

North Somerset Council Decision

Decision of: Cllr. Ash Cartman, Executive Member for Finance and Performance



With advice from: The Director of Place and s151 Officer

Decision No: 20/21 DE 202

Subject: Application for One Public Estate Land Release Funding (capital)

Key Decision: YES

Reason:

Value of bid exceeds £500,000

Background:

This application for funding will support delivery of the Corporate Plan objective of creating a Thriving and Sustainable Place, specifically the delivery of “a broad range of new homes to meet our growing need, with an emphasis on quality and affordability”.

On 9th September 2020, government announced £20m Land Release Funding to assist local authorities to bring forward surplus public sector land for housing. The closing date for applications is 12th November.

Bids must be submitted via the West of England Combined Authority and are judged against the following criteria:

- Compliance with ‘gateway’ criteria:
 - Land must be in council ownership.
 - Funding must be used for capital works on council owned land.
 - Funding and deliverability of proposed works must enable the release of the land for housing by the end of March 2023: this entails entering into a Joint Venture, transferring to a Development Company or disposing of the site by that date – it does not require a start on site of the housing.
 - Evidence of market failure requiring support. This can include market failure in terms of not delivering a specific type of product such as MMC or sustainability specifications.
- A value for money assessment (60% of available scoring), to be carried out using a specified spreadsheet tool. To succeed, bids must equate to no more than £15,000 per dwelling and evidence a Cost Benefit Ratio (CBR) of 1.5 or more. This assessment will be competitive, with the best value bids scoring highest.
- Deliverability (25% of available scoring): to be evaluated based on a detailed project plan, viability assessment, cost evidence and risk register.

- Innovation (15% of available scoring): all bids should set out innovative models of delivery and explain how they will maximise the use of SMEs to help demonstrate positive local economic impact. Other areas of innovation can include:
 - Proposals to take forward development at pace.
 - Proposals to work with private developers who are taking forward Modern Methods of Construction / innovative design.
 - Joint Ventures.
 - Land swaps.
 - Joining up across local authority boundaries.

It is proposed that NSC should submit bids in relation to the three sites set out below, all of which meet the gateway criteria, and which are allocated for residential development in the adopted Local Plan.

In all cases, delivery of the projects would remain subject to NSC's full business case assessments and political decision-making. If a decision were made not to proceed on any of the schemes, it would be possible to withdraw the bids, up until the point of entering into funding agreements, expected in Feb/March 2021.

- a) Uplands, Nailsea, 54 dwellings: £481,028 to deliver enabling infrastructure (access road, utilities). This equates to a CBR of 3.82, which is deemed "good" and a cost per dwelling of £8,908. Proposed innovation on the site includes use of panellised MMC, high design specification, additional accessible/adaptable units and 100% Passivhaus certified dwellings. Deliverability is felt to be good, subject to the determination of the current planning application and a decision on the appropriation of the site. A business case for delivery is being prepared and is likely to recommend a Joint Venture approach with an RP or SME.
- b) Churchill Avenue, Clevedon, 44 dwellings: £350,000 to deliver enabling infrastructure (access, utilities). This equates to a CBR of 4.34 which is deemed "good" and a cost of £7,954 per dwelling. The site is surrounded by affordable housing and delivery options will consider Joint Ventures with RPs to enable further additional affordable and adaptable/accessible housing to be delivered, along with a possible pilot of 'smart' housing for older and vulnerable people. Work towards delivery is at very early stages and the site has some constraints that would need to be addressed. Consultation with local members and communities will be essential.
- c) Walliscote Place, Weston-super-Mare, 70 dwellings: £600,000 to remove or fill the fuel tank underneath the former police station site, and, if there is surplus funding thereafter, to address any access or utilities issues. This equates to a CBR of 3.11 which is deemed "good" and a cost of £8,571 per dwelling. Delivery is likely to be in partnership with an SME, Private Rental Sector (PRS) or an RP. The site is suitable for volumetric MMC delivery. However, viability remains challenging and the site has received other government funding: this will need to be discussed with the funding team to confirm whether the site is eligible to apply.

Bids must be prioritised across the West of England prior to submission. At this point it is understood that NSC is the only authority putting forward any proposals. The West of England overall prioritisation will be subject to the shared West of England governance procedures. However, in relation to NSC, it is proposed that Uplands be identified as our highest priority, as it appears likely to score highest across the criteria of value for money,

deliverability and innovation. Walliscote Place is proposed to be the lowest priority as it requests a relatively high proportion of the fund and scores less well on value for money. This ties in with advice from funders that prioritisation should take a straightforward approach based on expected scores.

Decision:

- To authorise the submission of bids via WECA to the Land Release Fund to support potential delivery of housing on council-owned land at Uplands, Churchill Avenue and Walliscote Place, to a total value of £1,430,028.

Reasons:

To support the Corporate Plan objective of creating a Thriving and Sustainable Place, in particular “the delivery of a broad range of new home to meet our growing need, with an emphasis on quality and affordability”.

Options considered:

- Not to submit a bid for funding: this would reduce the prospect of being able to deliver housing on these sites and/or would increase the need for investment by NSC or a third party.
- To submit bids in relation to other sites: these three sites have been selected as they are allocated for residential development within the adopted Sites and Allocations Plan and are considered the most suitable in terms of the need for funding and in relation to meeting the various criteria.

Financial implications:

This bid would generate £1,430,028 capital grant funding, if successful on all three sites.

Costs:

The cost of submitting the bid is officer time only.

No match-funding is required for these grants; however all of the sites would require further investment from NSC or other sources if they are to be taken forward. Delivery of infrastructure and housing on the above sites remains subject to planning, business case assessments and political decision-making. If a decision were made not to proceed on any of the sites, it would be possible and relatively easy to withdraw the bids, up until the point of entering into a funding agreement, expected in Feb/March 2021.

Funding:

N/a

Legal powers and implications:

Capital funding bids in the range of £1 – 5m require an Executive Member Decision.

Submission of the bid itself does not have further legal implications.

Climate change and environmental implications:

Submission of the bid does not in itself have climate change or environmental implications.

Subsequent project delivery, if approved, would need to take into account climate change and environmental implications. For each of the identified sites, funding is intended to assist delivery of a higher specification of sustainability than would otherwise be the case.

Consultation:

Due to the relatively short timescale for preparing a bid, consultation has been limited. However local ward members will be notified of the submissions and invited to discuss the future of the sites.

Consultation on subsequent project delivery, if successful in securing funding, would be expected to include engagement with a wide range of stakeholders, including a statutory consultation process in relation to any planning applications.

The most advanced of the projects, Uplands in Nailsea, has been subject to two public consultations and is now subject to the planning consultation process.

Consultation about the principle of development on council-owned land is also taking place through the wider discussions on an Asset Strategy and Development Programme for the council.

Risk management:

The risks of submitting a bid are fairly minimal as it will be possible to withdraw prior to accepting funding if required. This would entail some reputational damage, but that is not felt likely to be significant in this case, given the relatively low funding levels.

A further risk is that alternative funding streams may become available in due course that offer greater funding and/or flexibility, and that the inclusion of these schemes in the LRF process may render them ineligible for those alternatives. This would be addressed in discussion with funders and potential withdrawal from the LRF.

Equality implications:

Have you undertaken an Equality Impact Assessment? No

An EIA has not been undertaken at this stage but is likely to be required in relation to the business cases and delivery of the subsequent projects.

Corporate implications:

This bid would support the Corporate Plan objective of creating a Thriving and Sustainable Place, in particular “the delivery of a broad range of new homes to meet our growing need, with an emphasis on quality and affordability”.

Subsequent project delivery would be subject to further business cases and decision-making but would be likely to involve a range of teams and services including Major Projects and Planning.

Appendices:

N/a

Background papers:

One Public Estate: Land Release Fund prospectus, Sept 2020:

https://www.local.gov.uk/sites/default/files/documents/37.5%20OPE%202020%20prospectus_v09a.pdf

Signatories:

Decision maker(s):


Signed: Executive Member for Finance and Performance

Date: Approved by email 20 November 2020

With advice from:

Signed:  Director of Place

Date: 13 November 2020

Signed:  s151 Officer

Date: 12 November 2020