



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET - 7 NOVEMBER 2022
Report Number	AGENDA ITEM 15
Subject	DELIVERY OF CARBON ZERO AFFORDABLE HOMES THROUGH A COLLABORATION AGREEMENT WITH BROMFORD HOUSING ASSOCIATION AND THE TRANSFER OF LAND AT BROADLEAZE, DOWN AMPNEY
Wards affected	The Ampneys & Hampton
Accountable member	CLlr Joe Harris – Council Leader. Email: joe.harris@cotswold.gov.uk
Accountable officer	Claire Locke, Group Manager - Property and Regeneration Tel: 01285 623427 Email: claire.locke@publicagroup.uk
Summary/Purpose	To seek agreement to enter into a Collaboration Agreement with Bromford Housing Association to facilitate the delivery of carbon zero affordable homes on land at Broadleaze, Down Ampney and other future sites and to agree to the transfer of the above land for development within the terms of the Collaboration Agreement.
Annexes	Annex A - Draft Collaboration Agreement (Exempt) Annex B - Funding requirements (Exempt)
Recommendation(s)	That Cabinet resolves to: <i>(a) Enter into a Collaboration Agreement with Bromford Housing Association to deliver carbon zero affordable homes, based on the delivery, management and ownership terms set out in the Agreement.</i> <i>(b) Delegate authority for the final negotiation on the terms of the Collaboration Agreement and any subsequent variations to it, to the Chief Finance Officer in consultation with the Leader and Cabinet Member for Finance.</i> <i>(c) Agree to proceed, subject to planning permission being granted, with the development of the site at Broadleaze, Down Ampney in partnership</i>



	<p><i>with Bromford Housing Association to deliver carbon zero affordable homes.</i></p> <p><i>(d) Agree, based on indicative costs, to fund the gap in funding and to delegate authority to the Chief Finance Officer in consultation with the Leader and Cabinet Member for Finance to agree the final contribution, based on funding within the MTFS and capital receipt from the Sale of the Cotswold Club.</i></p> <p><i>(e) Enter into a Collaboration Agreement with Bromford Housing Association to enable them to submit a planning application including land at this site that is in both the Council's ownership (vacant plot) and Bromford's ownership (adjacent garages).</i></p> <p><i>(f) Allocate a further £10,000 for legal costs in the completion of the legal agreements.</i></p> <p><i>(g) Agree to transfer the land at Broadleaze, Down Ampney to Bromford Housing Association once Planning permission has been granted, a Collaboration Agreement signed and financial terms for the development agreed.</i></p>
Corporate priorities	<ul style="list-style-type: none">● Provide Social rented homes● Responding to the Climate Crisis
Key Decision	YES
Exempt	Cover Report NO Annexes YES
Consultees/ Consultation	Bromford Housing Association Down Ampney Parish Council Bromford tenants in homes at Broadleaze, Down Ampney Down Ampney Football Club Wider public via stakeholder engagement is planned in September



I. BACKGROUND

- 1.1. In 2019, the Council identified the delivery of good quality social rented homes as a key focus in delivering its Corporate Plan.
- 1.2. With high house prices across Cotswold District, market rents are unaffordable for many and there is a shortage of good quality rented accommodation that is genuinely affordable. Affordable housing helps meet this housing need and can include low cost home ownership or rented accommodation which typically has a discount of around 20% on the market rent. However, this may still not be truly affordable for some residents. Social rented homes have a rent that is lower than affordable rent and therefore provides homes for those on lower incomes or in receipt of full Housing Benefit. The Council already has targets and a programme to deliver affordable housing, although this is through facilitation rather than any form of direct provision.
- 1.3. In February 2021 Cabinet adopted an Affordable Housing Delivery Strategy and agreed to obtain specialist advice on establishing a formal delivery partnership with a Registered Provider. Delegated authority was granted to then progress with the procurement of a suitable partnership to bring forward exemplar carbon zero social rented schemes. It was also agreed that officers should review Council owned sites to enable further reports to be brought forward.
- 1.4. At that time a Council owned site at Station Road, Kemble was considered as the development scheme most likely to be brought forward first. However, that was subsequently reviewed and the appointment of Bromford Housing Association as the partner Registered Provider, provided the opportunity to develop a site at Broadleaze, Down Ampney, which is a less environmentally sensitive site. The Council owned site was land locked. However, Bromford Housing Association (Bromford HA) own the domestic garages which link the Council land with the highway. This provided the potential to assemble both plots and utilise the Bromford HA land as an access route to the Council land for housing development.
- 1.5. Since the appointment of Bromford HA, the Council has worked in partnership with them jointly to agree ambitions and terms which align with the priorities for social housing delivery and net carbon zero homes of both organisations. The principle of the partnership delivery is collaboration at every stage whilst building on the expertise of each organisation.

Collaboration Agreement

- 1.6. Supported by Trowers and Hamlins, a Collaboration Agreement has been drafted which covers:
 - The principal outcomes each partner wishes to see:
 - net carbon zero affordable homes,
 - on-site ecological enhancement,



- design and build that seeks to achieve development that longer term is affordable without developer subsidy (noting initial schemes may require gap funding)
- Delivery and management framework:
 - partners to collaborate on consultant and contractor appointment but Bromford HA legally to appointment.
 - Bromford HA to submit Planning Application.
 - The Council to retain land ownership until planning approval is granted and then transfer the land under an Agreement that sets out development requirements.
 - Bromford HA to build homes to a mutually agreed specification.
 - The partners share any gap funding that is required, based on specific business case calculations.
 - The homes to be owned and managed by Bromford HA on completion.

The draft Collaboration Agreement is not scheme specific. It is intended as an overarching legal agreement which provides the framework for any housing scheme which will be delivered by the partnership. The Agreement is included in Annex A. This item is as expected as it holds value in the public domain.

Delegated authority is sought to agree any minor changes to the Agreement both before and after it is signed, which do not affect the underlying principles set out in this report.

Proposed development

The Council owns land at Broadleaze, Down Ampney which is identified as Site DA8 in the Local Plan and earmarked for 10 units. In addition to this is the neighbouring plot which contains Bromford HA garages, which could provide vehicular access to the site and additional land for housing development. Both plots are unattractive and would benefit from enhancement, with opportunities to provide onsite ecological enhancement and improve the visual appearance of this area, which is on the settlement boundary.

A communication strategy has been developed to ensure appropriate engagement with the Parish Council, neighbouring Bromford Housing Association tenants, the tenants who currently lease the Bromford owned garages, and users of the neighbouring football clubhouse and other stakeholders. Both partners have been keen to engage with these stakeholders to shape the design of the development. Consultation therefore commenced in May and further public engagement took place in August/September with the sharing of concept designs. This approach, with local people involved in the early design stages rather than once final drawings for a planning submission have been prepared, has been well received. This programme of engagement will continue throughout design, planning submission and build.



Recognising that good design is key to the success of the Council and Bromford Housing Association's ambitions, an architect selection process focussed on companies with a track record of innovative and carbon zero development. Ridge and Partners LLP were appointed and have now commenced detailed design work. Site surveys are also being carried out to inform the planning application.

An urgent decision was sought in July and reported to Cabinet in September, to secure agreement to underwrite scheme costs that Bromford HA are incurring in the scheme preparation. This was to provide some assurance to Bromford HA that the Council, as the primary landowner would not withdraw from the scheme after they had incurred considerable costs.

It is anticipated that a planning application will be submitted by December 2022.

There is a risk that the Planning Application Decision is delayed for reasons outside the Council's control. The site sits within the 8 Km Zone of Influence of North Meadow in Cricklade, which is a site of Special Area Conservation. This means a Habitat Regulations Assessment would need to be undertaken and the Council and Bromford HA would have to submit a Mitigation Strategy. At present a Strategic Recreation Mitigation Strategy for dealing with Planning Applications that fall within the zone is being developed led by Natural England, Swindon Borough Council and Wiltshire Council. It is likely this will offer the option for developers to pay a sum per dwelling (in the region of £1,000 per dwelling) where they cannot provide alternative green space for recreation as part of the development. The determination of the Down Ampney planning application may therefore be delayed whilst this Strategic Recreation Mitigation Strategy is agreed.

If planning permission is granted the Council will transfer the ownership of the land to Bromford HA before development commences. A land transfer agreement will be put in place requiring that the land is developed in line with the approved planning permission and on the terms set out in the Collaboration Agreement. This protects the Council's interests and ensures the land is used for the purposes the Council intends, that being net carbon zero affordable homes. Delegated authority is sought to approve the final terms of the Agreement as this may be further shaped by the design process and subsequent planning permission.

2. FINANCIAL IMPLICATIONS

- 2.1. The high level funding requirements, estimated at this time, are set out in Annex B. The net carbon zero element of this development is likely to mean capital build costs would render the scheme unaffordable to a Housing Association without subsidy.



Therefore it is likely that the Council will need partially to bridge the funding gap. These costs are subject to change particularly as designs and materials may change through the planning process. At this stage and with the assumed Home England subsidy, the Council would have to provide funding up to the region of £560,000. The cost is dependent on the tenure and the number of homes being built. A small number of social rented homes would be least viable and require more funding, while a large number of shared ownership homes would provide a financial return.

- 2.2. Funding has been allocated from the Council's capital receipts reserve and in part through receipts received from the sale of the Cotswold Club of £360,000 to meet this cost.
- 2.3. By transferring the land to Bromford Housing Association, the Council is potentially foregoing a capital receipt of approximately £470,000 (value per fixed asset register 31 March 2022) which could have been used to fund future capital expenditure and avoid the need to borrow at current PWLB rates of 5.5% and set aside a minimum repayment provision for the repayment of the associated borrowing.
- 2.4. Funding of £10,000 has been allocated from the Recovery Investment Strategy Reserve to cover the legal costs associated with this project.
- 2.5. Whilst these costs will be finalised at a later date once planning permission has been approved and contractors have been appointed, the principle of the funding agreement needs to be agreed now if the Council is to proceed with the Collaboration Agreement.

3. CONCLUSIONS

- 3.1. The site at Broadleaze, Down Ampney offers the opportunity to work in partnership with Bromford Housing Association to drive innovation in affordable homes, creating net carbon zero homes that are well designed and somewhere everyone would want to live. The Collaboration Agreement provides scope to learn through this project, developing and improving a delivery model over future projects which demonstrates longer term that net carbon zero affordable homes can be built without significant subsidy.

4. LEGAL IMPLICATIONS

- 4.1. The Collaboration Agreement sets out the terms of the partnership to ensure the Council's objectives are met. By retaining ownership of the land until after planning permission has been granted, the Council can ensure the development progresses.
- 4.2. Making a grant available to a housing association potentially raises Subsidy Control (formerly known as State Aid) implications. This is because public funds are being used to support a specific housing association within the overall market of social housing providers. The Council



sought advice from Trowers and Hamlin LLP in February 2021 and provided certain conditions are followed, the grant arrangement for affordable housing will be compatible with the Subsidy Control rules.

4.3. In terms of the land transfer, the position on Subsidy Control will need to be addressed when the terms of the land transfer are determined. There are potential reputational and legal risks depending on how the land is transferred particularly if the disposal is deemed to be at an undervalue. Any decisions should be made in a transparent and robust way.

4.4. Save from the above, there are no other legal implications arising directly from this report.

5. RISK ASSESSMENT

5.1. If Planning permission is not granted, the Council will have incurred costs in preparing this scheme.

5.2. There is a risk that the build costs exceed estimates as the construction market is currently experiencing significant rises in material costs and supply chain issues. This has been considered as part of estimates prepared. However, world markets remain very volatile.

6. EQUALITIES IMPACT

6.1. Equalities will be considered as part of general site design considerations. This development is aimed at those on lower incomes but is not for specific age groups and does not impact on other groups with protected characteristics.

6.2. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

6.3. The development will embed the successful Carbon Zero Toolkit that was developed by the Council and provide a built example of net carbon zero housing in the Cotswolds. The carbon impact of materials, design and construction methods will be taken into account.

6.4. The homes will use renewable energy and will have lower utility bills for their tenants, helping to tackle the cost of living and fuel poverty crisis.

7. ALTERNATIVE OPTIONS

7.1. The Council could choose not to enter into a Collaboration Agreement and to continue to develop individual sites. However, this would not maximise the opportunity to develop and improve schemes incrementally.



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- 7.2. The Council could choose not to develop the Down Ampney site but it is earmarked for Housing development in the Local Plan and was assessed by officers as being the best Council owned site for this first exemplar development.

BACKGROUND PAPERS

- 7.3. None

(END)