. The projects selected were those that scored most highly through this process.
- (ii) Not to bid for funding: this is not recommended, as the council would lose out on the potential for grant funding for infrastructure, which is increasingly rare. Additionally for the Parklands bid, it would mean that utilities would have to be forward-funded by NSC on the basis of future land receipts, reducing the value of that receipt to the council.

FINANCIAL IMPLICATIONS:

Costs

Costs at this stage are minimal and restricted to officer time to prepare bids. The submission of bids does not formally commit officers to delivery or further expenditure, should the final terms prove unacceptable.

Funding

If successful, the Marginal Viability bids could secure £3m for NSC to deliver infrastructure, saving costs that would otherwise come out of future land receipts.

If successful, the Forward Fund bid could secure £60 – 100m towards strategic infrastructure that would otherwise be difficult to fund and deliver.

LEGAL POWERS AND IMPLICATIONS

Under NSC's Financial Regulations, funding bids of £1 – 5m require Executive Member authorisation, which is the purpose of this Decision Notice.

Expressions of Interest do not require authorisation.

CONSULTATION

The bids have been subject to informal consultation with:

- NSC officers and members.
- Selected partners such as Highways England and the West of England Combined Authority (WECA).
- The Homes and Communities Agency, as the leaseholder of the Dolphin Square site.

Relevant Town and Parish Councils and local MPs will be approached and invited to support the bids.

If successful in securing funding, infrastructure and development proposals will remain subject to statutory planning processes and associated public consultations prior to delivery.

RISK MANAGEMENT

The risks in submitting bids are minimal, as they do not involve any commitment to expenditure or delivery.

The key risk would be reputational if NSC was required to withdraw after being awarded funding. This would only be likely if funding terms were unacceptable and the risk of reputational damage would have to be balanced against the risks associated with going forward at that stage.

Project delivery would be subject to full risk management procedures.

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? / No

Equality implications are minimal at this stage. Project delivery would require appropriate assessments to be undertaken.

CORPORATE IMPLICATIONS

If successful, these bids would support delivery of the council's corporate objective of creating Quality Places.

BACKGROUND PAPERS

Information on the Housing Infrastructure Fund process is available at:
<https://www.gov.uk/government/publications/housing-infrastructure-fund>

SIGNATORIES:

DECISION MAKER:

Signed:.....Executive Member for Human Resources and Asset Management, Capital Programme and Transformation Programme

Date:.....

WITH ADVICE FROM:

Signed: .....Director of Development and Environment

Date: 25/9/17.....

Signed: .....Head of Finance and Property

Date: 25-9-17.....

