

REPORT TO CABINET

Open (exempt appendices)		Would any decisions proposed :		
Any especially affected Wards	Mandatory/	Be entirely within Cabinet's powers to decide	YES	
	Discretionary /	Need to be recommendations to Council	NO	
	Operational	Is it a Key Decision	NO	
Lead Member: Cllr Adrian Lawrence & Cllr Beales E-mail:		Other Cabinet Members consulted:		
Lead Officer: Nikki Patton E-mail: Nikki.patton@west-norfolk.gov.uk Direct Dial: 01553 616726		Other Members consulted:		
Financial Implications YES		Policy/Personnel Implications NO	Statutory Implications	Equal Impact Assessment YES If YES: Pre-screening/ Full Assessment
				Risk Management Implications YES
If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that for Appendix A & B being exempt is paragraph three				

Date of meeting: 18th September 2018

ACCELERATED CONSTRUCTION PROGRAMME

Summary

This report provides information on the funding offered to BCKLWN in August 2018 through the Accelerated Construction Programme (ACP). The programme has been established by Central Government to support Local Authorities to unlock barriers to delivery on public sector land on which housing can be delivered.

The Council has been offered grant funding on seven sites. This is subject to final negotiation and acceptance of terms by the Council. The purpose of the report is to seek approval to accept the grant on each of the seven sites and inform the Cabinet of the requirements of the grant funding.

Recommendation

It is recommended that:-

1. The Council formally accepts the total sum of £9,814,567 (minimum amount offered could be subject to change) offered to the Council by Homes England under the Accelerated Construction Programme.
2. Cabinet delegates to the Chief Executive in consultation with the Housing and Community Portfolio Holder and the Corporate Projects & Assets Portfolio Holder :
 - a. The Authority to negotiate and agree the final terms of contract with Homes England under which the grant will be accepted.
 - b. Authority to negotiate and agree with the College of West Anglia (COWA) a development option/ agreement to deliver the COWA site in conjunction with the adjacent Council owned site.
 - c. Spend of the Accelerated Construction Programme grant in

- accordance with the terms of the contract with Homes England.
- d. The Authority to the Legal Services Manager to agree and complete any necessary and relevant legal documentation.

Reason for Decision

The recommendations will ensure that the opportunity presented by the Accelerated Construction Programme to accelerate housing delivery in the Borough will be fully realised and will ensure that the Council will be able to bring forward sites on land owned by the Council at a pace that would ordinarily not have been achievable.

1.0 Background

- 1.1 Central Government announced the Accelerated Construction Programme in February 2017. The funding is designed to provide a tailored package of support to ambitious Local Authorities develop land in their ownership at pace. The programme aims to deliver up to 15,000 housing starts on central and local public sector land in this parliament through £1.7 billion of investment. The fund aims to make best use of public sector land and assist local authorities in unlocking greater benefits from their land.
- 1.2 At the time the Council submitted an Expression of Interest under the programme and were informed in August 2017 that seven sites had been selected to proceed to further due diligence stages to establish the viability and technical requirements of each site. Since this announcement, officers from the Council have continued to engage with Homes England in the process.
- 1.3 On the 6th August 2018 the Council received confirmation from Homes England that all seven sites were identified as being suitable and with a funding offer of grant attached to each site. No other Authority, successful under the programme in the East of England has received an offer on so many sites. Whilst each site has been offered an individual grant amount (see Appendix A), the total offer of grant funding equates to £9,814,567.

2.0 The Accelerated Construction Programme Grant Offer

- 2.1 The grant can be used to fund site enabling and infrastructure works that unlocks barriers to development and allows housing to be developed. The sites must be owned and in the control of Local Authorities.
- 2.2 The grant has been offered on a per scheme basis. Homes England has arrived at a tailored funding proposal for each site against the objectives Ministers set out for accelerated construction. This includes the grant offer, and expectations around the pace of construction ie utilising Modern Methods of Construction (MMC).

- 2.3 A key requirement is that all infrastructure and enabling works funded must be completed and funding drawn down on an arrears basis by March 2021. The Council therefore need to have made a start on site by March 2021. Details of the requirements can be found in Appendix B.
- 2.4 The grant per scheme is to be claimed in arrears, with evidence of works having been carried out and/or costs incurred on eligible items, and with Section 151 officer sign off. Homes England have committed that the grant should be paid within 12 working days of a successful claim.
- 2.5 In return for the grant funding, Homes England are requiring that local authorities seek to bring forward the scheme:
- At the agreed pace (units constructed per month, between start of first unit and completion of final unit)
 - Using the agreed MMC (recorded as a % of units to be delivered using each MMC category)
 - In ways which help promote diversification in the industry (e.g. attracting new entrants and promoting growth in smaller and medium-sized housebuilders)
- 2.6 There is a minimum level of MCC that is required across all 7 sites. The level of MMC agreed for each site is dependent upon site specific constraints, viability issues and local supply issues. Full details of the level of MMC expected on each site will be contained within the final contract agreement. Officers are confident that the minimum level expected is achievable across all 7 sites. It is anticipated that on at least one of the sites, a standard that exceeds the maximum MMC level set by Homes England will be achieved.
- 2.7 The Council anticipates that the majority of the sites will be delivered through the existing Major Development Contract. The Private Rented units and Affordable units provided will be transferred to the Councils wholly owned housing companies.
- 2.8 **Negotiations**
As part of the offer the Council has the opportunity to negotiate with Homes England on key assumptions and requirements before signing a formal contract. It is expected that these negotiations take place imminently to allow final contracts to be agreed by 30th September 2018.
- 2.9 Homes England makes clear that any significant change in the operating environment or wider economy will trigger an opportunity to renegotiate the contract. Homes England will work with the Council to agree mitigations, understand the impact on delivery and revise

Funding Agreements where appropriate. This offers the Council flexibility in being able to manage risk.

2.11 **Claw back**

Homes England can choose to claw back the grant on a site by site basis, if the Council was to decide to dispose of a site. This would only be in the situation where the disposal value was more than the site value agreed as part of the final contract.

3.0 **Next Steps**

3.1 In order to ensure that the Council receives the grant funding it is imperative that the Council:

- Enters into negotiations with Homes England to finalise the terms of the offer on a per scheme basis and ensure that the Programme objectives are achieved.
- Confirms in writing to Homes England that the Council are accepting the grant setting out any amendments as a result of the negotiation period.
- Agrees a set of core delivery milestones surrounding delivery of the infrastructure and enabling works to be included within the Funding Agreement.
- Enters into a Short Form Funding Agreement (SFA) with Homes England. The funding agreement will set out the terms under which funding will be made available to the Council. Key Funding conditions are set out in Annex B attached. The expectation from Homes England is that this is **complete by 30th September 2018**.

3.2 As a recipient of the Grant, the Council will be required to assist Homes England by agreeing to submit a quarterly monitoring return. The return will also enable to the Council to submit grant claims and requests to funding profiles or milestones. Any variations sought will be subject to review and approval by Homes England, taking into account any impacts on value for money, affordability and deliverability.

4.0 **Risk Management Implications**

4.1 The potential risks and implications associated with the grant are discussed below:

- It is important that the commitment to deliver and to deliver at pace is managed and understood. There is a risk that values and costs

assumptions may change over the duration of the scheme, because of local and macro-economic variables.

- Homes England has confirmed that key changes in assumptions can trigger renegotiation. The Council will maintain dialogue throughout the Programme with Homes England and develop its own risk strategy as we have done with all major housing projects.
- The Council will follow the same Member approval process that is used for the Major Development Programme/sites.

5.0 Options Considered

- 5.1 There are two options to consider. The Council can chose to accept the grant from Homes England under the terms set our above or reject the grant and not proceed with the Accelerated Construction Programme.

6.0 Policy Implications

- 6.1 This Programme assists the Council in meeting its corporate objectives of housing and economic growth in the Borough. It will also help generate additional revenue income to the Council with stock held by the Councils newly established Private Rented and Affordable Housing companies.

7.0 Financial Implications

- 7.1 A full business case will need to be prepared for each site, including detailed development costs and funding arrangements and will be subject to separate reports to be considered by Cabinet. Homes England expects the Council to work closely with them as enabling works commence, to flag up as soon as possible any showstoppers and therefore minimise abortive works and costs. Under these circumstances Homes England would not expect the Council to return any grant. The Council is not committing at this stage to provide funds to develop the seven sites.

Personnel Implications

10.0 Statutory Considerations

- 10.1 There are no statutory implications.

11.0 Equality Impact Assessment (EIA)

(Pre screening report template attached)

11.1 There are no equality and diversity implications directly associated with this report.

Declarations of Interest / Dispensations Granted



**Pre-Screening Equality Impact
Assessment**

Name of policy/service/function					
Is this a new or existing policy/ service/function?		New / Existing (delete as appropriate)			
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations					
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age				
	Disability				
	Gender				
	Gender Re-assignment				
	Marriage/civil partnership				
	Pregnancy & maternity				
	Race				
	Religion or belief				
	Sexual orientation				
	Other (eg low income)				
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	Yes / No				
3. Could this policy/service be perceived as impacting on communities differently?	Yes / No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	Yes / No				
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	Yes / No	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Name					
Job title	Date				

Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.