

**NORTH SOMERSET COUNCIL  
DECISION**

DECISION OF COUNCILLOR PASLEY, EXECUTIVE MEMBER FOR HUMAN RESOURCES, ASSET MANAGEMENT, CAPITAL PROGRAMME AND TRANSFORMATION PROGRAMME, IN CONSULTATION WITH CLLR AP REES DEPUTY LEADER AND EXECUTIVE MEMBER FOR PLANNING, HIGHWAYS, TRANSPORT, HOUSING AND ECONOMIC DEVELOPMENT AND THE S151 OFFICER



WITH ADVICE FROM: PROPERTY & ASSET MANAGEMENT  
CORPORATE SERVICES DIRECTORATE:

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**DECISION NO: 2018 – 2019 CSD114**

**SUBJECT: Acceptance of grant offer under Local Authority Accelerated Construction Programme in respect of council owned land at The Uplands, Nailsea**

**KEY DECISION: NO**

**BACKGROUND:**

The Executive gave approval on 2<sup>nd</sup> February 2016 to bring forward four sites for residential development subject to all relevant consents being received. The sites included The Uplands Nailsea. Following positive pre-planning application advice, the site was included within the Council's Sites Allocation Plan which was formally adopted by Council on the 10<sup>th</sup> April 2018. The site is identified to deliver circa 50 units.

In January 2017, Council submitted an Expression of Interest to be included in the Local Authority Accelerated Construction (LAAC) Programme. Whilst this Council was not included in the first tranche, The Uplands, Nailsea site was included for consideration in the second tranche.

The LAAC fund is intended to provide tailored financial support to enable a local authority to invest in their sites in exchange for local authority commitment to taking sites to market in a way which seeks to secure delivery of housing at pace; utilise Modern Methods of Construction (MMC) (where site viability allows); and provide opportunities where appropriate to new entrants and small to medium size builders.

Homes England, acting for Government, undertook a desk top due diligence test, the purpose for which was to assess the site's suitability for tailored support. The process involved an assessment of legal, planning, technical and viability issues.

In July 2018 an offer was received to provide a grant of £557,150 for this site, the principal agreed conditions are

1. Development of 50 housing units (in keeping with the Sites Allocation Plan)
2. 30% (15) would be affordable, in accordance with planning policy
3. Council shall help promote diversification in the construction industry (eg attracting new entrants and promoting growth of smaller and medium sized housebuilders)
4. The funds are available to bring the site forward through the planning process for full consent and undertaking the necessary infrastructure work to bring the site forward for home construction.
5. Drawdown on the funds may be claimed on a quarterly basis from proven and acceptable expenses.
6. Drawdown of the funds shall be completed by 31 March 2021.
7. The principal aim of the funding is to accelerate the development of housing, in this respect it is expected that an average of 4.4 homes per month be completed. This equates to the 50 homes be built and completed within a year from building commencement (subject to sales).
8. The offer was for all the houses to be built using Modern Methods of Construction (MMC) using Volumetric construction. Agreement has been reached for this construction type to be 25% of the houses built using Volumetric construction methods and with 75% using panellised construction methods (see explanation below)
9. The agreed milestones, to meet the drawdown requirements, being
  - a. Obtaining full planning consent for the site by December 2019
  - b. Completion of infrastructure works by December 2020
  - c. Commencement of house construction by March 2021
10. There would be a clawback of this grant if the "clean site value" or residual value of the site was to exceed £2,987,479, the clawback being 100% of the excess.
11. In the event of the Council disposing of the land to a developer, the Council shall retain control over the pace of the development by entering a development lease in the first instance.

The Government and Homes England are promoting the use of MMC to speed up the rate of house building across the country. The two construction methods described above are:

"Volumetric": Volumetric construction involves the production of three-dimensional units in controlled factory conditions prior to transportation to site. Volumetric units can be brought to site in a variety of forms ranging from a basic structure to one with all internal and external finishes and services installed, all ready for assembly. A family sized dwelling might typically be manufactured in four volumetric units plus roof units.

"Panellised": Flat panel units are produced in a factory and assembled on-site to produce a three dimensional structure. The most common approach is to use open panels, or frames, which consist of a skeletal structure only, with services, insulation, external cladding and internal finishing occurring on-site. More complex panels -

typically referred to as closed panels - involve more factory-based fabrication and may include lining materials and insulation. These may also include services, windows, doors, internal wall finishes and external claddings. This category embraces newer panellised approaches such as Structural Insulated Panels, storey height aircrete panels, crosswall panellised construction and Cross Laminated Timber panels.

There is, in addition, a third form of construction, this being a hybrid of both volumetric and panelised, which may be used.

The use of MMC techniques may marginally increase the costs of house construction, but due to offsite manufacture other costs related to the time frame are reduced. Where the manufacturers of offsite buildings have been through a national formal process of quality assurance, insurance and mortgage providers are prepared to accept such structures.

#### **DECISION:**

Officers are authorised to proceed with accepting the grant of £557,150 from the LAAC Fund on the basis of the principal terms and conditions outlined above.

#### **REASONS:**

The acceptance of the grant offer will help the Council bring forward the development of this site at a quicker pace than would otherwise be achieved. Whilst the conditions attached to the grant introduce some restrictions in terms of methods of construction these are not considered to outweigh the benefits of the funding.

#### **OPTIONS CONSIDERED:**

The Council could reject this grant offer and proceed to take the site to the market as already planned. This would result in an additional £557,150 costs having to be funded as part of the development costs rather than by way of grant

#### **FINANCIAL IMPLICATIONS:**

The Council will need to forward fund the costs that can be reimbursed on a quarterly basis from the LAAC grant.

The anticipated spend of the grant will be spread over three financial years, and are estimated as follows:

2018/19	£ 50,000
2019/20	£300,000
2020/21	£200,000

There is no repayment obligation of the LAAC grant other than a clawback if the Council exceeds an agreed land value, but Homes England reserves the right to terminate the Agreement, and consequently any unclaimed grant, in the event of the Council not achieving any agreed output or milestone or commits a breach of the agreement. There is a need within the grant to agree in advance the programme and anticipated costs.

## **LEGAL POWERS AND IMPLICATIONS**

The Council has powers to own and develop its own assets in terms of the Local Government Act, 1972, Part VII

## **CONSULTATION**

The offer of the grant was indicated in the paper entitled "Update and contract award for strategic council priority projects; Locking Parklands Primary, FoodWorks, North south Link Road and grant acceptance; including budget setting", considered and agreed by full council on 25<sup>th</sup> September 2018. Under which the decision on acceptance of this grant was delegated to the Executive Member for Capital Finance, in consultation with the Executive member for Housing and Section 151 Officer.

## **RISK MANAGEMENT**

1. Claims of cost not being accepted by Homes England: This will be mitigated by ensuring that all anticipated costs are acceptable to Homes England prior placing purchase orders.
2. Failure to meet outputs: Mitigate by ensuring Homes England participate and prior agreement to the planning proposals.
3. Failure to meet the agreed milestones: Mitigated by ensuring that Homes England are kept advised on progress to meet the milestones and obtaining their agreement to delays.
4. Failure to drawdown the full grant by 31 March 2021: Mitigated by ensuring that the milestones are met, and all claims made by that date.

## **EQUALITY IMPLICATIONS**

Not considered necessary at this juncture.

## **CORPORATE IMPLICATIONS**

The delivery of these projects provides numerous benefits that contribute towards the council's corporate outcomes of: Prosperity and Opportunity, Health and Wellbeing and Quality Places.

### Prosperity and opportunity

- Drive growth in the North Somerset economy and local jobs.
- Ensure that all our town centres are thriving.
- Enable young people to fulfil their potential.
- Ensure that all our communities share in prosperity and employment growth.

### Health and wellbeing

- Enable residents to make healthy choices and promote active lifestyles which reduce ill-health and increase independence.
- Support families to give their children the best start in life.
- Commission or provide quality health and care services, which deliver dignity, safety and choice.

### Quality places

- Enable sustainable housing growth which protects our natural and built environment and the special character of our villages.
- Build and sustain great places to live and visit - vibrant, accessible and safe.
- Empower people to contribute to their community and communities to provide their own solutions.

## BACKGROUND PAPERS

Report identifying the four small sites as available for development to Executive 2/2/16

Report adopting Sites Allocation Plan to Council 10/4/18

Report including grant acceptance to Council 25/9/18

Grant offer from Homes England 25/7/18

**SIGNATORIES:**

DECISION MAKER:

Signed:  .....

Title: Executive member for HR, asset management, capital programme and transformation programme

Date: *20 November 2018* .....

WITH ADVICE FROM:

Signed:  .....

Title: Executive member for planning, highways, transport, housing and economic development

Date: *20/11/2018* .....

Signed: *A. B. Kenste* .....

Title: Section 151 Officer

Date: *20/11/18* .....

Signed: 

Title: Geoff Brakspear, Asset Manager

Date: 9<sup>th</sup> November 2018.