

TELFORD & WREKIN COUNCIL

FULL COUNCIL

26 NOVEMBER 2020

GET BUILDING FUND – STRONGER COMMUNITIES - NEW COLLEGE, WELLINGTON

REPORT OF THE DIRECTOR OF PROSPERITY & INVESTMENT

**LEAD CABINET MEMBER – CLLR DAVID WRIGHT, CABINET MEMBER FOR
ECONOMY, HOUSING, TRANSPORT AND INFRASTRUCTURE**

PART A – SUMMARY REPORT

1.0 SUMMARY OF MAIN PROPSALS

- 1.1 In June 2020, the Council was made aware of grant funding available through the 'Get Building Fund' from MHCLG to support local recovery from Covid-19, administered by the Marches Local Enterprise Partnership (LEP).
- 1.2 In response to this the LEP launched a call for eligible capital projects, involving a rigorous selection process including the submission of business cases within a very short timescale.
- 1.3 Timescales are driven by the requirement to spend the grant by end of March 2022 (with 60% to be spent by the end of 2021), with the identified projects needing to be delivered in their entirety, with associated outputs realised, by the end of March 2025.
- 1.4 The Council's proposal for New College and our partner's proposal was approved for funding, subject to finalising a formal Funding Agreement and MHCLG approval, by the LEP Board on 14 July 2020.
- 1.5 The grant award under the Get Building Fund will support the delivery of the development proposals at the New College site. The Report seeks approval to the formal acceptance of the grant award, entering into a back to back Funding Agreement with the delivery partner, the tender and procurement of a contractor, the sale of land and notes that it may be necessary to use compulsory purchase powers.
- 1.6 The impact of the coronavirus pandemic is significant for all the Borough's communities and businesses. This development will ultimately provide an economic stimulus supporting the delivery of new homes and new jobs.

2.0 RECOMMENDATIONS

It is recommended that full Council:-

- 2.1 Approves the formal acceptance of the Get Building Fund award, appropriate changes to the capital programme as set out in para 6.2, and the entering into a back to back Funding Agreement with the delivery partner as recommended by Cabinet on 5 November 2020.
- 2.2 Delegates authority to the Director of Prosperity & Investment, in consultation with the Cabinet Member for Economy, Housing, Transport & Infrastructure, to enter into all necessary legal agreements to enable this programme to proceed as recommended by Cabinet on 5 November 2020.
- 2.3 Notes and endorses the tender and procurement of a contractor for the delivery of the development proposals as detailed in this report, subject to agreement to 2.1 above.
- 2.4 Notes the Cabinet approval for the sale of land at New College as set out in para 5.6 of the Report

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Regenerate those neighbourhoods in need and work to ensure that local people have access to suitable housing
	Will the proposals impact on specific groups of people?	
	Yes	In addition to meeting general housing need, the delivery of accessible and adaptable properties will increase the availability of high-quality housing within the Borough for people with mobility issues.
TARGET COMPLETION/ DELIVERY DATE	Local Growth Fund (Get Building) grant needs to be expended by end March 2022 with projects delivered in their entirety by end March 2025.	
FINANCIAL / VALUE FOR MONEY IMPACT	Yes	<p>The Council has been awarded £2.38m grant through the Get Building Fund (allocated from Local Growth Funding) which, as detailed in this report will be used to support the second stage of the Stronger Communities Programme at New College, Wellington. 60% of the grant must be spent and defrayed by 31 March 2021, with the remainder to be spent by 31 March 2022. Failure to meet this requirement may result in grant clawback.</p> <p>The bid additionally identifies £18.62m of match funding which must be spent by the delivery partner (Wrekin Housing Group (WHG)). Back to back agreements with WHG will ensure that the financial risk of non-delivery is addressed.</p> <p>The deliverability of the Nuplace proposals detailed in this report are subject to a separate full Council Report dated 26th November seeking funding from the Councils approved £60m Regeneration and Investment Fund.</p>

		<p>Capital allocations will be included in a future Financial Monitoring report once they are established following the outcome of the preferred procurement exercise noted in Section 6.2.</p> <p>Allocations will include spend which will initially be incurred by the Council and then reimbursed by WHG.</p> <p>DR 21/9/20</p>
LEGAL ISSUES	Yes	<p>The Council has the necessary powers to undertake the activities identified in this report. Legal advice was provided in relation to the grant application. Ongoing legal advice will be provided in relation to all projects undertaken as part of the Get Building Fund and Stronger Communities programme.</p> <p>In the disposal of any land the Council has a statutory duty to obtain best consideration and must also follow any applicable procurement requirements when awarding any contracts. In addition State Aid evaluation must be undertaken to ensure that no unlawful State Aid is provided.</p> <p>An Agreement mirroring the terms of the Funding Agreement between the Council and the LEP will be executed with the delivery partner simultaneously with the Funding Agreement to ensure that any risk of the delivery partner failing to deliver is mitigated as much as possible.</p> <p>It may be necessary for the Council to assist the delivery partner by utilising its powers of Compulsory Purchase. Should this be required and considered appropriate a full and detailed report will be prepared for the decision-maker.</p> <p>EH 1.10.20</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<p>A comprehensive risk assessment has been undertaken as part of the preparation of the Business Case submission to the LEP. A risk register will be maintained and updated as the programme progresses and risks managed accordingly.</p> <p>The most significant risk relates to the Council's ability to ensure the delivery partner meets the obligations within the Funding Agreement between the Council and the LEP. However, the proposed back to back Agreement will reduce this risk with the Council retaining control over the delivery programme for New College.</p> <p>Robust programmes are in place to secure delivery and these will be monitored by the Place Board, which will provide governance in relation to the programme. The impact of the delay in confirmation of Homes England overarching grant allocation may impact across the delivery of the LEP's whole programme and is anticipated to be confirmed in late 2020.</p>

		The impact of the current coronavirus pandemic is significant across all our communities and businesses. The Stronger Communities Programme will provide a market stimulus supporting the continued delivery of new housing and the regeneration of key communities.
IMPACT ON SPECIFIC WARDS	No	Investment is intended to have borough wide economic and regeneration benefits

PART B – ADDITIONAL INFORMATION

4.0 INFORMATION

- 4.1 The Local Growth Fund (LGF) is government funding awarded to LEPs for projects that benefit the local area and economy. On 10 June 2020 the Council was alerted by the Marches LEP to the fact that funding had been made available by MHCLG for exceptional shovel ready projects able to support local recovery from Covid-19 including those supported through existing local growth programmes. Grant was available to support eligible projects that could commit to expenditure by end March 2022 with a 60% commitment by March 2021.
- 4.2 A Marches wide project call was announced with project proposals submitted to the LEP by 18 June 2020. Expressions of interest were required to outline the grant funding requirement, match funding element and outputs delivered as well as demonstrate a strategic fit with the Marches LEP's Strategic Economic Plan (SEP) along with deliverability within the programme constraints.
- 4.3 Telford & Wrekin submitted two project proposals by the deadline. Following initial feedback from the LEP that one proposal had been shortlisted, supplementary information was provided to support an updated bid in early July, seeking £2.38m of grant funding.
- 4.4 The project proposal is the second phase of the New College element of a wider Stronger Communities programme which as well as being closely aligned to objectives of the Marches SEP; to be an inclusive place that enables residents from all communities to thrive and develop, also directly reflects objectives set out in the Council's vision of 'Protect, Care and Invest to create a better borough'. The ability to draw down this second grant award unlocks a stalled site in third party ownership, a key driver of the Get Building Fund, which in turn supports the delivery of further residential units at New College delivering circa 110 new homes across both sites and a range of tenures including:
- Age specific housing supporting the move of older people into suitable housing, close to amenities allowing them to remain living independently for longer. This provision will directly respond to housing need identified as part of the emerging Specialist & Supported Housing Strategy.
 - Housing for affordable rent to improve access to good quality housing for people on lower incomes.
 - Housing for private rent, delivered by the Council's wholly owned company, Nuplace Ltd.
- 4.6 In order to realise these outcomes, grant funding will be used to:
- Address abnormal development costs associated with the brownfield nature of the sites including demolition, site clearance, service disconnections and remediation.
 - Support viability associated with low land values.

- Deliver key infrastructure including reconfigured highway access, pedestrian links, infrastructure and utility upgrades.
 - Address the requirements of Sport England associated with the relocation of sports pitches and the provision of community facilities.
- 4.7 The Business Case for the Get Building Fund of £2.38M was approved by the LEP Board on 14 July 2020 subject to a Funding Agreement between TWC and Shropshire Council, as the Accountable Body for the LEP. The match funding for this grant will be met in full by the Council's delivery partner.

5.0 REPORT DETAIL

- 5.1 Preliminary work at New College funded through the earlier Stronger Communities Grant award will leave the site cleared with enabling works complete. Through discussions with Wrekin Housing Group (WHG), an opportunity was identified to widen the New College proposals through the unlocking of additional WHG redevelopment proposals within Wellington together with improved pedestrian linkages into Wellington Town Centre. The Get Building Fund has been secured by the Council on the basis of supporting both developments which are linked in their delivery proposals and levers in the additional financial resources to support the comprehensive masterplanning and redevelopment of the former New College site.
- 5.2 The WHG proposal is the replacement of outdated accommodation that no longer meets housing need. The gap funding is needed to support demolition and clearance, land assembly and enabling works. This proposal would deliver around 70 new general needs and affordable units for rent, supporting the move of older people into suitable housing. The WHG proposal will be led directly by them and they will provide the match funding required to support the LEP grant award. It's anticipated that circa £1.5M of the grant award will be allocated to support the development subject to finalising WHG's delivery costs.
- 5.3 The WHG redevelopment proposals require the purchase of a number of properties previously acquired under 'right to buy'. Discussions are at an advanced stage subject to securing the funding required to support the abnormal costs of the redevelopment proposals. The Council has been approached by WHG for support with the use of compulsory purchase powers should the negotiations not conclude on the remaining properties. This report notes that the use of compulsory purchase powers may be necessary in order to assist WHG in bringing these discussions to a conclusion to enable the necessary outputs to be met.
- 5.4 The WHG proposals are linked to the opportunity to bring forward a WHG development at New College comprising circa 64 apartments within an 'Extra Care' environment and 10 bungalows. A site wide master plan has been developed for New College which also shows a development proposal for Nuplace Ltd for 21 new homes for market rent. The deliverability of the Nuplace proposals are subject to a separate Full Council report to be considered on 26th November 2020 seeking funding from the Councils approved £60M Regeneration and Investment Fund.
- 5.5 In order to maintain control over the delivery programme of the New College proposals it's the intention that the Council (through BiT) will be appointed to act as employer's agent for the WHG and Nuplace residential dwellings, managing the tender process and the delivery of both projects. The Council intends to tender and procure the contractor for the delivery of the development proposals at New College subject to the necessary contractual arrangements being in place with both parties. Wherever possible works will be procured through frameworks to speed up the delivery process. The Council already

use a number of suitable frameworks for the procurement of professional and development services.

- 5.6 Openly marketing and disposing of the New College site has been discounted as in doing this the Council will lose control over what is being delivered. In order to retain control over the delivery of New College and the wider masterplanning of the site, the Council will retain its freehold ownership until satisfied the proposed developments are proceeding. Approval is sought to the sale of land at New College, on terms to be agreed between parties, with delegated authority to complete all legal agreements relating to a sale granted to the Director of Prosperity & Investment in consultation with the Cabinet member for Economy, Housing, Transport & Infrastructure.
- 5.7 Its anticipated that £880k of the grant award will be allocated to support the delivery of the Councils enabling works at New College with match funding from WHG. The fund will be used to deliver site wide masterplanning, upgraded pedestrian links, utility works and addressing the requirements of Sport England associated with the relocation of sports pitches and the provision of community facilities.
- 5.8 Projects awarded a grant under the Get Building Fund are required to deliver within an extremely challenging timescale as intervention is designed to react to Covid-19, accelerate delivery and unlock stalled states. A number of legal documents will need to be in place to manage the delivery of the construction contract at New College, the sale of land to both Nuplace Ltd and WHG, the Funding agreement with the LEP and back to back Agreements with WHG. Approval is sought to enter into all the necessary legal agreements to enable the LEP grant to be drawn down and the development proposals to proceed with delegated authority granted to Associate Director: Policy & Governance in consultation with the Cabinet member for Economy, Housing, Transport & Infrastructure.

6.0 FINANCE

- 6.1 Delivery of this element of the Stronger Communities programme will be funded by the Get Building Fund award of £2.38M with match funding of £18.62M met in full from the WHG. Whilst the Council will be required to enter into the Funding Agreement with the LEP, a concurrent reciprocal Funding Agreement will be entered into with WHG to ensure the Council is protected in its commitment to spend profile and the delivery of contractual outputs.
- 6.2 The optimal delivery mechanism proposed for the New College site, where BiT act as employers agent for both WHG and Nuplace, will result in approximately £14m of additional capital expenditure being incurred by TWC, but fully funded by WHG. The appropriate expenditure and funding allocations will be added to the capital programme when the outcomes of the tender process are finalised.
- 6.3 The programme approach managed by the Council incorporating both elements of this project will ensure the delivery of positive outcomes to communities across the Borough. At the same time this will enable management of the grant and match funding flexibly to ensure that the challenging delivery timescales of the Get Building Fund are adhered to.

Previous Reports

GET BUILDING FUND - NEW COLLEGE, WELLINGTON – Cabinet - 5 November 2020

Report prepared by:
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New College – Indicative Masterplan



Development

3 Story Extra Care Building to provide
64 apartments:

22 no. 1 bed 2 person
42 no. 2 bed 4 person

Bungalows:

2 no. 1 bed
8 no. 2 bed

Development

Sewer Position & Easement TBC

