

REPORT TO CABINET

Open		Would any decisions proposed :			
Any especially affected Wards	Discretionary	Be entirely within Cabinet's powers to decide		No	
		Need to be recommendations to Council		yes	
		Is it a Key Decision		No	
Lead Member: Cllr Alistair Beales E-mail:			Other Cabinet Members consulted: Cllr Jo Rust		
			Other Members consulted: Cllr Paul Beal		
Lead Officer: Oliver Judges, Executive Director (Place)			Duncan Hall, Michelle Drewery, Alexa Baker, Matthew Henry, Nikki Patton, James Grant and Karl Patterson		
Financial Implications Yes	Policy/ Personnel Implications No	Statutory Implications YES	Equal Impact Assessment YES If YES: Pre- screening/	Risk Management Implications Yes	Environmental Considerations Yes
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)					

Date of meeting: 17th October 2024

Bus Station Library Site Hunstanton

Summary

This report sets out proposals for the Borough Council to deliver 21-24 affordable housing units as well as a library on behalf of Norfolk County Council (NCC) on the Hunstanton Bus Station site alongside the NCC transport interchange improvements.

The Borough Council obtained capital funding from Homes England under the Accelerated Construction Programme (ACP) in 2018. This was a fund to accelerate housing delivery on sites in public ownership. The Hunstanton Bus Station site was one of 7 council owned sites funded through the programme. In February 2023 the Councils Cabinet resolved not to proceed with housing on the Bus Station site but would continue to support Norfolk County Council in delivering an improved library and improve the current bus station as a transport interchange. The Council now has an opportunity to revisit the 2023 Cabinet decision. This report presents an option to achieve both the interchange along with 21-24 affordable homes and a new library.

The purpose of the report is to seek Cabinet approval to designate the Hunstanton Bus Station site as a strategic site¹ for affordable housing delivery. This will involve designing and costing a housing scheme of 21-24 affordable housing units at the Bus Station Site in Hunstanton plus NCC delivering a library in concert with the NCC Transport Interchange scheme and to amend the Capital Programme to include this new housing scheme funded from a combination of funds ringfenced for affordable

¹ This is intended to demonstrate to Homes England, the Council's intention to deliver affordable housing on the site and does not relate to the Council's Local Plan

housing which are already held by the Council and some funds as supported by the Council through the Capital Programme. A decision on whether to enter into a contract to deliver the housing scheme shall be taken by Cabinet once the scheme has been designed and costed. If it is determined to enter the contract, it would be classed as one of the Council's Major Projects.

Recommendations

It is recommended that Cabinet resolves:-

1. A housing scheme of 21-24 affordable housing units at the Bus Station Site in Hunstanton plus a library in partnership with Norfolk County Council and in consort with the NCC Transport Interchange Scheme (the "Hunstanton Bus Station Proposed Housing Scheme") shall be designed and costed up to RIBA Stage 4 with an approved budget of £250,000
2. The Bus Station Site in Hunstanton is deemed a strategic site for affordable housing delivery.

Recommendations to Full Council:

3. The Capital Programme be amended to include Hunstanton Bus Station Proposed Housing Scheme based on the initial cost estimate of £4m to be funded from affordable housing funding held and ringfenced by the Council of £2.2m and internal borrowing against the capital receipts from the eventual sale of the affordable housing units estimated to be £1.8m.

Reason for Decision

The decision to designate the site for Affordable Housing creates an opportunity to deliver much needed affordable housing in Hunstanton to meet identified need; it will see the delivery of a new library by NCC; and the development will sit alongside a planned refreshed bus station with modern accessible facilities.

1. Background

- 1.1. The Borough Council obtained Planning consent to build 47 apartments on land off Westgate, Hunstanton, with retail units and a new library in March 2021. This would have seen the existing bus station on the site being relocated elsewhere off site. The site was being developed as part of the Homes England Accelerated Construction Programme (ACP)
- 1.2. Central Government announced the ACP back in February 2017. The funding was designed to provide a tailored package of support to ambitious Local Authorities to develop land in their ownership at pace. The fund's aim was to make best use of public sector land and assist local authorities in unlocking greater benefits from their land. On the 18th September 2018 the Council accepted the total sum of £9,814,567 grant funding to be used across seven

sites, offered to the Council by Homes England under the Accelerated Construction Programme. The Council were the largest recipient of this funding in England and entered Grant funding Agreements with Homes England.

- 1.3. The grant would be used to fund site enabling and infrastructure works that unlocks barriers to development and allows housing to be developed. The grant was offered on a per scheme basis with Homes England arriving at a tailored funding proposal for each site against the objectives Ministers set out for accelerated construction. The funding was therefore not transferrable to other sites. A key requirement was that all infrastructure and enabling works funded must be completed and funding drawn down on an arrears basis by March 2021.
- 1.4. On the 8th February 2023 a report to Cabinet outlined viability matters affecting the deliverability of the 47 unit housing scheme. Although planning and enabling works had been undertaken to meet the requirements of the ACP funding, the construction process had not commenced. Cabinet agreed that the Council would not proceed with housing on the bus station site in view of external factors affecting the viability of the scheme and therefore remove the project from the Council's Cabinet Programme.
- 1.5. At the same time an alternative option was presented to the Council in August 2022 by Norfolk County Council to retain the site as an improved library / adult education facility (with toilets and a changing place facility), along with investment in an improved bus station and creating an Active Travel Hub. On the 8th February 2023 Cabinet agreed to Norfolk County Council proceeding with an improved library adult education facility (including the library, toilets, and changing places toilet) on the site enabled with the addition of land owned by the Borough which will include the provision of an area for West Norfolk tourism information. This option was presented without any alternative housing provision and delivery of housing on the site removed.

2. ACP funding requirements

- 2.1. In accepting the ACP funding the Council entered legal agreements with Homes England. Under the terms of the agreement provisions were set out in relation to claw back and recovery of the grant in the event that that grant funding obligations and milestones were not met.

3. NCC Active Travel Hub

- 3.1. The Active Travel Hub project is an initiative led by Norfolk County Council to create a new Travel Hub in the heart of Hunstanton on the existing site. The project aims to:

- 3.2. Provide a modern travel hub with improved bus station, bike storage, pedestrian crossing for improved access and upgraded waiting spaces.
- 3.3. Promote and encourage active travel options and access to the coast through signposting, art installation, and uptake of Norfolk walking/cycling trails.
- 3.4. Improve the public realm and embed net zero and sustainability throughout.
- 3.5. Provide improved toilet facilities, including a changing places toilet.
- 3.6. Attract tourists and make a destination/provide an animated space and focal point for people to experience.
- 3.7. The project is made possible through the £1 million funding received from the Department for Transport (DFT) for Norfolk's Bus Service Improvement Plan. The detailed designs are complete, and the project is due to be completed in Spring 2025.
- 3.8. Initially the scheme also included plans to refurbish the existing closed library that is currently located on site. The library will now come forward as part of the Council's housing proposal (see section 4 below) and not as part of the improvements to the travel hub longer proceed with the improvements to the Travel Hub.

4. The Hunstanton Bus Station Proposed Housing Scheme

- 4.1. The site is in Hunstanton Town Centre. The total site area including the bus loop is approximately 0.4 hectares. The site ownership has an area of 0.4 Ha and is currently located, to the north of Westgate and west of St Edmunds Terrace. The majority of the site is owned by the Borough Council with the exception of the existing library site which is owned by Norfolk County Council. The existing library is located on the south east of the site accompanied by a public toilet located on the northern boundary. The area of land being considered for the housing development and new library is the south east area where the library is currently located. The travel hub and interchange will remain. See plan at Appendix 1.
- 4.2. A Capacity Study has been undertaken with a firm of architects to assess the capacity of the south east area of the site for development. At this stage the study has primarily focused on massing and spatial parameters and ensuring that it does not prejudice the delivery of the travel hub works.
- 4.3. The site is relatively constrained in terms of size, acceptable massing and ensuring that the housing development does not impact on the travel hub delivery in any way. Currently the Capacity Study has determined that approximately 21-24 flats (mix of 1&2 beds) can be accommodated on the area

along with a new library. The library will be delivered as a stand-alone building adjacent to the flats rather than integrated within the flatted development i.e. library on ground floor with flats above.

- 4.4. The Capacity Study identified 3 options in terms of numbers that could be accommodated on the site. They are as follows;

Option 1 - 16 flats using none of the travel hub land.

Option 1a - 21 to 24 flats using a small area of travel hub land.

Option 1b - identified 31 flats using a larger area of travel hub land.

- 4.5. Option 1 was discounted on the basis that it does not provide value for money in terms of both deliverability and for the Homes England Benefits Cost Ratio (BCR) calculation. BCR is a rigorous economic appraisal and evaluation tool that is used by Government to assess value for money and social value of government funding.

- 4.6. Option 1b was discounted as it prohibits the delivery of the travel hub as the tear drop turning for the buses is compromised.

- 4.7. Option 1a requires a small element of the travel hub land which does not compromise the travel hub delivery and it provides the minimum critical mass for viability and value for money calculations to satisfy Homes England funding criteria.

4.8. Tenure

- 4.9. It is proposed that the scheme is delivered as a fully affordable housing scheme. There is a significant need for new supply of affordable accommodation, there have been relatively few opportunities to deliver new affordable housing in the town for many years. The most recent Housing Needs Assessment identified a need for 203 new affordable housing homes per annum across the borough.

- 4.10. The site located in the heart of town centre in close proximity to amenities and public transport connectivity makes for an ideal place for affordable rented homes. Discussions with Norfolk County Council colleagues explored the potential for the units to provide specialist accommodation. The site was not deemed appropriate for existing identified needs.

- 4.11. Whilst the scheme could be delivered as market housing with a policy compliant level of affordable housing (20%), the Benefits Cost Ratio (BCR) as calculated by Homes England from such a scheme would be marginal and the need for affordable housing outweighs the requirement for market housing.

4.12. Library

- 4.13. The Library will be constructed as part of the overall scheme however it is envisaged that this will be funded and delivered by NCC.

4.14. Next Steps

- 4.15. Upon agreement to the recommendations within this report, detailed design will be developed, and planning permission sought. Once completed, the scheme will be fully costed to determine affordability. At this point a further report will be presented to Cabinet for approval to enter into a contract to deliver the scheme.

5. Homes England funding requirements

- 5.1. ACP funding of £799,680 was secured in 2018 to deliver a scheme of 47 new homes. This funding was received and spent on enabling works for the scheme. In revisiting the scheme with Homes England, it has been accepted in principle that a scheme of 21-24 affordable housing units alongside the library and travel hub interchange would fulfil the requirements of the existing grant funding agreement. This requires formal approval by Homes England upon designation of the site for affordable housing by the Council. In order to formalize the revised scheme, Homes England require the Council to submit a remediation plan by 31st October 2024 setting out an updated delivery strategy and program for the site.
- 5.2. Once formal Homes England approval is obtained, the Council will be required to enter into a deed of variation to the existing grant funding agreement to reflect the revised outputs and milestones.
- 5.3. If the Council does not designate the scheme for affordable housing and commit to delivery of the scheme (subject to planning and affordability), the Council will be required to repay the grant funding of £799,680 in full to Homes England. This would be classed as revenue expenditure.

6. Land Transfers

- 6.1. Norfolk County Council (NCC) has agreed, in principle, to affect a simple land transfer process with the Borough Council in order to deliver the development proposals set out within this report i.e. the site of the library will transfer to the Borough Council and the site of the new library will transfer to NCC.
- 6.2. The Executive Director/Assistant Director Property & Projects already have delegated authority set out within the Council's Scheme of Delegation as follows:
"2.16 Management and maintenance of council owned property assets

Executive Directors Management of Council property interests together with the ability to authorise all related property transactions at market rent/value.

Subject to:

Acquisition or disposal of freehold land up to £499,999.”

[Source: Scheme of Delegation (August 2024)]

- 6.3. As the land transfer proposals are in effect a land “swap” there is no financial transaction, it is therefore proposed that the Executive Director/Assistant Director Property & Projects will deal with these transfers under their delegated authority. It is accepted that there may be Stamp Duty Land Tax (SDLT), legal (and other) fees associated with the land transfers, and these will form part of the overall development costs.

7. Strategic Objectives

- 7.1. The scheme assists the Council in meeting its corporate objectives of housing and economic growth in the Borough and fulfilling statutory requirements in relation to homelessness. It provides 21-24 much needed affordable housing units. The councils wholly owned Registered Provider of Social Housing (West Norfolk Housing Company) would be able to acquire and hold the units in perpetuity for the benefit of households in housing need.

8. Corporate Objectives

- 8.1. The council has a clear vision and set of strategic objectives published in its Corporate Strategy 2023-2027 document with an ambition to grow the economy, encourage housing growth and support local communities.
- 8.2. The scheme would assist the Council to meet the following corporate objectives

“Increase the number of good quality new homes and associated infrastructure built through direct provision by working with registered social landlords and private sector developers”.

“To support the health and wellbeing of our communities, help prevent homelessness, assist people with access to benefits advice and ensure there is equal access to opportunities.”

9. Options Considered

- 9.1 There are 3 options

- Option 1 – Do nothing – repay the £799,680k revenue funding to Homes England and not deliver 21-24 affordable housing units and a new library.

- Option 2 – Obtain planning permission, seek someone else to deliver the scheme i.e. flats and library, and dispose of the site.
- Option 3 – Council seeks to deliver the 21-24 flats and new library with NCC in consort with the travel hub.

9.2 Option 1 – Do Nothing

This option would not deliver much needed affordable housing in Hunstanton, and the Council would be required to repay the ACP grant funding of £799,680 to Homes England as no housing outputs would be achieved. Under this option the current library building would be refurbished by NCC, and the Travel Hub Interchange would be delivered.

9.3 Option 2 – Dispose of site with planning permission

The grant funding agreement will require the scheme to be delivered to tight timescales given the revised scheme is part of a remediation strategy. Whilst this approach is permitted under the ACP programme, it would give much less certainty and control over delivery of the scheme and achieving the required milestones.

9.4 Option 3 – Obtain planning permission and the Borough Council seek to deliver the affordable housing scheme as a major project and work with NCC to support delivery of the library

It is recommended to proceed with Option 3 as it provides much needed affordable accommodation along with a new library whilst not prejudicing the delivery of the NCC travel hub. Overall it provides an effective and efficient use of land in a town centre location and provides the Council with control to ensure that the grant funding requirements are fully met.

10. Policy Implications

10.1 See above at paragraph 8.

11. Financial Implications

- 11.1 It is estimated that the total cost of to deliver the affordable housing will be approximately £4m. Note however, that the scheme is not yet at detailed design and fully costed.
- 11.2 The affordable housing value of the 21-24 homes is estimated to be around £1.8m. This is the amount that an affordable housing provider would be expected to pay. However, this would initially need to be funded through the Council's Capital Programme until transfer of the homes to a Registered Provider, such as West Norfolk Housing Company (WNHC), is completed.
- 11.3 Assuming the Registered Provider pays £1.8m, there will be a funding gap of £2.2m. This would be funded by the Council through other capital grant funding ringfenced for affordable housing.

- 11.4 It is proposed that the council will offer the completed units to WNHC on terms to be agreed. It is anticipated that WNHC would pay the prevailing affordable housing value (which is a value it typically pays for completed units from the council). However, consideration could be given to transferring the entire value of the grant subsidy in favour of WNHC. A decision regarding this is not required at this stage.
- 11.5 The recommended option (Option 3) will initially require funding of around £1.8m from the council's capital programme. This will then be recouped from an affordable housing provider, such as West Norfolk Housing Company, on completion of the scheme. Any interest costs incurred from internal borrowing will be included in the recovered amount.
- 11.6 The library is expected to be delivered by NCC and therefore the full cost of delivery of the library is expected to be met by Norfolk County Council.
- 11.7 There will be initial revenue implications of £250,000 to work up the detailed design and achieve planning consent. However, these will be capitalised upon completion of the scheme.

12. Personnel Implications

- 12.1 Work to achieve detailed design and planning permission will be undertaken by the Corporate Projects Team. Subject to planning permission and final cabinet approval, the scheme will be delivered as a Major Project.

13. Environmental Considerations

- 13.1 Due to forthcoming regulations relating to energy efficiency, it is essential that homes developed and acquired for the purpose of renting have EPC rating of C or above.

14. Statutory Considerations

- 14.1 The scheme and funding will provide affordable accommodation which will assist the Council to meet its statutory homelessness duties.

15. Equality Impact Assessment (EIA)

- 15.1 Pre-screening report attached.

16. Risk Management Implications

- 16.1 The potential risks associated with the scheme are as follows

- **Risk 1 - Unidentified matters in the detailed design stage**

There is a risk that unidentified matters prevent planning permission from being achieved. Planning permission was achieved for the original scheme of 47 units. Information from this has been used to inform the capacity study for the

revised scheme and the design will follow the key principles of the previous permission.

- **Risk 2 - Cost Escalation of the scheme**

There is a risk that the costs of the scheme exceed those estimated making the scheme unaffordable for the Council. The cost estimate to date has been based on a high level viability study for the scheme by external consultants. This will be kept under review as the detailed design is developed and more accurate costs established. A tender exercise will be undertaken to establish a final costs.

- **Risk 3 - Repayment of the ACP funding to Homes England in the event of a scheme not being delivered**

If the Council takes the decision to proceed with the revised scheme but later fails to deliver (due to costs or planning), Homes England may require the Council to repay the grant funding in full. The Council would work with Homes England to explore remediation options for delivery which could include disposing of the site to enable delivery or pausing delivery if market conditions are challenging.

It should be noted that the grant funding will need to be repaid if the Council decides not to designate the site for affordable housing delivery as per the recommendations set out above.

- **Risk 4 - Abortive costs to the Council**

The scenario outlined in Risk 3 would also result in the Council incurring abortive costs for the detailed design and planning costs, up to £250,000

The mitigations set out for risks 1 and 2 would also mitigate this risk.

- **Risk 5 – Formal Approval of revised scheme not obtained**

There is a risk that the Council agrees to designate the site for the delivery of affordable housing but Homes England do not formally approve the proposed remediation strategy resulting in the requirement to repay the grant funding. This is considered to be unlikely given that the proposal has been developed with Homes England input and Homes England received officer approval. Formal approval comes from a Homes England panel.

- **Risk 6 – Unable to dispose of affordable homes to a Registered Provider**

This is unlikely given that the Council has a wholly owned registered provider of social housing, West Norfolk Housing Company.

17. **Declarations of Interest / Dispensations Granted**



1. Duncan Hall - Director of West Norfolk Housing Company

18. Background Papers

1. Cabinet reports- 8th February 2023

Name of policy/service/function	Affordable Housing scheme at Hunstanton Bus Station site				
Is this a new or existing policy/service/function?	New				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service is rigidly constrained by statutory obligations	Delivery of 21-24 affordable housing units as well as a library on behalf of Norfolk County Council (NCC) on the Hunstanton Bus Station site alongside the NCC transport interchange improvements.				
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			Y	
	Disability	Y			
	Gender			Y	
	Gender Re-assignment			Y	
	Marriage/civil partnership			Y	
	Pregnancy & maternity	Y			
	Race			Y	
	Religion or belief			Y	
	Sexual orientation			Y	
	Other (eg low income)	Y			

Question	Answer	Comments
<p>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?</p>	No	
<p>3. Could this policy/service be perceived as impacting on communities differently?</p>	No	
<p>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</p>	Yes	Delivery of affordable housing for those whose needs are not met by the market
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</p> <p>If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	<p>Actions:</p>
		<p>Actions agreed by EWG member:</p> <p>.....</p>
<p>If 'yes' to questions 2 - 4 a full impact assessment will be required unless comments are provided to explain why this is not felt necessary:</p> <p>Full EIA not required, as the scheme is designed specifically to deliver affordable housing.</p> <p>Decision agreed by EWG member:C. Marriott.....</p>		
<p>Assessment completed by:</p>		
<p>Name</p>	<p>Nikki Patton</p>	
<p>Job title</p>	<p>Housing Services Manager</p>	
<p>Date</p>	<p>7th October 2024</p>	