ECONOMY SCRUTINY PANEL

DATE 12 February 2019

REPORT OF Councillor Peter Wheatley, Portfolio Holder for Regeneration, Assets, Skills and Housing

SUBJECT Update on the Delivery of New Homes in North East Lincolnshire

STATUS Open

CONTRIBUTION TO OUR AIMS

The delivery of new and improved homes is critical for the delivery of the Council’s priorities ‘Stronger Economy and Stronger Communities’. The Local Plan sets out targets to meet the housing needs of local people, and also to provide homes to meet anticipated employment growth.

EXECUTIVE SUMMARY

The Economic Scrutiny Panel requested an update on the Council’s Housing Programme, for a special meeting on housing. This report provides an update on the Housing Zone, and includes information on stalled sites together with monitoring arrangements that will be introduced for 2019/20.

MATTER(S) FOR CONSIDERATION

Members are asked to consider this report and note the contents.

1. BACKGROUND AND ISSUES

1.1 Monitoring and Management of Housing Delivery including ‘stalled sites’

1.1.1 The Council tracks the delivery of new homes on a monthly basis and publishes an Annual Monitoring Report which includes the number of completed new homes and information about planning applications and consents. The annual monitoring runs from March to February, with the annual report published each April. This information provides the basis of an annual Assessment of Five Year Housing Land Supply; https://www.nelincs.gov.uk/wp-content/uploads/2018/08/20180729-FiveYearHousingLandSupplyapr2018FINAL.pdf

1.1.2 In April 2018, the Council had identified sufficient sites capable of providing 7.2 years supply of deliverable land for housing taking account of shortfall and including the 20% buffer required to account for historic under-delivery. The identified sites can deliver 5,458 new homes within the next five years. The Local Plan sets out an overall requirement for at least 9,742 new homes between 2013 and 2032.
1.1.3 There are six housing sites that have lapsed permissions, although the land remains allocated for housing. These sites would provide a total of 158 homes.

1.1.4 Work has commenced on an Action Plan for the Housing Delivery Test which includes the production of quarterly monitoring reports from March 2019. Intervention will be planned in the light of the information collected each quarter.

1.1.5 There is no single agreed definition of a ‘stalled site’, but ‘stalled sites’ become a problem when there are issues delaying development on a significant number of sites. For instance, in the recession in 2011, it was difficult for developers and house-buyers to access finance, and this led to sites across the country being left uncompleted for several years. Delays in development may also result from ground conditions being much worse than anticipated, or because an aspect of the planning process is slower than necessary. In North East Lincolnshire, there was concern that finalising s106 Agreements was causing unnecessary delay. As a result, additional resource was allocated last year and the position is now much improved.

1.1.6 At present the planning team report that there are a high number of major planning applications, and that developers are keen to commence house-building. This is also the feedback at the Developer Forum and Housing and Delivery Board.

1.1.7 As reported to the Scrutiny Panel in November, the Council’s Housing Programme is directed and co-ordinated at a senior level through a Housing Programme Board, chaired by the Chief Operating Officer and with senior input from regeneration, adult and children’s services, housing options, Engie and the Clinical Commissioning Group. Over the last three months, the Central Support Services Unit (CSSU) has worked with the lead officers for major housing projects to update the project plans and produce clear timetables for delivery. The major projects include delivery of the Housing Zone sites, Grimsby West, Convamore Road supported housing scheme, Community Housing, and a new Homelessness Strategy.

1.2 Delivery of Housing Zone sites

1.2.1 The Housing Zone project aims to deliver 1,300 homes on key development sites, mostly owned by the Council. The Homes and Communities Agency awarded the Council a grant of £200,000 Capacity Funding in 2017 to support implementation of the programme. The bid committed the Council to delivering an agreed set of outputs. Work has not progressed as originally planned, in part resulting from an unsuccessful procurement for a delivery partner. However, a comprehensive suite of technical feasibility studies has been produced including topographical, geotechnical and flood risk assessments, utility capacity studies and development appraisals, and this report provides an update on current work and progress in moving the programme forward.
1.2.2 There are several sources of grant funding that are being pursued to support the delivery of the Housing Zone sites, listed in Appendix 1. In particular, the Council has recently been offered Accelerated Construction Funding of £2.6m to support the provision of infrastructure to the Western and Lower Lindsey sites. There are stringent conditions attached to the Accelerated Construction Funding, which are under careful consideration.

**Delivery Partner**

1.2.3 In 2018, Cabinet approval was granted to seek a delivery partner for seven sites with the objectives of delivering new homes; and also to maximise jobs, training opportunities and supply chain benefits. During summer 2018, soft market testing was undertaken. Five construction companies were interested in working with the Council, and they proposed three different delivery models: disposal, joint venture and direct delivery.

1.2.4 In November 2018, the Council appointed cost consultants to undertake an analysis of the three delivery models, along with a quantitative and qualitative analysis of each delivery option. The consultants have also assessed the financial implications of providing different levels of affordable housing. The policy requirement would require 16 Affordable Homes, and the consultants have considered the feasibility of increasing the level of Affordable Housing on these council-owned sites.

1.2.5 Three large sites were identified for analysis:

- Former Lindsey Lower School Playing Fields, Beacon Avenue, Cleethorpes (74 homes)
- Second Avenue Playing Fields, Heimdall Road, Grimsby (90 homes)
- Former Western School, Cambridge Road, Grimsby (366 homes).

1.2.6 An interim report was presented in January, and an executive summary is appended. (The contents of the report are commercially sensitive.) The next stage is to consider the options for delivery in more detail with a report on the financial and procurement options due by 31 March 2019. This report will benefit from specialist legal advice and further informal engagement with potential delivery partners.

**Playing Pitch Re-Provision**

1.2.7 The Housing Zone and Playing Pitch Strategy project teams have formed a joint sub group to ensure there is a co-ordinated approach to the delivery of the Housing Zone sites and Playing Pitch Strategy where the two programmes are inter-linked.

1.2.8 There are four Housing Zone sites that were formerly school playing pitches. The Council has produced a Playing Pitch Strategy that recognised the
Sport England requirement that the delivery of new homes on this land should be accompanied by new or improved provision of sports pitches.

1.2.9 The relevant Housing Zone sites are Matthew Humberstone, Former Western School, Second Avenue and Lower Lindsey. The Strategy in relation to these housing sites is to provide new or improved sports pitches at Bradley Road, Clee Fields and Scartho/Barretts, and potentially at Carr Lane.

1.2.10 The Playing Pitch team is seeking confirmation from Sport England that the approach taken for Bradley, in respect of the disposal of the former Western playing field site, is agreeable to Sport England for other sites. Sport England has indicated that they will not object to the development of the former Western playing field as the Council has confirmed a suitable level of investment into existing sites/provision. This investment could be either through the development of a new 3G artificial turf pitch and/or pitch improvements and/or changing improvements.

1.2.11 The revised Bradley Road planning application is anticipated to be submitted in February 2019. Further steps will include a feasibility report for the Clee Fields site, and a detailed business case in respect of the options at Scartho Road/Barrett’s recreation ground, with reports presented to Cabinet for the necessary approvals.

Progress with other Housing Zone sites

1.2.12 There are well-advanced plans for two new extra care housing schemes. Land at Winchester Avenue has been sold to Ashley House and construction is expected to start on site in the near future. The sale of part of the Mathew Humberstone site is under negotiation, with a planning application expected to be submitted in March 2019.

1.2.13 It is planned that South View, a small site that will accommodate about 15 homes, be sold with the benefit of planning consent. The planning application is being prepared.

1.2.14 There are three sites where sales to developers are expected to be completed shortly, subject to planning consent. These are Fryston House, The Elms and Thrunscoe.

1.2.15 The three owners of Chapman’s Pond are working with the council to commission technical assessments and bring forward development proposals. Chapman’s Pond is a complex site, and there will be a considerable lead-in time before any new homes are constructed.

1.2.16 For Doughty Road, the Council has a bid for feasibility funding through the Lincolnshire One Public Estate programme. The outcome is awaited.
2. **RISKS AND OPPORTUNITIES**

2.1 There are no risks arising directly from this report. There are risks and opportunities associated with the appointment of a delivery partner to develop homes on council-owned sites within the Housing Zone. The financial and other risks will be carefully assessed as the business case is developed.

2.2 There is an opportunity for the Council to provide Affordable Homes on its own land, over and above the policy requirements in the Local Plan.

3. **REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

3.1 There are positive reputational implications for the Council that would result from delivery of homes on the Housing Zone sites. An action plan will be agreed with the Council’s communications service when the detailed business case has been developed.

4. **MONITORING COMMENTS**

4.1 In the opinion of the author, this report does not contain recommended changes to policy or resources (people, finance or physical assets). As a result no monitoring comments have been sought from the Council’s Monitoring Officer (legal), Section 151 Officer (finance) or Human Resources.

5. **WARD IMPLICATIONS**

5.1 Potentially impacts on all wards.

6. **BACKGROUND PAPERS**

6.1 Briefing Note for Scrutiny November 2018
   Cabinet Report on DPP3 January 2018
   Five Year Housing Land Supply Assessment April 2018

7. **CONTACT OFFICER:**

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    **Joanne Hewson**
    **Deputy Chief Executive**

Appendix 1 Summary of Housing Zone sites
Appendix 2 Executive Summary from Cost Consultants
## Economy Scrutiny Panel on 12 February 2019

### Housing Zone Sites

<table>
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<tr>
<th>Site</th>
<th>Approximate Homes</th>
<th>Comments</th>
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| Western School              | 366               | Included in DPP3 programme  
Requires playing pitch re-provision  
External Funding Opportunities - Funding for highways improvements through Greater Lincolnshire LEP; Accelerated Construction Funding (see report); |
| Lower Lindsey               | 74                | Included in DPP3 programme  
Requires playing pitch re-provision  
External Funding Opportunity – Accelerated Construction Funding |
| Second Avenue               | 90                | Included in DPP3 programme  
Requires playing pitch re-provision  
Issue of Restrictive Covenant to be resolved  
External Funding Opportunity – Accelerated Construction Funding |
| Matthew Humberstone         | 60 ECH  55        | Included in DPP3 programme  
Requires playing pitch re-provision  
Phase 1- part of site planned for new Extra Care Scheme with planning application expected to be submitted March 2019 (to be known as Davenport Drive)  
Phase 2 – remainder of site expected to be included in DPP3 programme |
| South View                  | 15                | To be marketed with outline planning consent  
Planning application being prepared |
| Weelsby Avenue              | 25                | This site has been on hold pending outcome of Community Stadium discussions |
| The Elms                    | 15                | Sale imminent, subject to planning permission |
| Thrunscoe Site              | 38                | Sold, subject to planning permission |
| Fryston House               | 10                | Sale agreed, subject to planning permission |
| Doughty Road                | 80                | Site issues, such as flood risk, to be resolved  
External Funding Opportunity – Bid to fund feasibility study through Lincolnshire One Public Estate Programme |
| Duchess Street              | 25                | Under review |
| Chapman’s Pond              | 300               | Privately owned site. Working with landowners regarding filling-in part of the pond, and conducting transport and drainage assessments. |
| Winchester Avenue           | 60 ECH            | Site sold for new extra care scheme, with start-on-site imminent |
Executive Summary

Background

In November 2016 North East Lincolnshire Council achieved Housing Zone Status to deliver 1,300 homes across 13 sites. In 2017 NELC sought delivery partner for 2 of the sites however the outcome of this was unsuccessful. In 2018 cabinet approval was granted to seek a delivery partner for 7 sites in order to maximise jobs, training opportunities and supply chain benefits.

Following this cabinet approval soft market testing was undertaken which generated interest for a variety of delivery structures including; disposal, joint venture and direct delivery.

NELC have also been developing costed delivery plans for playing pitch re-provision and dispose of small sites including 2 Extra Care schemes.

Subsequently JLL have been appointed to undertake an analysis of the various delivery models for housing on three strategic sites within Grimsby and Cleethorpes, along with a quantitative and qualitative analysis of each delivery option. The sites that have been assessed are detailed below:

- Former Lindsey Lower School Playing Fields, Beacon Avenue, Cleethorpes, DN35 8EJ
- Second Avenue Playing Fields, Heimdal Road, Grimsby DN33 3RF
- Former Western Primary School, Cambridge Road, Grimsby DN34 5TD

Delivery Options

Below is a diagram which identifies that three delivery options that have been analysed as part of the quantitative and qualitative analysis and explains the process of each delivery option.

![Delivery Options Diagram]

- **Direct Delivery – NELC Master Developer**: Council deliver the sites by themselves by appointing a contractor to deliver the units either on a D&B basis or to Council detailed specification.
- **Joint Venture**: Bring in development partner. Transfer assets at current value in to joint venture vehicle & participate in upside.
- **Straight Sale**: Sell the sites in the open market and allow developers to deliver the residential development on the sites.