



Corporate Policy and Resources

Date: 21 September 2017

Subject: Housing Infrastructure Fund (HIF) – Proposed Funding Bid

Report by:

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Purpose / Summary:

To approve proposals for West Lindsey District Council (WLDC) to submit a funding bid to the Housing Infrastructure Fund (HIF) to support the delivery of housing in Gainsborough as part of the growth programme.

Recommendations:

- 1. To approve the proposal to submit a funding bid to the Housing Infrastructure Fund to support the delivery of housing as part of the growth programme in Gainsborough.**
- 2. To delegate the sign-off of the final funding bid to the S151 Officer, as required by the funding process.**

IMPLICATIONS

Legal: None as a result of this report. The costs associated with any further legal advice in connection with HIF proposals will be included within the funding bid wherever possible.

Financial: FIN-68-18

In accordance with the Financial Regulations, the grant application is being developed with the service accountant and approval is being sought via Corporate Policy & Resources Committee to submit the funding bid.

At the current time discussions with the Homes and Communities Agency (HCA) are ongoing.

It is envisaged that the bid could be in the region of £4m with a match funding requirement, which is likely to be provided by the Private Sector and not WLDC.

Once the full bid details are determined and subject to the bid being successful, a capital budget will require the approval of this Committee. This will be presented to at a later date, once the outcome of the bidding process is known.

In line with the financial regulations, the final bid submission must be signed off by the S151 Officer.

Staffing: None as a result of this report. The projects which are the subject of this funding bid are being managed by Growth Team staff as part of their existing remit and under the direction of the Commercial and Economic Growth Director (and Acting Chief Executive). No additional staffing resources are required at this stage.

Equality and Diversity including Human Rights: HIF funding will support the delivery of the Growth and Regeneration Plan for Gainsborough. The identified scheme will lead to the delivery of new homes and ultimately new commercial development, jobs and training opportunities. The overall objective is the creation of a self-sustainable and affluent town and constituent community, which provides opportunities for all of its citizens.

Specific programmes for the South West and North Wards will assist in addressing the multiple indices of deprivation, in tandem with the Strategic Partnership in the South West Ward and the Council's Skills programme.

Risk Assessment:

Key Risk: Lack of support for the project

Mitigation:

- Key project already identified as part of growth programme, with planning in place;
- Funding proposals discussed with internal and external stakeholders;
- Funding proposals discussed through the Committee process;

Key Risk: Unable to secure funding

Mitigation

- Staff involved in bidding process have extensive experience in bid-writing and have already secured £7m in the past 2 years;
- Further support towards the bidding process from external partners;
- Project selected based on strategic fit, value for money (VFM) and deliverability in accordance with funding criteria to offer best chance of success;

Key Risk: Unable to deliver project due to issues such as land ownership, lack of owner support, lack of developer interest, planning

- Project selected on basis of strategic fit/VFM and also based on ability to deliver quickly;
- Project has support of external partners;

Key Risk: Project costs higher than original estimates/amount available through bidding process

- Project costs informed by detailed and robust technical work;
- Final project costs will be based on full procurement/tender process to accord with requirements of the bidding process. This will form part of post-decision due diligence phase;

Climate Related Risks and Opportunities: Any new development will satisfy current building regulation standards on sustainability can be achieved and provision for cyclists and sustainable transport is included. The programme will deliver a critical mass of population to ensure Gainsborough's future sustainability.

Title and Location of any Background Papers used in the preparation of this report:

Gainsborough Development Partner Committee Reports:

- Prosperous Communities: July, October 2016; February, July 2017
- Corporate Policy and Resources: July, October 2016; February, July 2017

GLLEP Business Plan Proposals

- Prosperous Communities & CPR: June 2017

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules applies?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

X

1 Housing Infrastructure Fund: An Overview

1.1 The Housing Infrastructure Fund is a government capital grant programme of up to £2.3 billion, which will help to deliver up to 100,000 new homes in England. It follows the publication of the Housing White Paper and will help to deliver the government's ambitions in respect of house-building targets.

1.2 Specifically, the Fund will:

- Deliver new physical infrastructure to support communities. Infrastructure can include:
 - Transport and travel
 - Utilities
 - Schools, community, heritage and healthcare
 - Land assembly
 - Digital communications
 - Green infrastructure – parks, green corridors
 - Blue infrastructure – flood defences, sustainable urban drainage (SUDs)
- Make more land available for housing
- Support local authorities who want to step up their plans for growth
- Enable local authorities to recycle the funding for infrastructure projects to help deliver more homes in the future

1.3 Two funding strands are available under this programme:

Marginal Viability Funding

- infrastructure funding to unblock housing sites where the cost of building the infrastructure and homes is too great. This strand will consider funding to support the final or missing piece of infrastructure funding to make schemes viable;
- up to £10m per bid;
- single and lower tier local authorities can apply – West Lindsey District Council is therefore eligible to apply under this strand;

Forward Funding

- For strategic and high impact schemes, this strand will consider upfront infrastructure costs to give market confidence to provide further investment and deliver new development;
- Up to £250m per bid;
- single and upper tier (or combined authorities) can apply – Lincolnshire County Council is therefore eligible to apply under this strand;
- Authorities are encouraged to work together with their Local Enterprise Partnerships in order to develop strong bids;

1.4 Funding bids must be submitted by 28th September 2017 and must be able to spend by 2020/21. All bids must be signed off by the S151 Officer. Funding awards will be announced late 2017/early 2018.

1.5 All bids must support the delivery of an up-to-date plan and have local support. Bids will be assessed based on how well they address the following criteria:

- **Strategic Fit:** strong leadership, joint working, focus on delivering higher levels of housing growth with strong supporting evidence
- **VFM:** demonstrating good value in terms of benefit-cost ratio (in accordance with DCLG appraisal)
- **Deliverability:** bids need to show that there is a clear plan to deliver the infrastructure and a clear link between the provision of infrastructure and the delivery of homes with strong partnership working.

1.6 Further advice has also been provided by the HCA to clarify bid requirements as follows:

- Funding must support the direct delivery of housing, with an emphasis on delivery within the next 3 years, and on large-scale housing schemes;
- Planning permission and a development partner should be in place;

- 50% of the assessment will be on VFM, with an emphasis on land value uplift and a good benefit-cost ratio;
- Bids for Marginal Viability should focus on either one single piece of infrastructure to unlock homes on a specific site, or can include multiple pieces of infrastructure to unlock homes in a specific location. Where several housing sites are included, there must be a common infrastructure requirement, which will serve to unlock housing across all sites (e.g. a new road/utilities provision). infrastructure which will unlock housing on one or more housing sites;
- To date, 150 bids have been registered nationally, of which 2/3 are for Marginal Viability Funding. Approximately 40 of these relate to schemes in the Midlands area. Competition for funds is therefore very strong and there is a need to focus on those schemes which can achieve the best VFM within the required delivery timeframe;

2. Proposals for West Lindsey

- 2.1 It is proposed to submit a bid for funding to support the delivery of housing in Gainsborough, as part of our housing-led Growth Strategy, under the Marginal Viability Funding stream;
- 2.2 Officers have considered a range of potential schemes which could be eligible for funding via HIF and have assessed these in terms of the VFM criteria, deliverability and strategic fit. These schemes have also been considered in respect of the wider growth programme and existing funds which have been secured via the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and WLDC's Capital Programme.
- 2.3 As a result of this process and in discussion with stakeholders at the HCA and Lincolnshire County Council, Officers propose to focus the bid on the infrastructure which is required to unlock Gainsborough's largest housing site – the Southern Sustainable Urban Extension. This site benefits from Outline Planning Permission, granted in 2011, but development has stalled. Officers are exploring whether this is due to the infrastructure (particularly the off-site highways improvements) which is required to unlock the first phase of development and whether support via HIF would assist in expediting delivery.
- 2.4 It is considered that such a bid could present a strong case for funding in terms of the scale of development which is proposed; the fact that there is a clear link between infrastructure and unlocking homes; and the VFM this will give in terms of land uplift. It is however, subject to further agreement on the scope of works and presenting a sound business case and rational for funding.
- 2.5 Support for unlocking this major development site (which is critical to the growth programme and housing targets for the town, and wider Central Lincolnshire area), will complement the Council's town centre regeneration programme, which focusses on the renewal of brownfield sites for commercial and residential development, using funds secured through the GLLEP.

- 2.6 When combined, these interventions will help to address the viability challenge and development constraints within the town in order to increase the pace of delivery both in qualitative and quantitative terms.
- 2.7 It is not envisaged that any WLDC funding will be required to support this funding bid as officers will be looking to identify opportunities for match funding from the private sector and other external sources.
- 2.8 A capital budget will require approval if the bid is successful.

3. Next Steps and Recommendations:

- 3.1 Officers will develop the above proposals further, in consultation with colleagues at LCC and the GLLEP, and with other internal/external stakeholders.
- 3.2 It is proposed that Members acknowledge the work done to date on this bid and support Officers in developing a full and final bid for support under this programme.