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Our reference:  
Your reference:  
Date: 6 November 2017



To all Members of the Council

Dear Councillor

A meeting of the CABINET will be held on Tuesday 14 November 2017 at 7.00 pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford to consider the following items of business.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R. B. Smith'.

Deputy Monitoring Officer

## AGENDA

1. Apologies for absence.
2. Declarations of Interest.
3. Minutes of the Meeting held on Tuesday 10 October 2017 (pages 1 – 6)

### Key Decisions

4. Rushcliffe Skate-park Improvement Fund

The report of the Executive Manager - Communities is attached (pages 7 - 10).

### Non Key Decisions

5. Rushcliffe Property Company Options

The report of the Executive Manager - Operations and Transformation is attached (pages 11- 16).

6. Growth Deal Funding

The report of the Executive Manager - Operations and Transformation is attached (pages 17 - 24).

**Budget and Policy Framework Items - None**

**Matters referred from Scrutiny - None**

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First Saturday of  
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## Membership

Chairman: Councillor

Vice-Chairman: Councillor

Councillors Chairman: S J Robinson, Vice-Chairman: D J Mason, A J Edyvean,  
G S Moore, R G Upton

<b>Meeting Room Guidance</b>
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**MINUTES  
OF THE MEETING OF THE  
CABINET  
TUESDAY 10 OCTOBER 2017**

Held at 7.00pm in the Council Chamber, Rushcliffe Arena, Rugby Road, West Bridgford

**PRESENT:**

Councillors S J Robinson (Chairman), A J Edyvean, D J Mason, G S Moore, R G Upton

**ALSO IN ATTENDANCE:**

Councillors R Jones, A MacInnes, G R Mallender, S Mallender  
3 Members of the public

**OFFICERS PRESENT:**

D Banks	Executive Manager - Neighbourhoods
M Elliott	Constitutional Services Team Leader
A Graham	Chief Executive
P Linfield	Executive Manager - Finance and Corporate Services
D Mitchell	Executive Manager – Communities
G O’Connell	Monitoring Officer
L Webb	Constitutional Services Officer

**APOLOGIES FOR ABSENCE:**

There were no apologies for absence

**22. Declarations of Interest**

There were no declarations of interest.

**23. Minutes**

The minutes of the meeting held on Tuesday 12 September 2017 were approved as a correct record and signed by the Chairman.

**24. Revenue and Capital Budget Monitoring 2017/18 – Quarter 1 Update**

The Portfolio Holder for Finance presented the report of Executive Manager – Finance and Corporate Services to provide an update on the Council’s budget position for both revenue and capital accounts as at 30 June 2017.

The Portfolio Holder for Finance advised that with regard to the Council’s revenue account there were projected efficiency savings for the year of £103,000 and additional funding identified of £9,000. The current financial position included a number of positive variances including employee cost savings; savings from contracts, reductions in both Housing and Council Tax Benefit payments as well as increased income generated from green waste collections. It was noted that that these amounts could improve throughout the remainder of the year as managers continued to drive cost saving and raise

income against existing budgets. The revenue monitoring statement by service area, along with a detailed variance analysis, as at 30 June, 2017 were attached as appendices to the officer's report.

The updated Capital Programme monitoring statement was also attached as an appendix to the officer's report and provided details of the progress of the capital schemes, as well as information on both the rephrasing of schemes and current efficiency savings identified of £2,425,000. The original Capital Programme of £15.13 million had been supplemented by a net amount brought forward and in-year adjustments of £9.97 million which gave a revised total of £25.1 million. The Portfolio Holder for Finance noted that this was an ambitious Capital Programme which would see the completion of two major redevelopment schemes, the Cotgrave Multi-service Centre and the Cotgrave Employment Land.

Councillor Upton, in seconding the recommendations noted the favourable position of both the revenue and capital accounts. Councillor Robinson welcomed the feasibility assessment concerning Bingham Leisure Centre and advised that he looked forward to seeing the results of the assessment.

**It was RESOLVED that:**

- a) the projected revenue and capital budget positions for the year of £12,000 revenue efficiencies and £2,425,000 from capital scheme rephrasing and efficiency savings be noted.
- b) the use of a maximum of £20,000 of the revenue efficiencies towards a business case feasibility assessment concerning Bingham Leisure Centre be approved.

**Reason for decisions**

To demonstrate good governance in terms of scrutinising the Council's on-going financial position and compliance with Council Financial Regulations and to meet key council objectives.

**25. Mobile Homes Act 2013 – Proposed Amendment to current Mobile Homes Policy Statement**

The Portfolio Holder for Community and Leisure presented the report of the Executive Manager – Neighbourhoods which proposed changes to the Council's current Mobile Homes Act 2013 Policy Statement, which had been approved by Cabinet on 13 May, 2014. The report noted that the legislation had been introduced in order to provide greater protection to occupiers of residential park homes and caravans and that it had placed a responsibility on local authorities to ensure compliance with site licence conditions.

The Portfolio Holder advised that currently inspections and subsequent revisits had been carried out on all parks annually in order to check for compliance with the licenses, with site owners being charged an annual fee, based on a price per pitch. The Department of Communities and Local Government guidance on fee setting provided local authorities with three options for

charging for inspections which were:

- a fee per pitch (A fee based on the total cost to the local authority carrying out its annual licensing function for all sites, divided by the total number of units over all the sites which will give a price per unit),
- a fee based on site size bandings,
- a fee based on a risk rating that takes into account the size of a site; the level of compliance on a site and confidence in management.

The revised Policy Statement proposed that the Council should in future adopt an approach to the level of fees being based on a risk rating that took into account the size of site, number of complaints received regarding the standards on the site in the period of time between inspections, adherence to site licence conditions and there being sufficient confidence in site management that there would be continued compliance with legislation. The Portfolio Holder advised that the proposed amendment to the policy was based on the outcome of inspections of all parks from 2014 to the present which demonstrated that standards had improved for residents and that there was good compliance with the legislation with fewer complaints being received from residents. The Portfolio Holder thanked officers and others involved in the consultation which had helped shape the proposed amended policy.

Councillor Edyvean in seconding the recommendations noted that the proposed procedures for risk based approach to assessments of mobile home sites would give greater security to residents.

**It was RESOLVED that:**

- a) the revised Mobile Homes Act 2013 policy statement be approved.
- b) a risk based assessment on future inspection frequency of Mobile Home sites be carried out.

**Reason for decisions**

To provide for a proportionate and transparent approach to be taken to the Council's responsibility to inspect Mobile Home sites.

## 26. **Playing Pitch Strategy**

The Portfolio Holder for Community and Leisure presented the report of the Executive Manager – Communities seeking approval for the proposed Rushcliffe Borough Council Playing Pitch Strategy.

The report noted that the proposed Playing Pitch Strategy for Rushcliffe Borough Council and its partners had been written to provide a clear, strategic framework for the maintenance and improvement of existing outdoor sports pitches and ancillary facilities between 2017 and 2028. The proposed Playing Pitch Strategy would also provide a framework to ensure that the provision of

outdoor playing pitches was able to meet the local needs of existing and future residents across Rushcliffe and contained the three strategic aims of:

- protecting the existing supply of playing pitch facilities where it was needed for meeting current or future needs.
- enhancing the playing fields, pitches and ancillary facilities through improving quality and management of sites.
- providing new outdoor sports facilities where there was current or future demand to do so.

The proposed Playing Pitch Strategy was attached as an appendix to the officer's report.

The Portfolio Holder advised that the analysis of the existing provision for all pitch sports was that either demand was currently being met or there was a shortfall in provision, however there were some areas where demand was currently being met that would experience shortfalls in the future and that current shortfalls in provision would also become worse in future years if action was not taken.

The proposed Playing Pitch Strategy had also identified that the supply of skate parks in the Borough, while considered sufficient in number, faced considerable challenges with two thirds of existing provision being of a poor condition and requiring financial investment to ensure their long-term sustainability. It was considered that the establishment of a time limited grant fund would enable the Council to support the owners of existing skate parks in the Borough, such as Town and Parish Councils with match funding which could also assist in securing other external funding to replace poor quality timber skate-parks with low maintenance concrete facilities. The Portfolio Holder advised that the options for the creation of a skate park improvement grant fund would be brought to Cabinet in November 2017 for consideration. Councillor Mason thanked Councillor Cottee who had initiated the work on the Playing Pitch Strategy and officers for their hard work in developing the strategy.

Councillor Moore in seconding the recommendations noted how proud he was that sport, was such a part of the Borough's identity and the provision of high quality sports facilities was such a high priority for the Council and noted the comprehensiveness and ambition of the strategy. Councillor Moore also welcomed that a further report on skate parks would be brought to Cabinet as they provided a great community facility but noted his sadness that the Hook Skate Park in Lady Bay had been vandalised. Councillor Upton noted that the document would be useful for Town and Parish Councils to use as a reference due to the great amount of detail published in the strategy. Councillor Robinson thanked the officers for their hard work in producing the strategy and noted that the strategy would enable to the Council to meet the demands on sports pitches that the predicted population growth within the Borough over the next ten years would create.

**It was RESOLVED that:**

- a) the Rushcliffe Playing Pitch Strategy be adopted.
- b) that the Executive Manager – Communities, in consultation with the Portfolio Holder for Community and Leisure be delegated authority to approve any minor drafting amendments.
- c) that a further report on the creation of a skate-park improvement grant fund and the associated conditions be brought to the November, 2017 meeting of Cabinet.

**Reason for decisions**

It is important that Rushcliffe Borough Council has an up to date Playing Pitch Strategy in order to provide a strategic framework which ensures that the provision of outdoor playing pitches meets the local needs of existing and future residents across Rushcliffe.

**27. Overage Payments – Land at Melton Road, Edwalton**

The Leader presented the report of the Chief Executive to advise Cabinet of the results of the negotiations with, as well as of the proposed framework of calculations under the overage agreement with the landowner of the areas of land at Melton Road, Edwalton, known as Sharphill.

The report of the Chief Executive included information on how the negotiations had been conducted as well as information on what considerations and elements would be included in calculations under the overage agreement. It was noted that there was an expectation that over the next five years approximately £15 million would be received by the Council in capital receipts that would then be factored into the Council's Medium Term Financial Strategy. The Leader advised that the overage agreement for Sharphill was a good example of how the Council was protecting its financial position when agreeing land deals which consequently allowed the Council to protect and deliver high quality services to the residents of the Borough.

Councillor Mason in seconding the recommendations noted how pleased she was to see the development of Sharphill moving forwards with the successful negotiations under the overage agreement. The Leader noted that the £15 million received by the Council in capital receipts would be used to deliver services that would benefit residents in all areas of the Borough.

**It was RESOLVED that:**

- a) the framework negotiated by the Council's agent, as detailed in paragraphs 4.3 and 4.4 of the officer's report, be noted.
- b) the final approval and completion of all overage-related land issues, in accordance with the approved framework, be delegated to the Chief Executive.

- c) the continued appointment of Bruton Knowles as the Council's independent valuer in relation to the overage agreement for this land with John A Wells Ltd. be approved.
- d) appropriate sums be included within the medium term financial strategy as part of the 2018/19 budget setting process to be presented to Full Council in March 2018.

**Reason for decisions**

To provide a framework to enable the calculation of the sum owed to Rushcliffe Borough Council whilst enabling the Council to reasonably make judgments as to the amounts which can be included within the Medium Term Financial Strategy.

The meeting closed at 7:20pm.

CHAIRMAN





**Cabinet**

**14 November 2017**

**Rushcliffe Skate-park Improvement Fund**

**4**

## **Report of the Executive Manager – Communities**

### **Cabinet Portfolio Holder for Community and Leisure, Councillor D Mason**

#### **1. Summary**

- 1.1 Cabinet on 10 October 2017 adopted the Rushcliffe Playing Pitch Strategy which highlighted problems across the borough relating to the deteriorating quality of existing skate-park facilities. Cabinet therefore resolved to consider the establishment of a skate-park improvement fund.
- 1.2 This report provides details of the proposed eligibility, conditions and governance process for a new time limited skate-park improvement fund designed to support providers of facilities access sufficient funds to ensure their long-term sustainability.

#### **2. Recommendation**

It is RECOMMENDED that Cabinet:

- a) approve the creation of a skate-park improvement fund to operate for a period of three years from December 2017 to 31 March 2021;
- b) adopt the eligibility, conditions of grant and governance procedures as detailed in section 4.4 of this report;
- c) support the allocation in total of £500k (until 31 March 2021) to the Capital Programme, subject to approval by Full Council, as part of the Medium Term Financial Strategy; and
- d) approve the principle that any urgent skateboard park expenditure required in 2017/18 be met from capital contingency.

#### **3. Reasons for Recommendation**

- 3.1. There are nine skate-parks across Rushcliffe, seven of which are owned by Town/Parish Councils. The Playing Pitch Strategy has highlighted the poor quality and need for improvement of many of these sites. Concrete has become a popular low maintenance long-term solution for many councils nationally, but the installation of concrete facilities is costly up-front with many skate-parks costing well over £100k to create.

- 3.2. The establishment of a time limited grant fund of £500k until March 2021 would enable the Council to support the owners of existing skate parks in the Borough with match funding to help secure other external funding to replace poor quality timber skate-parks with low maintenance concrete facilities which are expensive to install.
- 3.3. Without grant funding support for facility providers it is anticipated that the quality of existing skate-parks would continue to deteriorate over the coming years which may in turn lead to a reduction in provision of important facilities for young people.

#### **4. Supporting Information**

- 4.1 The Council currently operates a capital grant scheme that providers of skate-parks would be eligible to apply for, however the conditions of this grant programme stipulate that the maximum grant award is £15,000 which is relatively small in relation to the investment required to enhance provision.
- 4.2 The creation of a new grant fund must be transparent, with robust governance procedures in order to provide assurance of due diligence in the allocation of public money. As such it is proposed that the Council's existing Capital Grants Scheme Guidance for Applicants is adapted to incorporate the conditions as set out in section 4.4, with an added requirement for a detailed business plan demonstrating need and the applicants' resource commitment to future maintenance and replacement.
- 4.3 Completed application forms received by the Council will be assessed by case officers, approved by Executive Manager following consultation with the Cabinet Portfolio holder for Community and Leisure, with any spend reported in accordance with the normal financial reporting processes to Corporate Governance Group and Cabinet.
- 4.4 The proposed eligibility and conditions of the new grant fund are as follows:
- the grant fund will be open from December 2017 to March 2021;
  - funding must be claimed within two years of award or it will be withdrawn;
  - the maximum grant allocation is £150k to any one skate-park;
  - the maximum grant award is up to 50% of the total project cost;
  - applicants must demonstrate that they are seeking proportionate funding from other external grant sources;
  - an award of funding precludes further Rushcliffe Borough Council capital grant funding for the same project;
  - grants are restricted to the improvement of existing skate-parks within Rushcliffe and not the creation of additional sites;
  - Any payment is on a 'defrayed basis' – evidence of expenditure in advance of award must be provided;
  - any procurement is the responsibility of the applicant but must follow the Council's Financial Regulations and Contract Standing Orders;

- the ongoing maintenance, repair and liabilities of the skate-park remains the responsibility of the applicant;
- the applicant is required to establish a sinking fund for future major repair/replacement when setting their budgets;
- The grant will be awarded on a rolling basis with available funds from the total budget allocation of £500k reducing accordingly.

Existing grant policy guidance notes will be amended to reflect the above.

## **5. Other Options Considered**

- 5.1 The proposed new skate-park improvement grant fund could not be introduced and the existing capital grant fund maximum of £15k retained. This would make it more difficult for organisations to achieve the considerable capital funding required to construct robust concrete skate-parks.
- 5.3 Alternatively the eligibility and conditions of grant could be amended to increase or reduce the maximum award in terms of value or percentage contribution (proposed as £150k and 50%). This would impact on the number of facilities that could be supported and the financial commitment made by the applicant on behalf of their residents.
- 5.4 Alternatives such as providing loans on a commercial basis could be considered. That said organisations such as parish councils do have access to PWLB borrowing where low interest loans are available.

## **6. Finance**

- 6.1 The £500k allocation will be incorporated as part of the Medium Term Financial Strategy for approval by Full Council in March 2018.
- 6.2 Going forward there are already significant demands on the Council's capital programme. Such commitment will be considered against other priorities and the future prudence, affordability and sustainability of the capital programme in totality.
- 6.3 With regards to 2017/18 Capital Programme, Capital Contingency of £190k remains unallocated for any potential essential commitment.

## **7. Legal**

- 7.1. There are no legal implications arising from this report.

## **8. Corporate Priorities**

- 8.1. Leisure provision contributes directly to two corporate priorities, namely; Maintaining and enhancing our residents' quality of life and Transforming the Council to enable the delivery of efficient high quality services.

<b>For more information contact:</b>	Dave Mitchell Executive Manager - Communities 0115 914 8267 <a href="mailto:dmitchell@rushcliffe.gov.uk">dmitchell@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	Cabinet 10 October: Rushcliffe Playing Pitch Strategy
<b>List of appendices (if any):</b>	

## Report of the Executive Manager Transformation and Operations

### Cabinet Portfolio Holder for Economic and Business, Councillor A Edyvean

#### 1. Summary

- 1.1. In the current economic climate, with its low interest rates, property investments are increasingly important to support the Council's budgets and enhance its revenue income, funding the provision of services. The Council's Corporate Strategy includes the task of "Continuing to develop the Council's property portfolio to enhance the Council's financial position and deliver community outcomes." In addition, paragraph 7.4 of the Council's Budget Setting Report and Associated Strategies, presented to Council in March 2017, refers to "creating a property development company with a view to both providing more housing in the Borough and an income stream". Paragraph 9.3 goes on to state that "the Council is committed to exploring the setting up of a property development company and, to this end, the Social Housing allocation may be revisited."
- 1.2. This report updates Cabinet on work undertaken to explore property company options, and recommends further investigation with an insourcing option. The report does not comment on the Social Housing allocation – that will be reviewed as part of the annual budget setting process.

#### 2. Recommendation

It is RECOMMENDED that

- a) Cabinet supports that further provision of affordable housing in the Borough is currently best delivered in partnership with registered providers rather than by the Council through a property company;
- b) Cabinet supports the further investigation of the Public Sector PLC (PSP) relational partnering model to develop a Limited Liability Partnership (LLP) to deliver discrete property development projects in the Borough;
- c) Officers continue to also identify the best opportunities and delivery models for delivering the best value return for the Council's land assets.

#### 3. Reasons for Recommendation

- 3.1. Following the inclusion of the suggestion of creating a property development company in the Council's financial strategy, this report seeks to provide clarity

on what the Council might look to deliver via a property development company in the future.

#### 4. Supporting Information

4.1. Setting up a property development company is an increasingly popular option for local authorities. One of the key questions is what does the Council want to deliver, and does it need a property company to do it? The table below sets out some potential objectives in relation to property.

Table 1 – property company options

What does the council want to do?	Why do it?	Can it do this already?	Is there a benefit of setting up a company for this?
Increase income from investment properties	Narrow the funding gap. Purely commercial investment basis.	Yes	Unlikely unless the portfolio increases dramatically as the Council benefits from a more beneficial VAT regime than the private sector and is not liable to capital gains tax. Whilst the Council is not liable for corporation tax on any rental profit a company would be, if it owned the assets.
Develop or buy industrial units	Narrow the funding gap, local economic development, job creation, business support	Yes	As above.
Manage a property portfolio	The council has a portfolio that needs managing.	Yes	No. The Council has an excellent track record of occupancy rates. There are strong skills in-house for managing commercial property and operating the function in-house supports the perception of the Council supporting business (rather than outsourcing this function). Would have to pay tax on surpluses as a company.
Become an ethical landlord	Increase the private rented sector by becoming a player in the market whilst offering an ethical, good quality offer. Could tackle issue of bringing empty housing back into use by targeting properties to buy	No	Yes. Under the Housing Act, the Council cannot grant an assured shorthold tenancy and therefore cannot operate in residential property on any scale. The Council has the power to provide financial assistance to a company providing privately let accommodation under section 24 of the Local Government Act 1988. This could be a loan to a property company to enable it to buy properties to let.
Increase supply of affordable housing	Increase the number of affordable houses in the borough at a time when large scale development is happening but developers are arguing viability issues with providing affordable housing.	Yes through negotiations	No. The under the Housing Act, the Council cannot grant an assured shorthold tenancy and therefore cannot operate in residential property on any scale. However, the Council has a Registered Provider partner in Metropolitan, plus its relationship with Waterloo. It is not a current Council priority to manage social housing via a Housing Revenue Account. The council would have to fund another organisation to provide the housing. Whilst we look to support affordable housing the Council will still aim to protect its commercial position accepting there is an inevitable financial trade-off in the provision of affordable housing.
Maximise return from its land assets	Narrow the funding gap. Purely commercial investment basis.	Yes	Dependent on the model there could well be a benefit here. This is explored further below.

- 4.2. As can be seen from the table above, the Council can already increase its income from property investments, develop or buy industrial units and manage its own property portfolio without setting up a property company, arguably with less risk and more beneficial tax implications.
- 4.3. Increasing the delivery of housing, either by becoming an ethical landlord in the private rented sector, or developing affordable housing through a company model is explored below.

## **5. Ethical (private sector/market value) landlord**

- 5.1. As set out in the table, the Council cannot grant an assured shorthold tenancy. In order to become an ethical landlord, the Council would need to acquire some stock through a property company, and then manage it. Alternatively, it could do this via a Registered Provider partner (e.g. Metropolitan) that has private investments or another private sector operator.
- 5.2. According to Land Registry published data, the average house price in Rushcliffe was just over £257,000 in February 2017, which is higher than the average prices for both Nottinghamshire (circa £161,000) and Nottingham City (circa £128,000). The average house price in Rushcliffe has risen from circa £197,000 in 2011, a rise of 30%. National average house prices have increased 29.5% (from £166,415 in Feb 2011 to £215,503 in Feb 2017) which mirrors Rushcliffe's average house price increase of 30%.
- 5.3. According to Valuation Agency Office data recorded in 2015/16 the average monthly rent (median) for a privately rented property in Rushcliffe is as follows: £325 (shared accommodation); £375 (studio); £425 (1 bedroom); £550 (2 bedrooms); £695 for (3 bedrooms); £1100 (4+bedrooms), which is higher than the Nottinghamshire averages.
- 5.4. Current evidence suggests that the high capital costs for housing accommodation in Rushcliffe are not compensated sufficiently by the rental returns to make this option financially attractive to the Council, compared to investing in commercial property. In addition, the Council could inadvertently contribute to increasing values in the borough by entering the residential market.
- 5.5. A district council in the east of England set up a residential property company a couple of years ago and has advised Rushcliffe that it needs to reach a quantum of over 300 properties on its books to make a compelling case for the investment. This company is investing outside its boundaries to purchase cheaper properties and the council has agreed an investment of up to £100m. It has also won a contract to manage a large portfolio of properties for another organisation. The district council has expertise in managing housing and doesn't manage a commercial property portfolio, hence its desire to utilise its staff skills in residential property. It has transferred staff from its housing department to the housing company. Rushcliffe Borough Council on the other hand, does not retain housing stock or have staff experienced in housing management. It does have a small team that manages its commercial property very successfully, achieving high occupancy levels and good returns for the Council. Based on the information above regarding the figures involved in becoming an ethical landlord within the borough boundaries, it is not

recommended that the Council pursues this option as it can make better returns on its investment in the commercial sector.

## 6. Delivery of affordable housing

- 6.1. Supporting the delivery of affordable housing has long been a commitment of the Council. Since April 2012, 321 affordable houses have been delivered with a further 41 to be delivered by March 2018 which will take the total to 362 (we are on target to achieve this). As can be seen from the table below, delivery of affordable housing has increased significantly over the last three years.

Table 2 – number of affordable houses delivered in Rushcliffe

	Q1	Q2	Q3	Q4	Target	Outturn
2017/18	30	8			79	
2016/17	10	0	36	27	32	73
2015/16	0	27	29	23	17	79
2014/15	0	20	7	41	65	68
2013/14	0	4	6	12	30	22
2012/13	6	12	14	9	60	41
Total						283

- 6.2. There is a history of utilising exception sites in parishes, negotiating S106 affordable housing provision and working with partners such as Metropolitan Housing to deliver housing on garage sites. Officers investigated whether there is an opportunity for the Council to both invest in additional affordable housing, and at the same time secure a revenue return for the Council. However, on investigation the very nature of providing below market value accommodation means that it is not viable for any real revenue return from a company model. Affordable housing providers often utilise government grant funding to make their schemes viable, and any returns are ringfenced to the provision of further affordable housing. They are usually industrial and provident societies and are regulated by the Homes and Communities Agency. Rather than delivering more affordable housing via a Council property company, it is recommended that the Council continues to work with its existing partners to continue the success demonstrated in the table above.
- 6.3. As a comparator, officers have spoken to another authority with a similar housing target to Rushcliffe's (12,500 new homes by 2028). That authority is currently delivering around 60 additional affordable homes per year. It is interesting to note that government schemes such as "help to buy" are increasingly popular and utilised by first time buyers, particularly in the Cotgrave Hollygate Lane development. This does not class as affordable housing, but is assisting people on to the housing ladder. Officers will investigate if data on the help to buy scheme can be accessed and shared.

## 7. Development of Council-owned sites for housing

- 7.1. The Council has two sites that have been included in the Local Plan part 2 consultations as potential new housing sites. These are COT1 in Cotgrave, and the Abbey Road depot site in West Bridgford. Both sites are potentially of



interest to developers and registered housing providers for the provision of an appropriate mix of private and affordable housing.

- 7.2. It should be noted that discussions about these sites are purely theoretical at this point. The Local Plan part 2 consultation has various stages to go through including a public examination, and is unlikely to be adopted before Autumn 2018.
- 7.3. There are several options open to the Council should the sites be included in the Local Plan part 2 allocations. It could:
  - 7.3.1. Dispose of the sites as straight land sales with or without overage
  - 7.3.2 Work up schemes for the sites and dispose of them with the benefit of planning permission once an acceptable scheme was approved by the planning authority
  - 7.3.2. Work up schemes for the sites and then act as the developer itself
  - 7.3.3. Set up a joint venture company with a developer partner.
- 7.4. Each of these options has pros and cons with regards the levels of risk and return. It is proposed that both COT1 and Abbey Road are looked at in more detail by officers to progress the most beneficial schemes for the Council in terms of financial return, policy compliance (affordable housing numbers) and community appeal.
- 7.5. It is possible that each site could be developed by the Council through the creation of a property development company but this will be investigated further to ascertain if this is indeed the best option for the site.

## **8. Public Sector Partnerships**

- 8.1. Public Sector Partnerships (PSP) is an organisation that is assisting councils set up and deliver property companies. It is an “insourcing model” – ie it brings commercial skills into a council rather than the council outsourcing its property or regeneration projects.
- 8.2. The model would involve the Council setting up a limited liability partnership (LLP) with PSP and then deciding which projects it wishes to pursue together. Each project would have its own development company eg Abbey Road Ltd, COT1 Ltd, etc.
- 8.3. There is no requirement to deliver a project through the LLP but it may be a useful resource. PSP can also bring in external funding through its funders (Cabot Square and Winston Group) which can assist with the cashflow of schemes. As an example, the Rushcliffe/PSP LLP could set up Abbey Road Ltd to develop out the depot site. PSP could fund the development of the properties on the land and the Council would commit to buy the properties when they are built (in reality it would simultaneously market them for sale. PSP takes a split of the profits, the split being negotiated in advance and approved by a CIPFA (Chartered Institute of Public Finance Accountants) validation process.

8.4. PSP currently has 21 LLPs with councils across the country. PSP professionals have public and private sector property experience and the company is based on a “relational partnering” model. It is recommended that officers explore the PSP model in more detail as part of a detailed options review for Abbey Road and COT1 and that this options review is reported back to a future Cabinet meeting.

## **9. Implications**

### **9.1. Finance**

9.1.1. There are no financial implications in the report. The capital and revenue implications of developing or disposing of the Abbey Road and COT1 sites if approved by the Local Plan part 2 will follow in future reports to Cabinet.

### **9.2. Legal**

9.2.1. There are no legal implications in the report. A further report will be presented to Cabinet after the adoption of Local Plan part 2 if it allocates Abbey Road and/or COT1. Likewise a further report will be presented if following investigations it is recommended that the Council sets up a limited liability partnership with PSP or any other partner.

### **9.3. Corporate Priorities**

9.3.1. Continuing to develop the Council’s property portfolio to enhance the Council’s financial position and deliver community outcomes.

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<b>Background papers Available for Inspection:</b>	Council’s Budget Setting Report and Associated Strategies, presented to Council in March 2017
<b>List of appendices (if any):</b>	

## Report of the Executive Manager Operations and Transformation

### Cabinet Portfolio Holder for Economic and Business, Councillor A Edyvean

#### 1. Summary

- 1.1. In 2015 Rushcliffe Borough Council secured £6.25m of Growth Deal funding from the D2N2 Local Enterprise Partnership (LEP). This funding was to contribute towards the upfront infrastructure costs of three key strategic sites (Cotgrave, Bingham and RAF Newton) along the A46 growth corridor.
- 1.2. Since the allocation of this funding there have been changes in circumstances in relation to the Bingham and RAF Newton schemes that mean the allocation is no longer required for the purposes that were originally intended.
- 1.3. This report will update Cabinet on what those changes have been, the work that has been done so far with the D2N2 LEP and the proposal for the reallocation of the funding to support the acceleration of delivery at alternative sites in Bingham and South of Clifton.

#### 2. Recommendation

It is RECOMMENDED that

- a) Cabinet consider and support the proposals for the reallocation of £3.25 million of Growth Deal funding.
- b) the reallocation of £3.25 million of Growth Deal funding within the Capital Programme be recommended to Full Council for approval as part of the Medium Term Financial Strategy in 2018.

#### 3. Reasons for Recommendation

- 3.1 The Borough Council was allocated £6.25m of Growth Deal funding for the A46 corridor however £3.25m of that sum is no longer required for the original schemes it was identified for. Therefore the Council would like to work with the LEP to identify suitable alternative uses for the funding for development in Bingham and South of Clifton. If these cannot be approved, the money will go back into the central pot to be allocated elsewhere in D2N2.
- 3.2 The reallocation of this funding to the identified other schemes in Bingham and south of Clifton will help to accelerate development on land in the Borough Council's ownership and on a key strategic site. This will unlock new jobs, homes and employment space to support new and existing residents and businesses.

#### **4. Supporting Information**

- 4.1. In 2015 the Council was successful in securing £6.25m of Growth Deal funding. This would contribute towards the upfront infrastructure costs at key strategic sites along the A46 growth corridor. An update about this was provided to Cabinet in July 2015 when it was agreed that the responsibility for securing and overseeing the growth deal funding be delegated to the Strategic Growth Board.
- 4.2. The project that secured funding was the A46 growth corridor, it was identified that this would maximise the economic return from the government's investment in the widening of the A46 by bringing forward employment land development on three key strategic sites along the route: Cotgrave, Bingham and RAF Newton. Specifically, the funding was for:
  - Cotgrave for the construction of industrial units on the identified employment land - £1.8m
  - Refurbishment of Cotgrave town centre - £1.2m
  - A contribution towards the Car Dyke flood mitigation work required at land north of Bingham - £2.5m
  - Road widening to support employment uses at RAF Newton - £750,000
- 4.3. Once funding is allocated by the LEP there is then a process that projects have to go through to actually secure the money. This includes the submission of a Green Book HM Treasury compliant business case which is independently assessed and a recommendation made to the LEP's Infrastructure and Investment Board (IIB). A presentation of the business case then has to be made to the IIB. This process can take some time and it was agreed for the A46 corridor schemes that the business cases for each site would come forward separately as the projects would be ready for delivery at different times.
- 4.4. Since the original allocation of funding in 2015 so far £3m has been drawn down to deliver the work in Cotgrave. This has achieved significant success with the construction of 15 new industrial units (10 already let) and work has commenced on the town centre. This will see the refurbishment of 9 retail units in Cotgrave town centre, the creation of business units above the shops, a new multiservice centre and extensive improvements to the public realm.
- 4.5. The remaining £3.25m has yet to be drawn down however and for different reasons this funding is no longer required at the two identified sites; land north of Bingham and RAF Newton. Borough Council Officers are therefore working proactively with the D2N2 LEP to identify alternative uses for that funding in Rushcliffe.
- 4.6. In the case of Bingham, the discussions with the Crown Estates (landowner) had previously identified an issue with the viability of the site due to the upfront infrastructure costs associated with the Car Dyke flood mitigation work. The Growth Deal funding was therefore secured. However, when the land owner

went out to procurement for a developer partner and it was identified that the scheme was viable and therefore did not require the £2.5m.

- 4.7. For the site at RAF Newton again the land owner had identified viability issues with delivery of the site associated with upfront infrastructure costs. Whilst the funding amount for this site (£750,000) was relatively small it would have enabled the widening of the access road to bring forward the employment land. However, whilst the land owner is progressing the housing element of the scheme they are not focussed on the employment land and therefore the Council runs the risk that to continue with funding this work could result in funding the building of a 'road to nowhere'. The funding has to assist the delivery of jobs and there are clawback mechanisms in place to protect the LEP's investment. This scheme should therefore not be pursued at this point.
- 4.8. A range of alternative options for the funding has been prepared and is included as appendix 1 and includes; the acquisition of employment land at Bingham, support for Stanford Hall, a contribution to a scheme at Chapel Lane and support for the employment land south of Clifton. Feedback from the LEP led to the shortlisting of two options which could be presented to the IIB as suitable alternatives for this funding. They are:
- Chapel Lane, Bingham - £750,000
  - Land south of Clifton - £2.5m
- 4.9. It will be important to demonstrate what the outputs are for each scheme, and the number of jobs and homes to be delivered. A requirement of the LEP is that this cannot be lower than 10% of the original target associated with Bingham and RAF Newton:
- Bingham and RAF Newton – 1,986 jobs and 1,600 houses
  - Clifton and Chapel Lane – approx. 1,883 jobs and 3,000 houses
- 4.10. It is proposed that the Clifton allocation will support upfront site infrastructure costs to assist the delivery of the employment and housing land.
- 4.11. For the Chapel Lane site, a proposal includes accommodating industrial, office and secondary retail e.g. trade counter uses on the site.
- 4.12. In addition to the Growth Deal funding it is also intended that an application will be submitted for Sustainable Urban Development (SUD) funding for the Chapel Lane site. This is European funding focussed on the following priority areas:
- Enhancing access to, and use and quality of, ICT;
  - Enhancing the competitiveness of SMEs;
  - Supporting the shift towards a low carbon economy in all sectors

The application would therefore request that the funding contribute towards the construction of the office space on Chapel Lane. The exact amount of funding to be requested is anticipated to be in the region of £1m.

- 4.13. It is recommended the Chief Executive presents the reason for the changes in the A46 programme and an outline of the revised schemes to the IIB in late November 2017. Assuming approval to progress is received from the IIB, work will commence on a more detailed business case for these two schemes.

## **5. Risk and Uncertainties**

- 5.1. There is a risk that the remaining £3.25m originally allocated to Rushcliffe will be lost if suitable alternative schemes cannot be identified. However, it should be noted that it is a positive outcome that the Land North of Bingham scheme no longer requires the £2.5m funding towards the Car Dyke flood mitigation scheme.

## **6. Implications**

### **6.1. Finance**

6.1.1. Should an acceptable alternative scheme not be identified the remaining £3.25m will be reallocated by the LEP to other schemes. In addition the Council allocated £2.5m New Homes Bonus to provide match funding for the flood mitigation scheme at Bingham.

6.1.2. If the revised schemes are approved there will be a requirement for investment from the Council to support delivery of these. This will be reflected in the capital programme and accompanied by a more detailed report to Cabinet once schemes have been worked up.

6.1.3. As part of the Chapel Lane scheme in addition to the £750,000 Growth Deal allocation there is the intention to apply for Sustainable Urban Development (SUD) funding of approx. £1m. Again this will be reflected in the revised capital programme. The revised programme will be reported to Full Council as part of the Medium Term Financial Strategy in 2019.

### **6.2. Corporate Priorities**

6.2.1. Delivering economic growth to ensure a sustainable, prosperous and thriving local economy is a corporate priority for the Borough Council. The allocation of the LEP funding supports the delivery of approx. 3470 new homes, approx. 2,644 jobs and the development of approx. 26 hectares of employment land.

6.2.2. In addition, there is a strategic task to regenerate Cotgrave through the new housing, employment units and regenerated town centre. The delivery of this has been supported by the £3m of funding already drawn down from the LEP.

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<b>Background papers Available for Inspection:</b>	Medium Term Financial Strategy 2017/18
<b>List of appendices (if any):</b>	Appendix 1 – Options for GD2 Funding £3.25m

## Appendix 1

### Options for GD2 Funding £3.25m

Option	Scheme	Outputs	Comments
1. As per original application	Bingham and RAF Newton - £3.25m	1,986 Jobs 1,600 Houses	Not required by developers so we cannot recommend these options anymore Bingham don't need the money to make the housing scheme viable. They are not promoting the employment land at present and their housing developer partner doesn't want it. RAF Newton are not focussing on employment land delivery so there is a danger of funding a road to nowhere and RBC wouldn't support that.
2. Divert funding	Chapel Lane, Bingham	183 job 4844 sq m – mix of office, industrial and retail (trade counters)s	RBC have purchased land from Tesco to develop and Masterplan and business case done proposing the delivery of much needed industrial units, office space (including a business centre) and complementary retail offer – approx. £750,000 allocated in revised submission  Deliverable in 2018/19
	Moorbridge Road, Bingham	Approx. 50 jobs in the industrial units. Additional new jobs to be created in existing business through their relocation.  Delivery of 4 acres of employment land.	<b>Option to be progressed.</b> Land acquired and marketed by RBC for the delivery of employment space. In response to marketing land will be developed with 15 industrial units and the relocation of an existing business that is growing and needs larger premises.  Option to contribute towards the purchase of the employment units to bring them into RBC ownership.  Approx. £1.75m  Deliverable in 2019/20
	Contribute to acquisition of employment land at	Approx 796. Jobs associated with the	<b>Already commercially viable so cannot demonstrate need for GD funding</b>  1050 houses will be delivered but will not be a direct output from this scheme Puts the public sector in the driving seat for marketing the land to deliver



	<p>Bingham. Circa 40 acres gross area, guide price £4m</p>	<p>delivery of 40 acres of employment land which is currently stalled.</p>	<p>employment opportunities.</p> <p>Would be a case of putting the land to market and seeing what comes forwards. There is evidence of need of employment plots in Rushcliffe.</p> <p>Approx. £2.5m allocated in revised submission.</p> <p>Deliverable in 2018/19</p> <p><b>State aid implications and no housing delivery so option not to be progressed with Growth Deal funding.</b></p>
	<p>Land North of Bingham – infrastructure and construction of employment units.</p>	<p>Approx. 796. Jobs associated with the delivery of 40 acres of employment land which is currently stalled.</p>	<p>RBC buy land approx. £4m and then LEP funding contribute towards infrastructure and the construction of employment units on the site to help kick start development.</p> <p><b>State aid implications and no housing delivery so option not to be progressed with Growth Deal funding.</b></p>
	<p>Land South of Clifton – infrastructure requirements or serviced site for employment land</p>	<p>1700 Jobs 3,000 houses 20 ha employment land</p>	<p>Large strategic site requiring a large amount of on and off site infrastructure works.</p> <p>RBC have also applied for GHF (£4.05m) and HIF (£9.95m) to assist with progressing this development which currently is only viable with reduced affordable housing and therefore not policy compliant.</p> <p>Site has full support of County and City Council.</p> <p>Deliverable in 2018/19</p> <p><b>Option to be progressed</b></p>
	<p>Investment in Stanford Hall</p>	<p>Approx. 450 clinical staff and 250 admin staff (defence side only)</p>	<p>Conversion of outline planning permission into detailed – approx. £1m</p> <p>Build cost of approx. £50m for the national side.</p> <p><b>Does not contribute to outputs at all. Would not be viable option for IIB to consider.</b></p>

	<p>Institute of Technology linked to employment sites in Bingham and/or Cotgrave</p>	<p>Unknown</p>	<p>Skills priority for the LEP to endorse single IOT bid – nationally competitive process.</p> <p>Option for a site or sites in Rushcliffe possibly linked to industrial sites and the requirements of local businesses – hub and spoke model which fits current government criteria.</p> <p><b>Porject being progressed with central government funding, no additional local funding required at this stage.</b></p>
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