

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

2959

Author:

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Department:

Development and Growth

Contact:

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Subject:

Nottingham/Homes and Communities Agency Action Plan & Funding Bids

Total Value:

£0 (Type: Capital)

Decision Being Taken:

- 1) To approve the submission of a Marginal Viability Housing Infrastructure Fund bid for surplus Council owned sites**
- 2) To approve the Council's support for a Housing Infrastructure Fund Forward Funding bid to be submitted by Nottinghamshire County Council on behalf of the D2N2 local authorities for a range of projects relating to the HS2 Growth Strategy**

Reasons for the Decision(s)

- 1. Following the Government's commitment to accelerated delivery of new homes, the Leader, Portfolio Holder for Planning, Housing & Heritage, and Senior Officers have had evolving discussions with the recently restructured Homes & Communities Agency (HCA). Such conversations have been held with all the English Core Cities, with the intention of agreeing new "Housing Deals", which would see the Core Cities leading in the delivery of housing targets set nationally by the Government and locally by the Council.**
- 2. This activity dovetails with recent discussions between Nottingham and Derby about a proposed Metro Strategy, discussions across D2N2 about the emerging HS2 Growth Strategy, and other activities with neighbouring planning and housing authorities to deliver national, regional and local housing targets. These include the Council's adopted Core Strategy targets and our ambitious target of 2,500 new homes affordable by Nottingham residents, to be started before 30 April 2019.**
- 3. In discussion with the HCA, Officers have been encouraged to produce a Nottingham/HCA Action Plan, identifying a large range of sites and development opportunities and related infrastructure requirements, which could be the subject of bids under existing and new Government funding regimes. The first of these is the Housing Infrastructure Fund (HIF).**
- 4. The Action Plan is currently being drafted, comprising a policy statement and a series of project spreadsheets. Note that this is designed to support all current and proposed bids to HCA and other Government Departments that support the delivery of new homes. The Action Plan has the following contents:**
 - Purpose of the Action Plan**
 - Policy Context (national, regional and local)**
 - Current HCA projects**
 - HCA projects at application or appraisal stage**
 - Related public funding regimes (housing related)**
 - Action Plan Projects Schedule (listing all potential projects)**
 - HIF current bids (marginal viability & forward funding)**
 - HIF bids for any future rounds**
- 5. The HCA has recently put out a call for the first round of funding bids under the HIF which must be submitted by 28 September 2017. HIF is available only to local authorities, has housing numbers as its only eligible output and will be paid as grant. HIF has two strands:**
 - a) Marginal Viability proposals, of up to £10m per project. Detailed business cases must be submitted in support of these bids by 28 September 2017. The HCA will have these bids appraised based on strategic fit (national & local), deliverability, and value for money (assessed through a "ready reckoner" that calculates uplifts in land values on development sites).**
 - b) Forward Funding proposals for significant, strategic projects delivering large residential outputs (eg garden villages), requiring up to £250m. Expressions of Interest must be submitted by 28 September, and detailed business cases prepared for Government to consider in Spring 2018.**

Other Options Considered:

Option 1 -Do Nothing This option was rejected because a successful bid would provide grant aid towards infrastructure for housing developments, which in turn would work towards meeting national and local housing targets.
Option 2 - apply for only one or other of the two HIF strands. This option was rejected as the bids under the two strands are different so it would be pragmatic to apply under both HIF strands. The HCA have confirmed that every local authority will have at least its first priority Marginal Viability bid appraised, so our prospect of success is based on the compliance and outputs of our bid and not in competition with other local authorities' bids.

Background Papers:

Further information on the Housing Infrastructure Fund including Government & HCA guidelines are available at:
<https://www.gov.uk/government/publications/housing-infrastructure-fund>

Published Works:

None

Affected Wards:

Citywide

Colleague / Councillor Interests:

None

Any Information Exempt from publication:

Yes

Exempt Information:

Description of what is exempt:

Nottingham HCA Action plan listing potential sites and site value.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it identifies potential sites for investment and purchase along with project values, disclosure of which will prejudice the Council's position in contract negotiations.

Documents exempt from publication:

Exempt Appendix - Draft Nottingham_HCA Action Plan.docx

Consultations:

Date: 04/09/2017

Other:Cllr Jane Urquhart, Portfolio Holder for Planning & Housing

Cllr Urquhart has confirmed she supports this going forward

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

None arising directly from this report

Equality:

EIA not required. Reasons: An EIA is not required at this stage as this report is purely seeking approval to submit bids. An EIA will be carried out on any successful bids.

Relates to Council Property Assets:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

09/10/2017

Advice Sought:

Legal, Finance, Property

Legal Advice:

If the bid for HIF funding is successful, it will be subject to grant terms and conditions regarding use of the funding, timeframes etc: Failure to adhere to the terms and conditions could lead to clawback of part or all of the grant funding by the grant recipient. Comments provided by Sarah O'Bradaigh, Senior Solicitor 24th August 2017.

This report seeks approval to submit bids to the HCA's Housing Infrastructure Fund of which the grant terms do not require NCC to provide any match funding but the contribution to a scheme may not be its full cost. There are two strands to this funding:

- . Marginal Viability - awards up to £10.0m per scheme
- . Forward Funding - awards up to £250.0m per scheme

Marginal Viability

The bids to the Marginal Viability strand will be for developing the sites as identified in the funding route column as MVF- Tier 1. The bid submitted will request £5.85 million of HIF grant.

Prioritisation of funding would be to a group of surplus NCC sites, in the north of the city, to fund a range of infrastructure elements required for housing development.

The grants are largely capital and will fund the revenue costs for project management to the equivalent of 1 fte for the life of the project.

If funding is granted, the approval steps NCC would need to undertake are:

- a. Seek further approval to incur the resultant expenditure;
- b. To include the scheme and funding in the capital programme and
- c. De prioritise accordingly to align funding to item a and b.

Forward Funding

This report seeks approval to submit a NCC statement of support to be submitted to Nottinghamshire County Council to the Forward Funding strand.

The Forward Funding grant would support the HS2 Connectivity Package. If the funding was to be awarded it would be managed by Nottingham County Council as the lead authority in the bid. The funding implications are currently being prepared as part of the business case submission to HCA.

Further approval may need to be sought once the detail is understood.

Comments provided by Chanelle Poyser, Commercial Finance Business Partner 29th August 2017.

Capital Programme

Within the approved Capital Programme, the Council currently has a number of live schemes within Public Sector Housing whereby the Council creates additional dwellings. The uplift in dwellings from currently approved schemes is 319.

If developments on the proposed surplus sites progress to approved capital schemes, the General Fund Capital Programme will receive a capital receipt for each site developed.

Any capital receipt will be used to support the Capital Programme in line with any capital commitments and site restrictions.

This paper does not create any additions to the Capital Programme.

Comments provided by Tom Straw, Senior Accountant (Capital Programmes) 30th August 2017
Amendments to advice carried out by Noel McMenemy (Governance Officer) on 27/09/2017 on basis of email confirmation from Finance that changes could be made. Advice provided by Noel McMenemy (Governance Officer) on 27/09/2017. Advice provided by Chanelle Poyser (Commercial Business Partner) on 27/09/2017.

Property Advice:

Strategic Assets and Property will work with the Director Regeneration and support bids to the Homes and Community Agency for funding to facilitate the development of new homes. Comments provided by Rod Martin, Development Manager 24th August 2017.

Signatures

Jane Urquhart (PH for Planning, Housing and Heritage)
SIGNED and Dated: 02/10/2017
David Bishop (Deputy CE, CD for Development and Growth)
SIGNED and Dated: 29/09/2017