

Economy and Growth Committee

11 July 2023

Housing Development – Framework, Funding and Delivery Routes Update

Report of: Peter Skates – Acting Executive Director Place

Report Reference No: EG/05/23- 24

Ward(s) Affected: All Wards

Purpose of Report

- 1 In May 2020 Cheshire East Members approved the procurement and establishment of a Housing Development Framework, the main aim of which was to utilise appropriate Council owned land assets to bring forward the development of Council-influenced residential opportunities by the organisations admitted to the framework.
- 2 Following the establishment of the framework, in July 2021 the Economy and Growth Committee supported a number of Council owned land assets to progress through the framework’s mini-competition procedure.
- 3 This report provides an update on the progress of the Housing Development Framework and also seeks delegated authority to determine and pursue delivery options for Council-influenced housing development in the Borough and to reallocate Future High Street funding that is currently allocated to a proposed housing development site.
- 4 The development of Council-influenced residential housing provides an opportunity to support the priorities of the Corporate Plan as follows:
 - (a) **Open** - The selection of organisations to work with the Council will be made following robust and transparent processes.
 - (b) **Fair** - The proposals provide the Council with an opportunity to influence the type of development to meet housing need, especially in relation to increasing affordable housing and specialist housing provision.

- (c) **Green** - We will help deliver homes which are well designed, affordable and safe, contributing to the environmental, social and economic wellbeing of the Borough.

Executive Summary

5 This report:

- (a) provides an update on progress of the Housing Development Framework, part of which is contained within the appendix, which is a Part Two element due to commercial sensitivity.
- (b) seeks delegated authority to determine and pursue delivery options for housing development in the Borough; and
- (c) seeks delegated authority to reallocate Future High Street funding.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. Note the contents of this report.
2. Delegate authority to the Director of Enterprise and Growth to ;
 - (a) determine and pursue the most appropriate delivery route for each Council owned site identified and appropriated for Council-influenced housing development (including but not limited to use of the Housing Development Framework, open market procurement, land deal or joint venture) and, subject to obtaining disposal approval in accordance with the decision making processes for land and property disposals as set out in the Constitution, enter into all necessary legal agreements to enable the site to be developed accordingly;
 - (b) remove individual sites from the Housing Development Framework process should they no longer be identified and appropriated as Council owned sites for Council-influenced housing development.
 - (c) manage the Housing Development Framework and, if necessary, remove any admitted organisations found not to be meeting the terms of admission onto the framework.
3. Subject to approval by the Government's Department for Levelling Up, Housing & Communities (DLUHC), delegates authority to the Executive Director Place in consultation with the Director for Finance & Customer Services to approve the reallocation of up to £2,836,646 Crewe the

Future High Street Fund (FHSF) grant earmarked for the In Town Living project to other projects in the FHSF programme, and authorise the use of this funding to continue implementation of projects previously identified in the report to Cabinet 10th November 2020.

Background

- 6 In May 2020, the former Cabinet received a report outlining the options to bring forward residential opportunities on Council owned land assets. The former Cabinet reviewed the options and approved the establishment of a Housing Development Framework as the mechanism to procure the development of mixed tenure housing to meet identified housing needs.
- 7 On 15th July 2021, Members of the Economy and Growth Committee received a report, advising them of the progress which had been made in the establishment of a Housing Development Framework.
- 8 Members resolved that the:
 - progress which has been made in relation to the procurement of the Housing Development Framework be noted.
 - disposal route of the former Vernon Infant School, Poynton be approved through the Housing Development Framework; and
 - the final decisions relating to the disposal of these sites be undertaken in line with decision making processes for land and property disposals as outlined in the constitution be noted.
- 9 In March 2022 the Economy and Growth Committee received a further update report, advising them on progress of the sites which they had previously supported for disposal through the Housing Development Framework.
- 10 The appendix (in Part 2 under commercial sensitivity) provides further detail on individual sites and providing members with the background required to consider the recommendations.

Consultation and Engagement

- 11 No consultation or public engagement is required for the disposal of Council owned land assets unless there is public open space and then consultation is required. Land assets are disposed of in line with the approved Cheshire East Constitution.

- 12 Consultation is required through the planning process and residents will have the opportunity to express their views on schemes which progress to this stage through the Framework and Open tender.
- 13 Approval to reallocate funding within the Future High Streets Fund (FHSF) programme, is subject to engagement and approval by DLUHC through a Project Adjustment Request process.

Reasons for Recommendations

- 14 These are outlined within the appendix of this report, which is a part two element due to commercial sensitivity.

Other Options Considered

- 15 Several alternative options have been considered which are outlined in the appendix, which is a part two element due to commercial sensitivity:

Implications and Comments

Monitoring Officer/Legal

- 16 The development of Council-influenced housing is a complex area with a number of legally permissible delivery routes such as the Council's Housing Development Framework, open market procurements or land deals. The Service will require ongoing support from Legal throughout the various projects and will need to consider advice on a wide range of legal issues (e.g., procurement rules, subsidy control, best consideration, open space advertisement).
- 17 The starting position in relation to a disposal of Council owned land under section 123 of the Local Government Act 1972, is that a local authority can dispose of land but must achieve best consideration i.e., achieve the best price for the disposal however, the council is able to dispose of land at less than best consideration if the environmental, economic and social well-being of the residents in the local area is improved as a consequence subject to the undervalue being no more than £2million. In this case an open market sale is envisaged that complies with the Councils housing aims.
- 18 The Councils social and wellbeing aims of achieving the development of Affordable Housing for some of these sites and for the provision of assisted care on others will be pursued and required in the specifications and conditions in the tender documentation. The build out will be in accordance with an acceptable planning permission and the council's design and completion requirements will be sought through a Development Agreement. At this stage it is envisaged the sale will be by way of a transfer of the freehold subject to any planning restrictions and covenants that may be placed upon the title to the land.

Section 151 Officer/Finance

- 19 The Housing Development Framework has potential to impact on the Medium-Term Financial Strategy (MTFS). This could include a reduction in holding costs for sites currently owned by the council, a streamlining of costs for care services, as well as providing income from the council's land assets. If adjustments are required or anticipated to the MTFS, these will be implemented at the appropriate time.
- 20 The Council are administering the Future High Street Funding for In Town living which equates to £2.8million. Approval is being sought to reallocate this funding.
- 21 If DLUHC do not approve the changes requested, then officers would need to review projects urgently, either to rescope or to stop projects, where there is a risk that the Council will be exposed to additional costs associated with their delivery without the changes proposed. There is currently no provision within the existing MTFS to cover any additional costs.

Policy

- 22 The delivery of affordable housing is a priority set out within the 2018-2023 Housing Strategy. Affordable housing in Cheshire East plays a fundamental role in realising the ambition to deliver jobs-led growth and sustainable vibrant communities. Through the Housing Development Framework, we are aiming to deliver more affordable housing.
- 23 The Housing Development Framework contributes towards the Corporate Plan ambitions:

An open and enabling organisation	A council which empowers and cares about people	A thriving and sustainable place
Look at opportunities to bring more income into the borough.	Vulnerable and older people live safely and maintain independence within the community – work with partners to develop appropriate accommodation and extra care housing models.	<p>Enable access to well designed, affordable and safe homes for all residents – deliver housing to meet the needs of all residents</p> <p>Making best use of our surplus building and assets to support the borough and our partners</p> <p>Delivery of a strategic regeneration plan for Crewe – Town Centre Housing</p>

Equality, Diversity and Inclusion

- 24 An Equality Impact Assessment is not required for this stage of the process.

Human Resources

- 25 The Housing Development Framework mini competition process requires the collaboration of Procurement, legal, finance, Estates and Housing. A Project Team has been established to work on the procurement of these sites.

Risk Management

- 26 Failure to procure works in accordance with the Public Contracts Regulations 2015 and the Council's Finance and Contract Procedure Rules would leave the Council open to challenge and in breach of regulations, with a subsequent reputational impact.

Rural Communities

- 27 One of the sites identified for disposal through the Housing Development Framework is within a rural location and will provide much needed affordable housing in a high value area, providing an opportunity for those with a local connection to continue to reside in the area.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 28 Poor housing can have a negative impact on our children’s wellbeing. Increasing affordable housing provision will ensure that families have access to appropriate housing options and reduces the risk of having to reside in temporary accommodation.

Public Health

- 29 Providing decent living accommodation will benefit some of our vulnerable residents’ mental and physical wellbeing and reduce demand on health and social care services, therefore there would be a positive impact on health and wellbeing of Cheshire East residents.

Climate Change

- 31 The Council has committed to becoming carbon neutral by 2045 and to encourage all businesses, residents and organisations in Cheshire East to reduce their carbon footprint. Building sustainability is a consideration in the specification and design of the homes, ensuring that every opportunity to reduce building operating costs are evaluated in order to tackle fuel poverty and tackle climate change.

Access to Information	
Contact Officer:	Karen Carsberg Karen.carsberg@cheshireeast.gov.uk
Appendices:	Appendix – Part 2
Background Papers:	N/A