

REPORT TO: STRATEGY AND RESOURCES

DATE: 1ST JULY 2019

TOPIC: ILFRACOMBE HOUSING INFRASTRUCTURE FUND

REPORT BY: CHIEF EXECUTIVE/HEAD OF PLACE

1 INTRODUCTION

- 1.1 The Housing Infrastructure Fund (HIF) is a government fund awarded through Homes England which is intended to allow local authorities to front load infrastructure on housing sites where the provision of infrastructure by the developer would mean that the housing scheme was unviable.
- 1.2 The intention is that once the dwellings start being constructed, the developer will repay the funds under an agreed repayment mechanism which are then re-circulated by the local authority to bring forward further housing development
- 1.3 The Council has been awarded funding in respect of two sites, Westacott and Ilfracombe southern extension. This report considers the Ilfracombe Southern extension site.
- 1.4 The amount awarded in respect of Ilfracombe is £6,500,000 which is to be used to provide roads, drainage and community facilities including a serviced school site. This infrastructure package replaces the original request for the £6,500,000 to be used to forward fund a school at this site.
- 1.5 This scheme is important to the Council as it needs to show that it can deliver housing allocated via the Local Plan. This site makes a significant contribution to housing land supply.
- 1.6 Initially, the fund was thought to be a simple grant to the Council but it has transpired that the agreement that the Council is required to enter into with Homes England, who are administering the scheme, contains particular provisions the effect of which need to be brought to the attention of Committee.

2 RECOMMENDATIONS

- 2.1 That Members note the content of this report.
- 2.2 That Members authorise the Chief Executive to enter into relevant agreements with Homes England in order to secure the funding and to enter into legal

charges secured on land owned by the developers of the schemes in order to secure repayment of the funds, the terms to be negotiated and approved by the Chief Executive and Head of Resources.

3 REASONS FOR RECOMMENDATIONS

3.1 In order to progress this HIF application and deliver much needed housing in Ilfracombe.

4 REPORT

4.1 On the 23rd May 2019 we received the offer letter from Homes England confirming that this scheme had received the internal approvals to proceed with the formal award of grant subject to a number of conditions and the grant determination agreement. The grant award is to fund roads, drainage, a community building, MUGA and a serviced school site to accelerate the delivery of new homes on a greenfield site at the Southern Extension in Ilfracombe, Devon.

4.2 This approved infrastructure package replaces the original request for funds to bring forward a school alongside the first phase of housing. Despite working closely with DCC it was not possible to bring forward the school within the timescale available. Homes England have assessed the revised infrastructure ask and approved it subject to the following conditions. The first set of conditions have to be agreed before any contract can be entered into with Homes England and the second set have to be complied with before any money can be drawn down for spend:

Number	Condition	Date
1.	NDDC to provide written evidence to Homes England that independent legal advice has been sought and that the transaction complies with State Aid requirements.	June 2019
2.	NDDC to agree in principle with developers/promoters the mechanism for recovery of the HIF funding.	June 2019
3.	NDDC to provide a programme for the design, procurement and delivery of infrastructure.	June 2019
4.	NDDC to confirm extent of infrastructure to be funded by HIF and its likely cost.	June 2019
Number	Condition	Date
1.	Completion of design and specification of HIF funded infrastructure.	July 2019

2.	NDDC to confirm programme for delivery of school.	July 2019
3.	NDDC to put in place mechanism for recovery of HIF funding.	July 2019
4.	All consents including planning in place for HIF funded infrastructure.	October 2019
5.	Procurement of contractor for delivery of HIF Funded infrastructure.	October 2019

4.3 Officers are currently working through these conditions, with the developer, and obtaining independent advice where required before supplying the information to Homes England. Some of the requirements contain provisions which could be said to present a risk to the Council. Principle amongst these is that the Council should have legally enforceable methods of recovering the funds from the developer. The Council will also have various requirements to monitor the delivery of housing and to report this to Homes England. The Council need to be comfortable that any timetable presented by the developer is deliverable.

4.4 In addition to the offer letter and associated conditions, a draft contract has been received which Homes England require the Council to enter into.

4.5 There is a clause that states that if the Council should breach any of the provisions, it must repay the amount granted. Because of the fact that the Council will be funding the provision of the infrastructure, there is a risk that if the Council cannot recover the monies from the developer, it will still have to repay that amount to Homes England. Given the size of the amounts involved, this risk needs to be highlighted.

4.6 The Council has obtained Counsel's opinion which states that the only reasonably certain way in which the Council can recover the amounts is through a charge placed on land within the ownership of the developer. A market interest rate would then be charged.

4.7 The Council is currently in discussions with the developers over the terms of the necessary charges and the level and nature of security required. Any progress prior to committee will be reported verbally.

4.8 External legal support would be required to ensure that the Council complies with the terms of the agreements.

5 RESOURCE IMPLICATIONS

5.1 In order to progress the HIF applications in the manner laid out above, external advice will be required. The cost of that advice is not yet known but will be reported to Committee in a future update.

6 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3	Delegated

7 STATEMENT OF CONFIDENTIALITY

7.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

8 BACKGROUND PAPERS

8.1 The following background papers were used in the preparation of this report:

- Draft Agreement
- Offer Letter

The background papers are available for inspection and kept by the author of the report.

9 STATEMENT OF INTERNAL ADVICE

9.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: K Miles/SJ Mackenzie-Shapland
2019
Reference:

Date: 10th June