

**TITLE OF REPORT:**           **One Public Estate, Department for Communities and Local Government (DCLG) Land Release Fund**

**REPORT OF:**               **Paul Dowling, Strategic Director, Communities and Environment**

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## **Purpose of the Report**

1. Cabinet is asked to endorse the bid for funding which was made via One Public Estate in relation to DCLG Land Release Fund on the 3 November 2017 in relation to accelerating development on Council owned sites.

## **Background**

2. In August 2017 DCLG invited local authorities across England to submit proposals to bring forward surplus land for housing that would otherwise not be developed. Up to £45 million capital grant funding will be allocated to local authorities on a competitive basis and will be available from 2017/18 to 2019/20 to enable sites to be released for housing development.
3. The monies will come from the Land Release Fund, following the Chancellor's announcement in the Budget 2016 to collaborate with councils in relation to releasing surplus land to provide homes. This is deemed to be part of a broader strategy to increase the supply of land for housing and meet the DCLG objective of driving up the supply of new homes.
4. This Fund is available up to 31 March 2020 with priority given to applications that represent good value for money on the basis of an economic appraisal. The deadline for bid submissions was the 3<sup>rd</sup> November 2017 and awards will be announced on the 8 December 2017.
5. This is an opportunity to bid for a new stream of funding to help pay for works such as remediation and small scale infrastructure to enable sites to be released for housing development. Bids could be submitted for up to £15,000 per home.
6. It is intended that funding would be used to bring forward land in which the local authority has an interest and which currently has viability challenges for housing development.
7. Successful bids will need to give evidence related to the following:
  - a. The land to which the bid relates is fully owned by the local authority.
  - b. Funding must enable the release of land for housing by 2020 or earlier and must not be available from any other source.
  - c. The works for which the funding is sought is deliverable and within a time frame that will enable the land to be released in accordance with the funding timescale.
  - d. That applications represent good value for money and

- e. 40 percent of weighting will be given to projects to the extent that they demonstrate:
  - (i) Innovative models of delivery
  - (ii) The land will be released in areas which support the government's strategic growth ambitions.

## **Proposal**

- 8. Officers have worked with key stakeholders including the Council's joint venture partnership namely Gateshead Regeneration Partnership ("GRP") to consider the potential developments which met the funding criteria. Two bids have subsequently been submitted for funding in relation to
  - a. Development by The Gateshead Trading Company at:
    - Clasper Village – To develop 184 homes
    - Lyndhurst – To develop 36 homes
  - b. Development by The Gateshead Regeneration Partnership at:
    - Kelvin Grove – To develop 52 homes
    - Rowlands Gill – To develop 23 homes
- 9. The Council is seeking £2.5million grant funding to facilitate the delivery of the schemes:
  - £1.9m related to 220 homes developed through The Gateshead Trading Company at Clasper and Lyndhurst; and
  - £0.6m related to the delivery of 75 homes developed through The Gateshead Regeneration Partnership at Kelvin Grove and Rowlands Gill Infants school site
- 10. This contributes towards an estimated £3.6million of eligible site remediation and infrastructure costs. This funding would help to ensure that the schemes become viable to progress and the anticipated sales income would then fund the remaining development costs.
- 11. Following initial site investigations and master planning work, appraisals have clearly identified the need for additional investment to progress development on these four sites.
- 12. Following discussions with the Strategic Director, Corporate Resources, Gateshead Trading Board members and the Council's GRP partners, a bid was submitted prior to the submission deadline of 3 November 2017. As it was necessary to submit by this time, delegated decisions were made in relation to each bid, as detailed in Appendix 2.
- 13. Should the bids be successful, it is anticipated that works will commence in 2018 resulting in the development of 295 homes over the 4 sites.

## **Recommendations**

- 14. It is recommended that Cabinet endorses the action taken by the Strategic Director, Communities and Environment, in accordance with Schedule 5, Part 2 – General Delegations to Managers, paragraph 4 (e) of the Constitution, in submitting the bids for funding to the Land Release Fund in relation to the four sites detailed above, via One Public Estate to the Department for Communities and Local Government

(DCLG), Local Government Association and Home Office by the deadline of 3 November 2017.

For the following reasons:

- (i) To maximise potential housing delivery to help deliver new homes as identified in the adopted Local Plan.
- (ii) To realise the Council's policies and objectives in relation to housing growth.
- (iii) To pursue external funding that would otherwise require the Council to increase capital expenditure to take these developments forward.

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## **APPENDIX 1**

### **Policy Context**

1. On a local Level, the proposals will contribute to delivery of many targets within Vision 2030 and Strategic interventions within the Council Plan. Specifically including:
  - Prosperous Gateshead - more private, public and social investment
  - Live Well Gateshead – a destination of choice for families with excellent, affordable housing
  - A welcoming place where people feel safe
2. The delivery of homes on these sites will help contribute towards the requirement to build 11,000 homes in the Borough to March 2030 as detailed in the adopted Local Plan.
3. The proposal supports the provisions of the Corporate Asset Strategy and Management Plan 2015 – 2020. In particular, the use of council land to support the delivery of new housing.

### **Background**

4. The Housing White Paper sets out measures to deliver more homes on public sector land including provision of a new £45million Land Release Fund. In August 2017 the Department for Communities and Local Government (DCLG) invited One Public Estate Partnerships and Councils to apply for funding to help bring forward land for housing development which is currently stalled due to viability issues.
5. It is envisaged that the capital funding would be used to carry out works such as remediation and the provision of small scale infrastructure, to enable sites to be released for development.
6. In order to apply, 'gateway' criteria must be satisfied and applications must demonstrate that:
  - The land to which the bid relates is fully owned by the local authority.
  - Funding must release the land for housing by 2020 or earlier and
  - The works for which the funding is sought must be deliverable and within a timeframe that will enable the land to be released in time.
7. Applications will be ranked competitively and those with the best overall score will be successful. Value for money will carry 60 per cent of the weighting by which applicants will be ranked. 40 per cent of weighting will be given to projects that demonstrate innovative models of delivery.
8. The funding is for schemes of between 50-200 homes. As a result officers have worked with key stakeholders and identified two potential bids related to 4 sites within the Borough:
  - a) The Gateshead Trading Company in relation to the development of:
    - Clasper Village (184 homes)
    - Lyndhurst, Beacon Lough (36 homes)
  - b) The Gateshead Regeneration Partnership in relation to:

- Kelvin Grove (52 homes)
  - Rowlands Gill former infants school (23 homes).
9. The Council considers that the delivery models in both cases represent an innovative approach to the local viability challenges of developing public sector owned brownfield sites and both schemes include:
    - a) Working in Partnership with private sector organisations and building long-term relationships, with the Council providing the land in return for maintaining affordable provision and including lower developer margins than those typically seen from a commercial developer;
    - b) Viewing sites as a bundle, using any additional value generated by the developments to cross-subsidise less viable sites.
  10. The Council is seeking £2.5m of grant funding to facilitate delivery of these schemes to contribute towards remediation and infrastructure works necessary to the sites to enable development for housing to take place:
    - £1.9m related to 220 homes developed through The Gateshead Trading Company at Clasper and Lyndhurst to address issues with contamination, the presence of mineshafts and site topography and
    - £0.6m related to the delivery of 75 homes developed through The Gateshead Regeneration Partnership at Kelvin Grove and Rowlands Gill Infants school site to address contamination and topographical issues

This equates to an average of £8.5k per home developed.
  11. The funding would help to ensure the schemes become viable to progress and the anticipated sales income would then fund the remaining development costs, with the total development cost anticipated to be in the region of £50m for these schemes.
  12. The development appraisals related to all four sites, reflect the outcome of initial site investigation and master planning work. They clearly identified viability challenges and the need for additional investment to progress the developments.
  13. The assessment process will progress during the final part of the financial year and will consider the:
    - Economic benefits of releasing the land taking into consideration the land value uplift and
    - Schemes demonstrating innovative models of delivery

### **Consultation**

14. The development of detailed project proposals was discussed with the Gateshead Regeneration Partnership and the Council's Joint Venture Board Members.
15. The Cabinet Members for Housing and Economy have also been consulted.

### **Alternative Options**

16. Alternative options were considered in relation to other sites which could benefit from the fund, however these sites were prioritised due to the extent of information available, their alignment with bid criteria, the strategic importance of bringing the sites forward and the ability to commence development at pace.

17. An alternative option would also have been to not submit an application, but this would impact on scheme viability and may mean that alternative options need to be explored relating to the development of these sites (as referred to in risk management section)

### **Implications of Recommended Option**

**18. Resources:**

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no direct financial implications arising from this report. Should the funding application be successful, the Council would receive up to £2.5m of grant funding which would be added to the Council's capital programme and used to address identified viability issues in order to facilitate the development of 295 new homes on the identified sites.
- b) **Human Resources Implications** – The delivery of these projects will require project management resources to ensure that the investment is successfully delivered which would be met from the existing resource commitment to support both the Housing Joint Venture and the Gateshead Trading Company.
- c) **Property Implications** - Capital investment optimises the use of property assets to support the delivery of Council Plan priority outcomes. The property implications of this scheme contribute towards the delivery of homes as identified in the Adopted Local Plan.

19. **Risk Management Implication** - There is a risk that the funding bid will not be successful and therefore adequate funding will not be available to commence the development. The impact of this will be managed through the monitoring process and the outcome of the bid reported to Cabinet. If the bid is not successful then further options would need to be explored with our Partners to address the viability issues.

20. **Equality and Diversity Implications** - The framework for the Equalities Impact Assessment of the Council's spending plans is based on legislative and policy priorities of the Council which include:

- The Equality Act 2010;
- The Local Government Improvement and Development Equalities Framework;
- The Council Plan

The Equality and Diversity implications will be considered for each individual scheme prior to its commencement.

21. **Crime and Disorder Implications** – There are no direct crime and disorder implications arising directly from this report.

22. **Health Implications** - There are no health implications arising directly from this report.

23. **Sustainability Implications** - The proposed works will help to deliver high standards of environmental sustainability through the delivery of new homes; ensuring the use of more energy efficient materials and practices in the construction

of new buildings. Projects will strictly follow the Council's Sustainable Construction policy.

**24. Human Rights Implications** - There may be interference or disturbance to nearby tenants and residents while works are carried out. However, such interference or disturbance will be kept to a minimum and the works will result in benefits to tenants and residents.

**25. Area and Ward Implications** - The proposals will have implications for the following wards:

Chopwell and Rowlands Gill - West  
Dunston and Teams – Inner West  
High Fell - South  
Saltwell - Central

### **Background Information**

26. The following background papers have been used in preparing this report:

- (i) OPE and DCLG guidance documents
- (ii) The signed record of decision included at Appendix 2.

## APPENDIX 2

### EXERCISE OF DELEGATED POWER

**Title: One Public Estate DCLG Land Release Fund – Council owned land for development by Gateshead Trading Company (GTC).**

**Parties: The Borough Council of Gateshead and the Gateshead Trading Company**

**Total Bid Value: £1.9 million**

Gateshead Council Constitution (13<sup>th</sup> edition – July 2016)  
Part 2 General Delegations to Managers

(4) (c) Subject to the agreement of the Strategic Director, Corporate Resources, submit expression of interest and bids to Government departments or other public bodies for funding under specific enactments or Government schemes; the full bid to be agreed by Cabinet where the value of the bid exceeds £250,000;

4(e) where it is impracticable to obtain authorisation from the body exercising the function and subject to action being reported (for information) to the next convenient meeting of that body, take necessary urgent action, within legal powers, in respect of matters otherwise reserved to Cabinet.

This funding was announced by Central Government in August 2017. It has been made available to allow local authorities to bring forward surplus land for housing that would otherwise not be developed. It will provide capital funding for works such as remediation and the provision of small scale infrastructure, to enable sites to be released for housing development.

The bid, related to delivery by GTC, was submitted in relation to 2 sites: Clasper Village and Lyndhurst site. These were prioritised, as:

- a) They have the potential to deliver up to 220 homes,
- b) Detailed information was available regarding works necessary and
- c) The schemes have the potentiality for delivery through the Gateshead Trading Company.

The costs for necessary works were received late in October following the completion of initial site investigations to confirm the viability position and eligibility of the schemes for this funding stream. As the deadline for bid submission was 3<sup>rd</sup> November, there was insufficient time to report to Cabinet and therefore in accordance with the above delegations an urgent action in submitting the full application was made to DCLG/HCA.

Signature

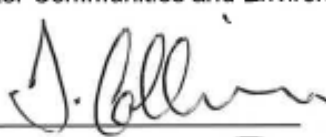


Paul Dowling - Strategic Director Communities and Environment

Date:

3/11/17

Signature



Darren Collins Strategic Director Corporate Services and Governance

Date:

6/11/17



**EXERCISE OF DELEGATED POWER**

**Title: One Public Estate DCLG Land Release Fund – Council owned land for development by the Gateshead Regeneration Partnership (GRP).**

**Parties: The Borough Council of Gateshead and the Gateshead Regeneration Partnership**

**Total Bid Value: £0.55 million**

Gateshead Council Constitution (13<sup>th</sup> edition – July 2016)  
Part 2 General Delegations to Managers

(4) (c) Subject to the agreement of the Strategic Director, Corporate Resources, submit expression of interest and bids to Government departments or other public bodies for funding under specific enactments or Government schemes; the full bid to be agreed by Cabinet where the value of the bid exceeds £250,000;

4(e) where it is impracticable to obtain authorisation from the body exercising the function and subject to action being reported (for information) to the next convenient meeting of that body, take necessary urgent action, within legal powers, in respect of matters otherwise reserved to Cabinet.

This funding was announced by Central Government in August 2017. It has been made available to allow local authorities to bring forward surplus land for housing that would otherwise not be developed. It will provide capital funding for works such as remediation and the provision of small scale infrastructure, to enable sites to be released for housing development.

The bid related to delivery by GRP was submitted in relation to 2 sites: Kelvin Grove and Rowlands Gill Infant school site. These were prioritised, as:

- a) They have the potential to deliver up to 75 homes,
- b) Detailed information was available regarding works necessary and
- c) The schemes are potentially deliverable through the Gateshead Regeneration Partnership.

The costs for necessary works were received late in October following the completion of initial site investigations to confirm the viability position and eligibility of the scheme for this funding stream. As the deadline for bid submission was 3<sup>rd</sup> November, there was insufficient time to report to Cabinet and therefore in accordance with the above delegations an urgent action in submitting the full application was made to DCLG/HCA.

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Paul Dowling - Strategic Director Communities and Environment

Date: 3/11/17

Signature \_\_\_\_\_

Darren Collins Strategic Director Corporate Services and Governance

Date: 6/11/17