

CABINET

THURSDAY, 1ST MARCH, 2018, 5.00 PM

SHIELD ROOM, CIVIC CENTRE, WEST PADDOCK, LEYLAND, PR25
1DH

SUPPLEMENTARY AGENDA

I am now able to enclose, for consideration at the above meeting of the Cabinet, the following information:

**8 Ministry of Housing, Communities and Local
 Government (MHCLG) - Land Release Funds**

(Pages 69 - 74)

Report of the Planning Manager attached.

Heather McManus
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Cabinet

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Agenda Item 8

REPORT TO	ON
CABINET	1 March 2018



September 2017

TITLE	PORTFOLIO	REPORT OF
Ministry of Housing, Communities & Local Government (MHCLG) - Land Release Funds	Deputy Leader/Corporate Support and Assets and Portfolio Holder for Strategic Planning and Housing	Planning Manager

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan?	No
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 Cabinet endorsed the South Ribble Campus Programme and philosophy at its meeting on 6 December 2017. The concept received strong cross party support. However, certain aspects of the overall programme needed further work; this includes the home build project.
- 1.2 As a result of a bid to Ministry of Housing, Communities and Local Government (MHCLG), South Ribble Borough Council has been offered £362,000 of Land Relief Funds (LRF) to progress its home build project.
- 1.3 The purpose of this report is to notify that the Council has been offered LRF funding to progress its home building concept. Cabinet is required to decide if the council should accept the offer from MHCLG for Land Release Funding (subject to acceptable terms and conditions) and that going forward, the Deputy Leader/Portfolio Holder for Assets are delegated to authorise the MHCLG agreement subject financial and legal advice.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 To be put forward at the meeting by the Cabinet Member.

3. EXECUTIVE SUMMARY

- 3.1 The Council has successfully bid for Land Release Funding from MHCLG. This is an offer of £362,000. It is a requirement of our constitution that this award is reported to Cabinet.
- 3.2 Due to issues with meeting the anticipated timings suggested by MHCLG, this item is being brought forward to Cabinet as a matter of urgency to allow the offer to be accepted subject to delegated authorisation by Deputy Leader/Corporate Support and Assets and the Portfolio Holder for Strategic Planning and Housing in consultation with legal and financial services.
- 3.3 If acceptance of the LRF funding is not dealt with in this way then there is a serious risk that the council would lose the funding from MHCLG.

4. CORPORATE PRIORITIES

- 4.1 The report relates to the following corporate priorities

Clean, green and safe		Strong and healthy communities	x
Strong South Ribble in the heart of prosperous Lancashire	x	Efficient, effective and exceptional council	x

5. BACKGROUND TO THE REPORT

- 5.1 The objective of the Home Build concept is to see if home building or renovating underutilised assets and renting can generate a long term revenue stream for the Council, as well as meeting local social, community and housing targets. This supports the Council's Corporate Plan targets of 'financial self-sufficiency through investment and commercial use of Council owned assets' and a key outcome for 'More homes of the quality and mix to meet needs'. This is in line with the recently revised Housing Framework and also part of our wider vision, campus strategy and City Deal ambitions.
- 5.2 In December, the Council received Local Government Association (LGA) support to create a business plan which will look at a wide range of home build options and ideas to achieve this aim. This work has begun with an LGA appointed consultancy called Local Partnerships and a Council project team which includes legal, finance, planning, housing, procurement, building control and regeneration.
- 5.3 Initial findings are that there are opportunities for both private market rentals and affordable housing options. Land and properties have been identified across the borough as part of an initial feasibility exercise, but specific development sites have not yet been selected. Some further work is required to establish these sites. The Home Build project is using evidence from the Housing Framework which suggests building smaller 2 bedroom homes in our local communities. This is where there is a need. Both main options for provision (private or affordable) can provide revenue, but crucial elements are how the homes are funded and how they may be managed. This work is ongoing, with a final report due at the end of March/early April.

6. MHCLG LAND RELEASE FUNDING

- 6.1 In September 2017 we submitted a speculative bid for funding through One Public Estate (OPE) for MHCLG Land Release Funding to contribute towards the capital costs of site development for building 33 homes. This was signed off by the Deputy Leader under his remit for assets.
- 6.2 On Friday 16th February our Chief Executive was informed by MHCLG Housing Minister Dominic Raab MP that SRBC had been successful in attracting £362,000 of Land Release Funding. This is one of the highest national awards for an authority the size of SRBC.
- 6.3 Further information from OPE/MHCLG stated that the Council would receive terms and conditions and more information to be able to accept the offer by 23rd February. The Council is still awaiting details of the offer from MHCLG and the final offer may need discussion with MHCLG to clarify.
- 6.4 The Council has been offered LRF funding to progress its home building concept. The initial funding bid asked for funding in-advance of spend. Cabinet is required to be notified the offer from MHCLG for Land Release Funding and that going forward, the Deputy Leader/Portfolio Holder for Assets and the Portfolio Holder for Strategic Planning and Housing are delegated to authorise the MHCLG agreement (subject to acceptable terms and conditions) following financial and legal advice.
- 6.5 This amount of money will affect viability of any home building scheme positively. However there is a potential negative reputational risk in accepting the offer if we do not deliver. There is no financial risk as it stands as the money could simply be repaid if the scheme does not come to fruition. However the exact offer is not yet known. It will need checking, hence the suggestion that the Deputy Leader in the role of Portfolio Holder for Asset Management is delegated, with legal and financial support, to review the MHCLG terms and conditions before authorising on behalf of the council.
- 6.6 The actual home build project will be subject to full Council approval at a future date should the business case demonstrate it is a viable option for the Council. Acceptance of the LRF funding does not mean that the council will progress the home build project.

7. OTHER OPTIONS CONSIDERED

- 7.1 There are a number of options for this funding:
 - Do nothing - Do not accept the funding and lose the benefit of £362,000. There is a financial and reputational risk to this option.
 - Use SRBC own money – this would increase costs within SRBC by £362,000.

Other options are considered for home delivery in the business case. The detail of the business case and the actual detail of the MHCLG offer is key. At this point in time neither are precisely known.

8. FINANCIAL IMPLICATIONS

- 8.1 All of the known financial implications are considered in the main body of the report. Notification of the £362,000 LRF funding and reporting to Cabinet is in line with the council's financial regulations which are being adhered to. If the council were to accept the funding and, at a future meeting, ratify the home build project, the LRF funding would significantly affect the viability of the project (positively) because the overall cost of providing the homes would be reduced by £362,000.

9. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

9.1 At this time there are no specific implications upon existing or future staff.

10. ICT/TECHNOLOGY IMPLICATIONS

10.1 The development of a Home Build scheme will have no ICT or Technology implications for the Council. Certain types of homes may include new health telemetry.

11. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

11.1 There will be extensive property and asset management implications if the Council agree to a future home build programme. As part of the options appraisal we are looking at management options, which includes delivery with partners.

11.2 The Home Build initiative is more than simply new homes, it is part of the overall campus concept about better use of our assets and land. It also adds value as part of providing links to our green spaces.

11.3 The intention is to use land or property assets that are underutilised or that have proved problematic. For example, where the Council owns land that it must maintain, insure and monitor that serves little or no community use. If the Home Build project is able to use these pieces of land then it would provide not only new homes for our communities, but also revenue for the Council and reduced costs by removing some of the maintenance, insurance and monitoring costs that the Council currently incurs. This revenue will help to provide the better services and amenities within the campus concept and is about reinvesting for a wider benefit.

12. RISK MANAGEMENT

12.1 If acceptance of the LRF funding is not dealt, by delegation outside the timing of the Cabinet cycle, then there is a serious financial risk that the Council would lose the funding from MHCLG.

12.2 Investment in new homes will have a positive impact on service delivery. The risks associated with options for management and maintenance require a better understanding and these are part of the work currently being undertaken.

12.3 This is a strategic plan for a long term investment and is based upon best data and estimates available.

12.4 Cost escalation, as with any major construction programme is a risk. Timely decisions, proper programme management, competitive market procurement and use of specific contracts will help reduce this risk.

13. EQUALITY AND DIVERSITY IMPACT

13.1 The investment programme outlined in this and previous reports will have a positive impact on equality and diversity. The new homes will be built to modern accessibility standards and higher standards of thermal efficiency.

13.2 The Council would be demonstrating leadership by providing new homes in the borough by directly providing new homes. This project does not compete with housing providers, but complements them. Based on the evidence from the Strategic Housing market Assessment and our newly revised Housing Framework, the Council would be in a position to create a better mix of homes to meet the needs of the borough. By providing new homes in our local

communities, there will also be social improvements related to better care, social cohesion and local economy.

- 13.3 Where possible homes and streets will be designed to follow Alzheimer's Society guidelines so that our improvements will be both disability and dementia friendly designs.

14. RELEVANT DIRECTORS RECOMMENDATIONS

- 14.1 That delegated authority be granted to the Planning Manager in consultation with the Deputy Leader/Portfolio Holder for Assets and the Portfolio Holder for Strategic Planning and Housing to make a final decision on this once full details of the terms and conditions are known. Any final decision will be subject to financial and legal advice.

15. COMMENTS OF THE STATUTORY FINANCE OFFICER

- 15.1 As set out in the report, officers are waiting for the actual detail of the MHCLG funding offer before a final decision on acceptance can be made. The full financial and resource implications will be assessed and reported once the detailed terms and conditions have been received.

16. COMMENTS OF THE MONITORING OFFICER

- 16.1 The purpose of the report is to advise members of the MHCLG grant for Land Release Funding. However, at this juncture we do not know the detailed terms and conditions of the grant offer. Hence the proposal is that the final decision should be delegated to the Planning Manager in consultation with the two portfolio holders referred to. Detailed financial and legal clearance will also be provided at the time.
- 16.2 It should be made clear that at this stage no approval is being given to any home build project. That is subject to further detailed work – not least of all which is the identification of suitable sites. Any home build project would go forward for further consideration.

17. BACKGROUND DOCUMENTS

MHCLG offer letter

Report Author:	Telephone:	Date:
Howerd Booth	5455	27 February 2018



**Ministry of Housing,
Communities &
Local Government**

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15 February 2018

Dear Heather,

Land Release Fund: Bamber Bridge and Lockstock Hall, South Ribble

I am delighted to inform you, in the strictest confidence ahead of my announcement tomorrow, that we will be funding your bid of £362,000 for funding from the Land Release Fund, named above.

We are looking forward to working with you to progress Bamber Bridge and Lockstock Hall, South Ribble, which will release much needed land for new homes, and I welcome the ambitious plans for growth set out in your bid. We are managing the Land Release Fund jointly with the Local Government Association and Cabinet Office through the One Public Estate programme, and will contact you shortly to agree the terms and conditions of the funding.

This programme has shown how local and central government can work together more innovatively and efficiently, transforming local communities. I look forward to working with you more closely in the future on this shared agenda.

Yours sincerely,

DOMINIC RAAB MP