

additional papers 1



Overview and Scrutiny Committee

Thu 3 Jan
2019
6.30 pm

Committee Room Two
Town Hall
Redditch

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Overview and Scrutiny

COMMITTEE

Thursday, 3rd January, 2019

6.30 pm

Committee Room 2 - Town Hall
Redditch

Agenda

Membership:

Cllrs:

Joe Baker (Chair)
Debbie Chance (Vice-Chair)
Joanne Beecham
Michael Chalk
Andrew Fry

Pattie Hill
Anthony Lovell
Gemma Monaco
Jennifer Wheeler

- 4. Medium Term Financial Plan 2019/20 to 2022/23 - Update - Pre-Scrutiny - To Follow (Pages 1 - 14)**
- 5. Development Partner to Progress the Possible Redevelopment of Winyates and / or Matchborough District Centres and Surrounding Areas - Pre-Scrutiny - To Follow (Pages 15 - 36)**

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MEDIUM TERM FINANCIAL PLAN 2019/20 - 2022/23

Relevant Portfolio Holder	Councillor Tom Baker-Price, Portfolio Holder for Finance and Enabling Services
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 At Executive on the 5th February 2019 a recommendation will be made to Full Council on the Medium Term Financial Plan 2019/20 - 2022/23 and the Council tax will be set for 2019/20. This report outlines the issues faced by the council and delegates to officers to investigate ways to achieve a balanced budget for Executive to consider.

2. RECOMMENDATIONS

- 2.1 **Executive is asked to note the issues and the medium term financial plan gap and to request officers continue to review the position to enable a balanced budget to be presented to Executive on the 5th February.**

3. KEY ISSUES

Financial Implications

- 3.1 The Council's Medium Term Financial Plan (MTFP) provides the framework within which the revenue and capital spending decisions can be made. For 2019/20 a 4 year plan is proposed to 2022/23. The plan addresses how the Council will provide financial funding to the Strategic Purposes and ensure residents receive quality services to meet their needs in the future. The Purposes that drive the financial considerations are :

- Help me find somewhere to live in my locality
- Provide good things for me to see, do and visit
- Help me live my life independently
- Help me run a successful business
- Help me be financially independent
- Keep my place safe and looking good

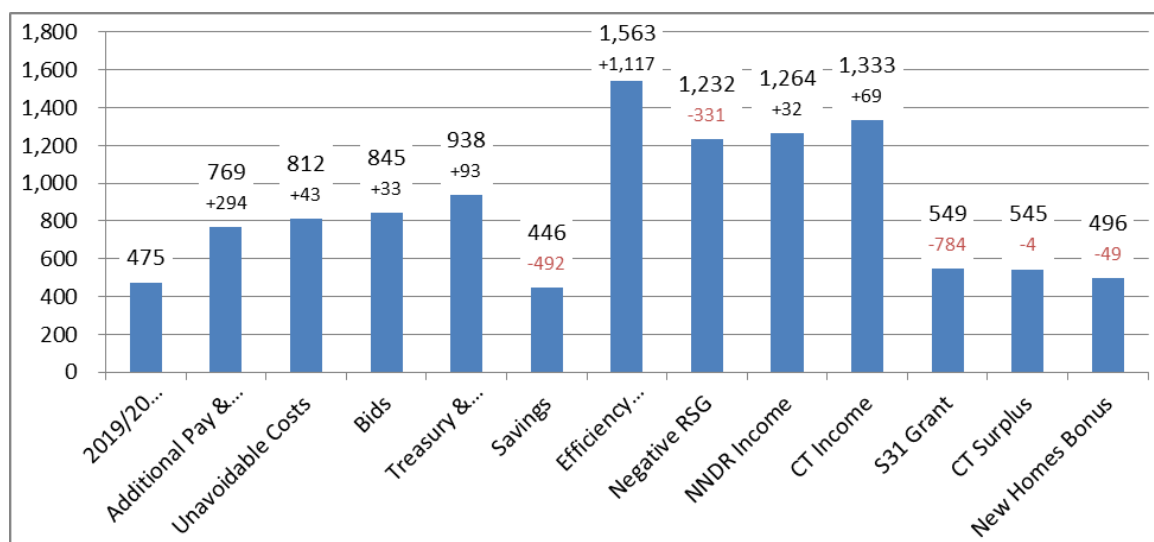
- 3.2 When reviewing the budget projections officers consider the impact of demand on service and the costs associated with this demand. This may

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result in additional costs (associated with maintaining current service delivery) or reductions in anticipated income revenue over the next 4 years.

- 3.3** Over the last 12 months the Budget Scrutiny working group as established by the Overview and Scrutiny Committee has met on a regular basis to review costs, fees and charges and the capital programme and have made a number of recommendations to Executive.
- 3.4** Officers have factored in a number of assumptions into the Medium Term Financial Plan to update it in line with revised calculations and information from officers and Government. Once the final settlement is received the position will be updated.
- 3.5** The table below demonstrates the changes in the financial projections and budget gap for 2019/20 based on the original estimation of a £475k gap as presented in February 2018. Following the table there are explanations of the reasons for the changes resulting in the current gap of £496k for 2019/20. Officers are continuing to assess the position to enable a balanced budget to be presented in February.



3.6 Additional pay and inflation

The main additional pressure to the budget is the financial impact of implementing the National pay agreement in relation to increasing the spinal points attached to the current pay model. There is a separate item on the agenda to this meeting that details the rational for the proposed pay model and the financials implications of this have been included in the budget.

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3.7 Unavoidable Costs

When proposing the budget officers have also identified a number of budget pressures that have been deemed “unavoidable”. Unavoidable includes the ongoing effects of pressures identified during 2018/19 together with any issues that have been raised as fundamental to maintaining service provision as part of the budget process. In addition, income shortfalls that cannot be managed by improved marketing or price increases have been addressed during the budget planning. The pressures and income shortfalls of £43k are identified at Appendix 1

3.8 Bids

In addition to the unavoidable pressures revenue bids have been identified and included at Appendix 2. Bids relate to new funding requests made by officers to improve service delivery or to realise future efficiencies. The total bids for 2019/20 of £33k include funding for automation of transactional processing and funding for an apprentice

3.9 Treasury

The increase of £93k is a result of the additional borrowing costs associated with the capital programme offset by the savings from making an up front payment to the pension fund.

3.10 Identified Savings/additional income

Identified savings and additional income of £492k are detailed at Appendix 2. These are proposed to ensure that budget pressures can be met and demonstrate the additional income that the Council is generating. This includes the income of £90k that has been generated from the service agreement to provide Lifeline services to Cannock Council.

3.11 Unidentified savings

In previous years an assessment has been made of savings and additional income that could potentially be realised by the Council. It is proposed that there are no longer any savings or income allocations that are not specifically identified and therefore there is a pressure to the budget of £1,117k to reflect the removal of the unidentified savings

3.12 Negative RSG

Whilst the final settlement has not been received the projections include the removal of the £331k negative grant payment to Government. It is assumed that following consultation in August that this requirement will be removed. Any updates will be made following the final settlement.

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3.13 NNDR Income

For 2019/20 the government assessed baseline for business rates is £2.203m, if business rates grow above the baseline, then this council keeps a proportion of that funding. The opposite applies for any losses with the Council having to repay some of its formula funding. There has been an increase in section 31 grant which compensates for government decisions to reduce rate liability mainly for small businesses. To get an overall position you need to look at the combined impact of section 31 and NNDR

3.14 Council Tax

The Council is allowed to increase Council Tax by up to 2.99% without the need for a referendum. The Council will decide the level of the council tax for 2019/20 on 25th February 2019. The current projections include a 2.99% increase and therefore the demand on the collection fund to meet the Council's own needs will be £6.358m. The Council Tax relating to the Councils services will rise from £234.00 to £241.00.

Compared with the base budget assumed for 2019/20 in the medium term financial plan there has been a reduction in Council Tax and reflects fewer new dwellings

3.15 S31 Grant

Since 1st April 2013 the Government has made decisions that have reduced the amount payable by businesses in relation to business rates. These decisions have included lowering the rate multiplier due to be paid by all businesses and also initiatives to reduce the business rate burden paid by small businesses.

These decisions have resulted in the Council share of the rate income being lower than it would otherwise be. The section 31 grant compensates for this loss of income. The concept is that it calculates what a Council would have been received if the Government had not made the decisions and pays the difference. The reality is that it is often driven by formula and this formula is often challenged by local authorities because it under estimates the lost income.

Over the years the decisions by the Government have had increasing impact on the lost rate income and therefore the level of Section 31 grant has grown.

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3.16 CT Surplus

This is the estimated surplus based on the latest 2018/19 collection fund information.

3.17 New Homes Bonus (NHB)

3.17.1 The amount of NHB for 2019/20 has been confirmed as £752k, which is £49k more than anticipated in the MTFP. The 2019/20 income is 268 band D properties but less the 0.4% levy on growth which equated to 171 properties. In addition we received £26k for affordable housing enhancements and overall this provides £208k additional income.

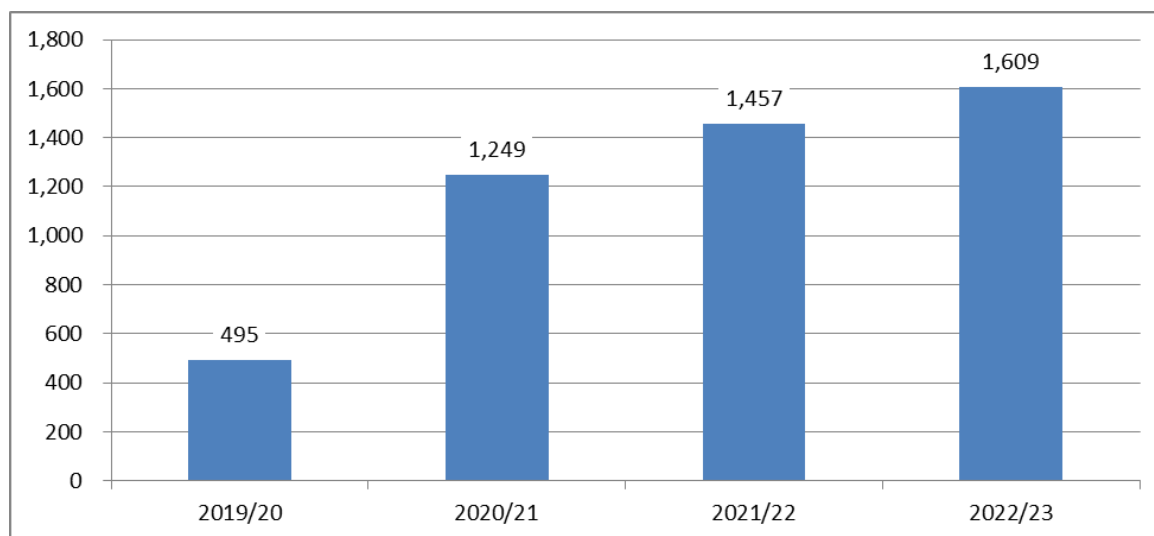
3.17.2 The MTFP will continue to be refreshed annually to take account of future changes in funding.

3.18 Future Years

3.18.1 Assumptions have been made in the financial plan for the following years including:

- Tapering of New Homes Bonus from 2019/20, which will result in a considerable funding gap for the Council.
- Additional costs of borrowing for the capital programme
- Financial impact of the revised pay model

This results in a medium term financial gap as follows:



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3.19 General Fund

3.10.1 The level of the general fund balance is currently £1.8m. The minimum level of balances recommended is £750k.

3.20 Collection Fund

3.19.1 The anticipated collection fund surplus is £34k, which will be distributed amongst the major preceptors using the prescribed formulae. This Councils share of the surplus payable as a one off sum is £4k.

3.21 Precepts

3.20.1 The precepts from Worcestershire County Council, the Hereford and Worcester Fire and Rescue Service and the West Mercia Police and Crime Commissioner are due to set their precepts in the week commencing 11th February. This will enable the Council to set the Council Tax on 25th February 2019 which is in advance of the 28th February deadline on precepts being received.

3.22 Capital Programme

3.21.1 The Capital Programme has been extended to a 4 year rolling and officers are currently working to ensure that the level of expenditure falls within the current estimated project allocation. The borrowing costs associated with any schemes have been factored into the revenue summary statement. The Capital Programme is attached at Appendix 4 for consideration. There are detailed business cases available for all capital projects should members wish to consider them further.

4 Legal Implications

4.1 As part of the budget and the Council Tax approval process, the Council is required by the Local Government Finance Act 1992 to make specific calculations and decisions in approving a balanced budget for the following financial year and setting the Council Tax Level. These will be included in the report to Executive and Council in February.

5 Service / Operational Implications

5.1 The MTFP will enable services to be maintained and, where achievable, improvements to the community.

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6 Customer / Equalities and Diversity Implications

- 6.1 The impact on the customer has been reduced due to the savings being realised by reduction of waste in the services and ensuring that all service that create value to the customer are resourced.

7 RISK MANAGEMENT

- 7.1 To mitigate the risks associated with the financial pressures facing the Authority regular monitoring reports are presented to both officers and Members to enable proactive action being undertaken to address any areas of concern. Risks include:
- Reductions in government funding leading to a reduction in the level of services delivered to the public
 - Reductions in business rates income as a result of appeals or reduction in the rateable value leading to a lower level of income for the Council.
 - Identification of sufficient and ongoing revenue savings to deliver a balanced budget.
 - Allocation of sufficient resources to meet the needs of service delivery and the Councils priorities.
 - Maintain adequate revenue and capital balances as identified in the MTFP to ensure financial stability.

The regular financial monitoring by Officers and Executive will provide a framework to mitigate the above risks.

8. APPENDICES

Appendix 1 – Unavoidable costs
Appendix 2 – Revenue Bids
Appendix 3 – Identified savings
Appendix 4 – Capital bids

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UNAVOIDABLES - RBC

Appendix 1

Department	Strategic Purpose	Description of Pressure	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Comments
Business Transformation	Enabling	Occupational Health Budget	15	15	15	15	Budget was identified as a potential saving in future years as part of Training budget review, however this was interpreted as a definite and Budget was reduced in 17/18 Budget round
Electoral Shared Service	Support Role	Increase of Election costs for RBC	28	28	0	28	This is ongoing on top of the current 70,000 budget. A budget increase would not be required in 2020 as there are PCC elections to share the cost. A budget is not required in 2021 as there are only County Elections. A budget increase may not be required in 2022 as this is the next scheduled Parliamentary Election, however this will need to be reviewed if a Parliamentary Election is held in the intervening period.
TOTAL			43	43	15	43	

NEW REVENUE BIDS - RBC

Appendix 2

Department	Strategic Purpose	Description of revenue bid	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Comments
Business Transformation	Enabling	Legal advice specific to employment Law	10	10	10	10	
Business Transformation	Enabling	automation Resource	15	15	15	15	
Leisure and Cultural services	Provide me with good thinkgs to see, do and visit. Keep my place safe and lookingo good	Parks and green spaces - 1 x post for Modern Apprenticeships within the parks and green space team to provide additional support in maintained the premier parks and gardens across Redditch (Arrow Valley Country Park and Morton Stanley Park).	8	8	0	0	Apprenticeships for Leisure's Parks and Green Space team were approved by management within the restructure in September 2017. However, budget is required as a revenue bid to suport this important appreenticechip post. The additional support will help provide a quality green space and inspection team for AVCP and MS parks and play areas
TOTAL			33	33	25	25	

SAVINGS & ADDITIONAL INCOME - RBC

Appendix 3

Department	Strategic Purpose	Description of saving	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Comments
Community Services	Help me live my life independently	Lifeline - Additional Income from Cannock Chase contract	-90	-90	-90	-90	
Community Services	Help me live my life independently	Lifeline - Additional Income from Cannock Chase contract - SLA	-30	-30	-30	-30	
Community Services	Help me live my life independently	Reduction in budget following changes to the Grants to Voluntary Bodies scheme	-20	-20	-20	-20	Saving as per Executive decision 23 Oct 2018
Corporate	Enabling	Print contract	-54	-54	-54	-54	Savings realised on procurement of new print contract
Corporate	Enabling		-2	-2	-2	-2	Savings realised
Corporate	Enabling		-1	-1	-1	-1	Savings realised
Corporate	Enabling		-1	-1	-1	-1	Savings realised
Corporate		10 year pension liability from 2008 restructure	-84	-84	-84	-84	
CAFS	Enabling	NNDR budget	-13	-13	-13	-13	10 year lease given to tenant who is responsible for paying NNDR
CAFS	Help me be financially independent	Benefits - HRA Recharge for service	-40	0	0	0	Recharge to HRA for Locality service from Benefits team
CAFS	Help me run a successful business	Property - Additional rental income	-58	-58	-58	-58	Additional commercial rental income
Environmental Services	Keep my place safe and looking good	Additional Income from increased cremation fees	-75	-75	-75	-75	As per agreed structure from 15th Dec 2015 this is the final year of increases
Environmental Services	Keep my place safe and looking good	Budgets not required	-10	-10	-10	-10	Reductions in various materials, equipment and vehicle budgets.
Legal and Democratic	Help me find somewhere to live in my locality	Land charges - Budget not required	-1	-1	-1	-1	Budget not required
Reg Client	Help me run a successful business	Additional Income	-3	-3	-3	-3	
Reg Client	Help me run a successful business	Additional Income	-10	-10	-10	-10	
TOTAL			-492	-452	-452	-452	

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Agenda Item 4

Department	Strategic Purpose	Description	Funding Source i.e. Grant, Borrowing, Reserve, S106	CAPITAL IMPLICATIONS				Commentary (link to priorities etc)
				2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	
Environmental Services	Keep my place safe and looking good	Fleet replacement	capital receipts/Borrowing	0	0	0	1,351,700	
Terrys Field	Provide Good things for me to see, do and visit	Improvement to Football Pitches	S106 2012/120/OUT Weights Lane. 2016/282/FUL Oakly Road, Redditch	102,555	0	0	0	Pitch improvement works at Terrys Field to establish full re-graded pitch provision - linked to existing S106 within previous capital programme
Morton Stanley Park (Play - Only)	Provide Good things for me to see, do and visit	Improvement to Morton Stanley -Play Area for toddler and junior play	S106 2013/094/FUL, The Vicarage, church road, Webheath. 2013/179/OUT Land of Birchfield Road, Webheath. 2016/131/OUT Land Off Church Road, Webheath. 2917/499/OUT Pumphouse Lane, Church Road	79,686	0	0	0	Proposal to replace existing toddler/junior play area, using S106 Play contribution, with a destination play facility to provide a greater attraction for people to see do and visit in Morton Stanley Park
Morton Stanley Park (POS - Only)	Provide Good things for me to see, do and visit	Improvement to Morton Stanley Open Space	S106 2013/094/FUL, The Vicarage, church road, Webheath. 2013/179/OUT Land of Birchfield Road, Webheath. 2016/131/OUT Land off Church Road, Webheath. 2017/499/OUT Pumphouse Lane, Church Road, Webheath	25,633	0	0	0	Propsoal to improve hard and soft landscaping areas within Morton Stanley Park using S106 open space contribution to improve the existing infrastructure within this premier park
Morton Stanley Park (Sport - Only)	Provide Good things for me to see, do and visit	Improvement to Sports Pitches infrastructure in Morton Stanley Park	2012/207/OUT - Football Pitch improvement works at Morton Stanley. 2017/499/OUT Land off Pumphouse Lane, Webheath	98,535	0	0	0	Proposal for Sports Pitch improvement works using S106 contribution for Sports Facility improvement at Morton Stanley Park to provide quality pitches for use by the junior club
Redditch Cricket Club	Provide Good things for me to see, do and visit	Improvement to Redditch Cricket Club Facilities	S106 2013/094/FUL, The Vicarage, church road, Webheath. 2013/179/OUT Land of Birchfield Road, Webheath. 2013/327/FUL Oak House, Herbert Street, Redditch.	17,470	0	0	0	Proposals to support Redditch Cricket Club improvement works using S106 funding for Sport within the local area to enhance the clubs facilities.
Morton Stanley Play, Sport and Open Space Improvements (General)	Provide Good things for me to see, do and visit	Open Space, Play, Sport expenditure on enhacing and improving Football Pitches/Toddler Junior play provision and pathway/access/routes enhancemen	2016/131/OUT Land of Church Road, Webheath	333,403	0	0	0	Proposal to use S106 Contribution for improvements to Morton Stanley Park. This contribution will support other enhacement projects within Morton Stanley on Junior / toddler Play Areas, Open Space Infrastructure and access routes and Sports Provision.
Arrow Valley Park (South) Play	Provide Good things for me to see, do and visit	Improvement to original Pump Track at AVCP	2014/096/OUT Jolly Farmer Play/POS. 2016/118/OUT Green Lane, Redditch	60,606	0	0	0	proposal for S106 funding specifically for Pumtrack in AVCP. This funding will be used to re-create the former pumtrack at AV South tp provide a free of charge facility for use by the community
Arrow Valley Park (South) Play	Provide Good things for me to see, do and visit	Improvement of 'Green Parking' at Arrow Valley South	S106 - 2016/118/OUT Green Lane, Redditch	17,271	0	0	0	Proposal forS106 funding specifically for 'green car parking' improvements at AV South to enhance and improve existing provision to support the sports provision in this location.

CAPITAL BIDS - RBC

Appendix 4

Department	Strategic Purpose	Description	Funding Source i.e. Grant, Borrowing, Reserve, S106	CAPITAL IMPLICATIONS				Commentary (link to priorities etc)
				2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	
Arrow Valley Park /Morton Stanley Park	Provide Good things for me to see, do and visit	Hedgerow Mitigation measures by restoration and hedge laying with associated fencing and gates at AVP SHM and AVP North	S106 - 2016/118/OUT Green Lane, Redditch	21,500	0	0	0	Proposal to use S106 funding specifically for Hedgerow restoration and hedgelaying with associated fencing and gates at Arrow Valley Park SHM and Arrow Valley Park North
Arrow Valley Park /Morton Stanley Park	Provide Good things for me to see, do and visit	Grassland Mitigation measures- recreating and monitoring grassland habitats in MS and AVCP	S106 - 2016/118/OUT Green Lane, Redditch	146,590	0	0	0	Proposal to use S106 funding specifically for Grassland habitat restoration, recreation and monitoring at Arrow Valley Park and/or Morton Stanley Park
Abbey Stadium Sports and Fitness Facilities (Rubicon Leisure)	Provide Good things for me to see, do and visit	Pitch or sports facilities improvements at the Abbey Stadium	2016/173/FUL - Land off Dixon Close, Enfield	17,419	0	0	0	Proposal to use S106 funding specifically for Abbey Stadium sports facilities enhancments. This contribution to be allocated to Rubicon Leisure to use as per S106 agreement terms
Forge Mill and Bordesley Abbey Visitor Centre (Rubicon Leisure)	Provide Good things for me to see, do and visit	POS/Play Improvements to Forge Mill (24,528 POS and 26,700 Play) and Bordesley Abbey Visitor Centre. PI	2016/173/FULL - Land off Dixon Close, Enfield	51,248	0	0	0	Proposal to use S106 funding specifically for Forge Mill and Bordesley Abbey play and open space enhancments. This contribution to be allocated to Rubicon Leisure to use as per S106 agreement terms
Morton Stanley Park Pathway Maintenance works	Provide Good things for me to see, do and visit	Maintemane works to existing tarmac pathways in Morton Stanley Park	Borrowing	26,000	0	0	0	Officers request funding for pathway mainteannce works following risk inspections and records. Pathway maintenance to ensure health and safety of users is maintained
TOTAL				997,916	0	0	1,351,700	

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EXECUTIVE COMMITTEE8th January 2019**Securing a Development Partner to Progress the Possible Redevelopment of Winyates and / or Matchborough District Centres and Surrounding Areas**

Relevant Portfolio Holder	Cllr David Bush
Portfolio Holder Consulted	
Relevant Head of Service	Ruth Bamford
Ward(s) Affected	Matchborough and Winyates
Ward Councillor(s) Consulted	None
Key Decision / Non-Key Decision	Non-Key

1. RECOMMENDATIONS

It is recommended that the Executive Committee:-

(i) **notes the proposal for a comprehensive approach to the redevelopment of Matchborough and Winyates District Centres and the creation of up to 400 new market and affordable homes as part of this development.**

(ii) **notes the bid for OPE funding to support the Council in the feasibility study and the options appraisal for such a development.**
Appendix 1

(iii) **agrees that the Council works with Homes England and its Delivery Partner Panel to 'soft market test' its proposals with members of the panel at no additional cost to the Council, and with no ongoing obligation.**

(iv) **notes the establishment of a partnership board involving Redditch Council, Homes England, Worcestershire County Council and Arrow Vale Academy to oversee the continuing work on all aspects of the project.**

2. SUMMARY OF PROPOSALS

2.1 The Council has committed to investigate the opportunity to regenerate Matchborough and Winyates District Centres. Both District Centres suffer from dated layout and design, which creates a poor environment for any potential new investors and occupiers as well as for everyday users, and also encourages anti-social behaviour. Furthermore, the rental income at the Centres may be well below expected market returns. Initial work has started to consider the potential for redevelopment of one or both of the Centres. The issue now is to understand how the high costs of this scale of intervention might be met. This report identifies an approach to support a comprehensive redevelopment.

2.2 Over the last three months the NWEDR and the Planning and Regeneration Team have been working with Homes England and Worcestershire One Public

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Estate (OPE) team to explore a partnership approach which could access new funding to support both the detailed appraisal of options for a comprehensive regeneration approach and the funding of new infrastructure and development. With the support of Worcestershire OPE a formal bid for One Public Estate (OPE) Round 7 funding to support the next stage of feasibility work for a comprehensive redevelopment proposal has been submitted (Appendix 1). Members will recall that OPE 6 is supporting work on the new Public Sector Hub in the Town Centre. OPE Round 7 places strong emphasis on the provision of new housing on Public Sector land. Initial analysis shows that a comprehensive approach to regeneration incorporating under used land in the vicinity of the existing District Centres could create up to 350 new homes as well as new commercial provision, enhanced local amenities and a greatly improved local environment.

- 2.3 This comprehensive approach is supported informally by the Council's partners: the County Council, as Highways, Education and Public Health Authorities, Arrow Vale Academy and the Arrow Vale Trust together with the local middle school and first schools, the Community Safety Partnership, Homes England and West Midlands Combined Authority. Discussions with Homes England suggest that there could be capital funding to support regeneration and redevelopment which would deliver significant numbers of new homes. This includes the Small Sites Programme which provides capital funding for development on Local Authority land. Expressions of support for the OPE7 Bid have been received from partners and the OPE team at Worcestershire County Council.
- 2.4 The Cabinet Office and Homes England consulted on the OPE bid will wish to understand that all options for regeneration of the District Centres and their surrounding environs have been appraised and, once the Council has agreed a preferred development approach, how this will be delivered. It is enough at this stage to set out a potential route to delivery.
- 2.5 To deliver an appropriate redevelopment option would require the commitment of public sector land owning partners to commit to the use of their land assets. Homes England has indicated that they would welcome a comprehensive approach incorporating housing and community benefit and have indicated that capital funding to support this development will be looked upon favourably if the Council work with one of their procured development partners to undertake the development.

Securing a Delivery Partner

- 2.6 Homes England have a Delivery Partner Panel which comprises a range of house builders, commercial developers and building companies who have been procured for tasks such as this (Full list available at Appendix 2). Homes England has also entered into Strategic Partnerships with a number of housing associations who have also been procured to deliver new housing. If the Council

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agreed to seek to appoint a development partner from either of these frameworks it would have the potential to accelerate progress, enabling future development to be realised earlier. The Council would however want to ensure that any development partner it works with shares the Council's vision for a sustainable development which meets all of its requirements, and that such a partnership would be on terms which protect the Council's financial position.

- 2.7 If the Council chooses to work with Homes England it will need to consider carefully the proposal to use the Delivery Partner Panel or Strategic Partnership Framework. The pros and cons of such an approach are as follows.
- (1) Through the Strategic Partnership framework members have access to capital funding which has been allocated; this funding is limited by project and is intended to support housing directly not mixed use developments. These partners are housing associations, and the Council may believe it could now offer the same itself, potentially with its new housing company. Moreover if the Council chose the strategic partnership route it would be expected to enter into an early commitment to work with the partner through the process.
 - (2) There is more flexibility in the Delivery Partner Panel. The developers on this panel have experience of delivering larger mixed use and major housing schemes and potentially could bring more resources to bear. Homes England has indicated that DPP members would be able to bid for a range of funds to support infrastructure and new housing development. Significantly, with the Delivery Partner Panel, the Council can use the panel members to 'soft market test' its proposals. This would involve inviting members of the panel (all) if they would be interested in the project and in undertaking an initial appraisal of the deliverability and viability of different development options. This would be at no cost to the Council (except officer time and access to appropriate information). The Council can then use this information in refining its brief for the development before inviting formal bids from development partners. In this scenario, there is no obligation on the Council to appoint any developer who responds to soft market testing. Although not all members of the panel will choose to soft market test our proposals, similar exercises elsewhere have seen developers come forward at this stage in the understanding that such work may assist them if they ultimately choose to bid for the project.
 - (3) The initial procurement process on the Delivery Partner Panel having been completed by Homes England means that following a soft market testing process and refinement of the brief for the development from this, the Council will be able to expedite the appointment of a suitable development partner in a relatively short time frame. This would save at least six months on an open market procurement exercise. However all options would remain open to the council after the soft market testing.

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(4) The use of the Delivery Partner Panel to choose a developer to work with on delivering the complete scheme will mean that the Council will be expected to commit its own assets and recourses into the partnership, probably through a joint venture arrangement, in return for the development partner investing both capital and expertise into the project. With surplus public land, including land released through a reconfiguration of highways, being also within the ownership of the County Council, Redditch officers will seek to secure agreement that this land be included within the scope of the development at no cost.

(5) The Council will have to be clear how it would derive an appropriate return on its investment and thereby achieve value for money. It will also wish to understand how the completed project is owned going forward, for example would it be the Council's intention to retain a long term stake in the completed development, beyond its partnership with the appointed developer.

(6) Working with the Homes England and the Delivery Partner Panel will place the Council in a strong position to enable the successful application for capital grant funding from Homes England to support demolition, infrastructure and redevelopment.

Conclusions

- 2.8 Up to 8 hectares of land could be made available for development including the land occupied by the existing local centres, the surplus and underused public sector land between and around the centres. A new local centre and 350 new homes could be built within this scale of development. If the Council wished to retain two local centres the level of housing development would be reduced. With the predominance of social housing in the immediate area, the Council may wish to consider promoting a market led housing development within the overall scheme, with the 30% affordable providing more than sufficient numbers to replace social housing which is lost through redevelopment. This would potentially support a higher level of grant.
- 2.9 Given the scale of potential development and the mixed use nature of the scheme it is recommended that consideration be given to the appointment of development partner utilising the Homes England Delivery Partner Panel. However before this commitment is made, it is proposed that officers work with Homes England to undertake a soft market testing exercise on the basis that this will inform both the nature of the development and the likely costs and returns. This will assist in the preparation of a business case for any future investment by the Council or grant application to Homes England.
- 2.10 This work can be progressed now while we await the outcome of the OPE7 Bid (due February). If this funding is approved it will enable the Council to have its own resources to provide independent advice on the both the results of the soft

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market testing and on the appraisal of development options and delivery arrangements going forward. It will also support further work throughout delivery.

- 2.11 Assuming that a development partner is appointed in 2019/20, it should be possible for the development to commence in 2022/23. If members support the approach set out in this report then it should be possible to report back with the results of the soft market testing in March 2019.

3. KEY ISSUES

Financial Implications

- 3.1 None at this stage. These will be determined through the feasibility study and may include funding land and property acquisitions and investment in the proposed new development.
- 3.2 Full business case will be prepared once detailed costings and options appraisal work is completed.

Legal Implications

- 3.3 The Council may consider a joint venture partnership with an appointed development partner.
- 3.4 The feasibility study will consider detailed title issues in relation to land ownership and potential land and property acquisitions.

Service / Operational Implications

- 3.5 This can be met within existing workloads. The proposed development presents the opportunity to rationalise the delivery of all public and community services with the potential that might provide for efficiency savings and better customer services.

Customer / Equalities and Diversity Implications

- 3.7 None at this stage.

4. RISK MANAGEMENT

- 4.1 The feasibility study and the completion of a detailed business case will examine all risks associated with this project and set out how such risks will be mitigated.

5. APPENDICES

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Appendix 1 - OPE BID
Appendix 2 - DPP3 Panel Members

6. BACKGROUND PAPERS

None

7. KEY

AUTHOR OF REPORT

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APPENDIX 1 – see attached

APPENDIX 2 – Homes England Delivery Partner Panel- Members

B Y Development Limited
Bardsley Construction
Barratt Developments Plc
Beaumont Morgan Developments
Bellway Homes
Bloor Homes Limited
Blueprint Limited Partnership
Carillion Igloo (inactive)
Clarion Housing Group
Countryside Properties Limited
Crest Nicholson
Deeley Group Limited
Galliford Try Plc
Heyford Park Settlements LP
Interserve
Jessup Brother Limited
Keepmoat Homes Limited
Kier Limited
Laing O Rourke
Legal & General Homes (Communities) Limited
London and Quadrant Housing Trust
Lovell Partnerships Limited
Mears New Homes
Morris Homes
Novus Property Solutions Limited
Orbit Homes (2020) Limited
Places for People Group Limited
Redrow Homes
Robert Woodhead Limited
Robertson Group
Sanctuary Housing Association
Seddon Group Limited
Speller Metcalfe Limited
Strata Homes
Strategic Team Group
Taylor Wimpey
The Casey Group Limited
United Living (South) Limited
Urban Splash Developments Limited
Wates Construction
Willmott Partnership Homes Limited

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OPE 7 Bid

**The comprehensive regeneration of
Matchborough and Winyates District Centres,
Redditch with significant new housing**



An application for funding and support under One Public Estate

Contents

1. Project Title
2. Headline
3. Project Rational and Objectives
4. Site/s
5. Project Scope
6. Partners
7. Benefits
8. Time Scales
9. Funding
10. Risks

1. Project Title

The comprehensive regeneration of Matchborough and Winyates District Centres, Redditch with significant new housing.

2. Headline

The redevelopment of the original 1970's New Town District Centre layout and design will enable Redditch Borough Council and partners to remodel the area, increasing the number and type of housing available as well as delivering community benefits and a more sustainable retail offer. This will include market and shared ownership housing to meet a specific need recognised and agreed with Homes England.

3. Project Rationale and Objectives

Redditch Borough Council is working in partnership with other public sector landowners to undertake the comprehensive redevelopment of two adjoining but failing District Centres within Redditch Borough to create a high quality and comprehensive new development comprising new retail and community facilities, over 400 new homes, and enhanced sports and leisure facilities at the Arrow Vale RSA Academy, set within a green, safe and attractive environment. Through its public sector partnership, Redditch Borough Council is also engaging with health and community safety partners to ensure appropriate health facilities and related local community services are all integrated within the planned development.

Round 7 of OPE places strong emphasis on the provision of new housing. Through a partnership approach, the developing plan for the new development could relocate the remote school playing fields within an enlarged RSA Academy curtilage on undeveloped land. The release of current playing field land and surplus highway extension land along with the footprint land of the existing District Centres provides a developable site of over 8ha gross. With the level of existing social housing provision in the area, the new housing would include a significant portion of market housing, including smaller units primarily aimed at first time buyers, for which there is known to be unmet demand locally. The majority of the developable land is within public sector ownership so only limited land assembly and property acquisitions will be required. The feasibility study and master planning will define and support the potential for further land acquisitions.

Initially, redevelopment and regeneration of this area was focussed on redeveloping the two District Centres simultaneously. Since then, alternative redevelopment options have been tabled, all of which could provide the desired enhancements for the area. These options include the potential to replace the existing centre with a major new district centre, serving both of the local communities served by the existing centres. In order to fully understand which development option should be pursued, a detailed feasibility study is now required. This will appraise the viability, deliverability and community benefit and value for money of all development options and once the recommended

option is selected by the public sector partners the study will extend to delivery method, master planning and funding to ascertain the most effective way to drive this project forward.

In terms of delivery method, it is recognised while that the Council (and other public sector partners) may wish to invest in the development, the nature of the mixed use development anticipated and the scale of the development, with 400 new homes to form part of any of the development options considered, we will need to work with an appropriate development partner who has the capacity and experience to undertake such a development. One option under consideration is to work with Homes England and their strategic delivery partners to identify a suitable development company who shares the visions and aspirations of the Council. This has clear advantages. First, procurement processes and time spans are greatly reduced, enabling a potential development plan to be agreed within twelve months. Second, Homes England's Strategic partners have been allocated capital funding for projects such as this, and additionally, discussions with Homes England indicate positive support for this method, with the likelihood that investment in a development of this scale and with these housing and community benefits would be supported, in principle.

To support this approach, Redditch Borough Council, as the lead partner would like to engage a development consultancy, who will advise the Council as well as other members of the partnership project team throughout the procurement processes, the preparation of development options and the master planning of the development once a development scheme has been agreed. If the decision is made to utilise the Homes England strategic partnership method to identify the development partner then the advisors to the Council will offer independent advice on the development of options which they will be asked to lead. The public sector partners will continue to develop plans for co-located community based services and the sharing of the new amenities and facilities to be created to inform the development options. The appointed consultants will also support the Council with the engagement of the local communities and the existing tenant businesses.

This is a major transformational project with potentially significant benefits to the local community and to key public sector stakeholders. Some initial work has already been undertaken in the area which will provide some enhancements and will not compromise the choice of a final development option. Enhancements include woodland management around Matchborough pond, brook realignment to increase water flows to and from Matchborough pond and preliminary ecological surveys.

Redditch Borough Council has a history of using innovative methods of construction and neighbouring developments are built under modular construction. The size and mixed use nature of the development would lend itself to Modern Methods of Construction (MMC) and the Authority is committed to exploring this opportunity during the development of the scheme. In selecting a potential development partner with Homes England, the Council will require evidence and track record of using MMC and their ability to provide the same opportunity for this scheme.

4. Site/s

The total area of the regeneration project is just over 8 hectares across two existing District Centres and adjoining green space and surplus highway land as indicated on the plan overleaf. The key to releasing the full 8 hectares of land will be support from Sport England to the development of a 5G pitch for school and community use and the release of the land currently housing the rugby pitch and the sub-standard all-weather pitch (outlined orange on the plan).

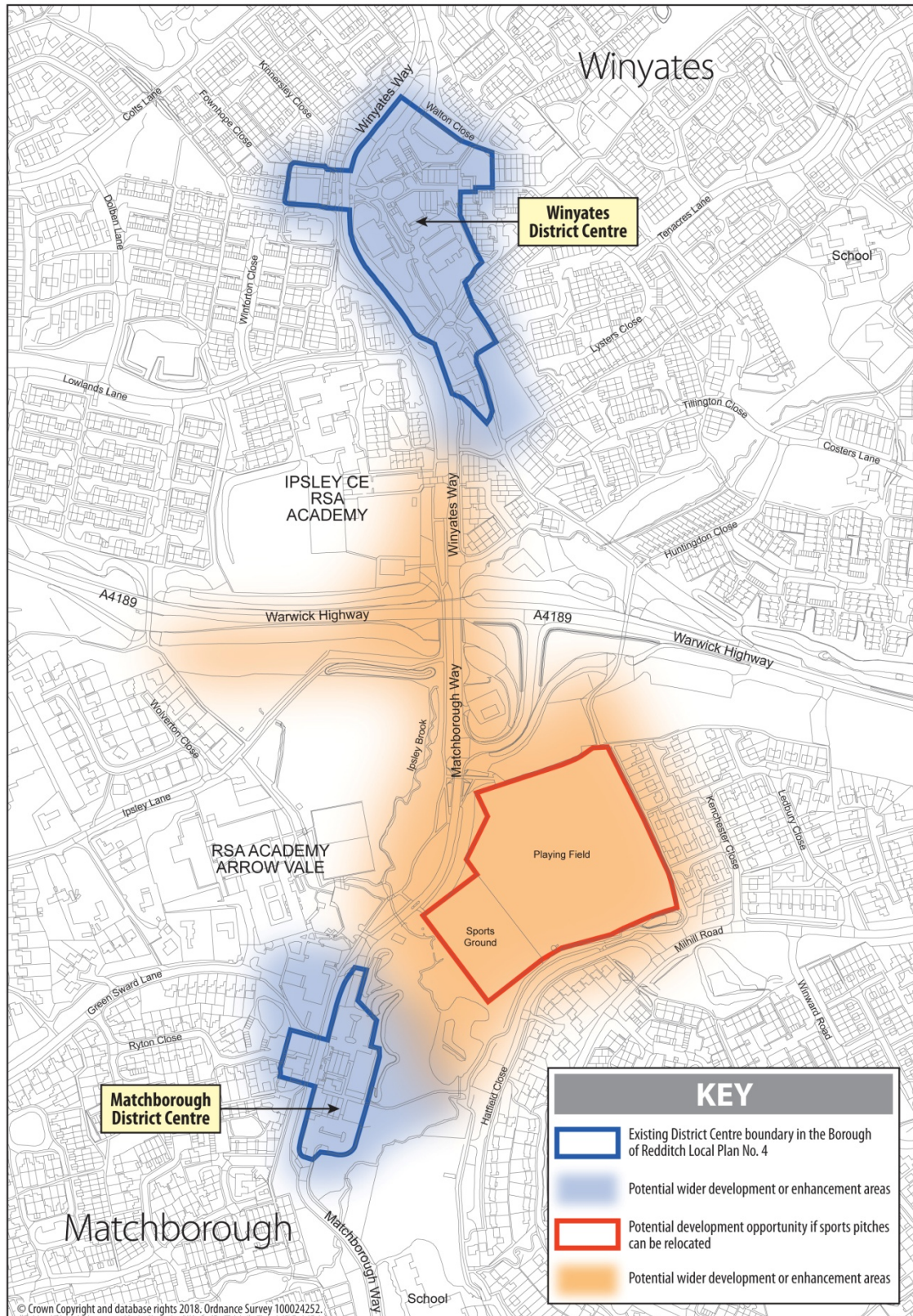
In order to ascertain the quantity of new homes that could be provided as part of this regeneration project, the available land has been evaluated. The Borough of Redditch Local Plan No.4 (Policy 5 Effective and Efficient Use of Land) indicates that densities of 70 dwellings per hectare (dph) should be sought on sites within or adjacent to District Centres. Using the Strategic Housing Land Availability Assessment methodology for new infrastructure and new open space provision the gross land areas are netted by 15%. Applying housing densities consistent with the Local Plan, the net developable land would allow for a new District Centre or two smaller centres in mixed used form with housing, and adjoining but separate, new housing development, providing over 400 new homes of mixed tenure.

Number of residential units released through the bid

Dwelling capacities	Area (Gross)	Area (Net)	Existing dwellings	Net @ 30dph	Net @ 50dph	Net @ 70dph	Net @ 100dph	Net @ 120dph
Winyates DC	1.98ha	1.68ha	28	50 (+22)	84 (+56)	118 (+90)	168 (+140)	202 (+174)
Matchborough DC	2.20ha	1.87ha	1	56 (+55)	94 (+93)	131 (+130)	187 (+187)	224 (+223)
New DC (1ha)	3.98ha	3.4ha (minus 1ha for DC) 2.4ha	0	72	120	168	240	288
Totals	8.16 ha	5.95 ha	29	178	298	417	595	714

It is anticipated that there is additional land beyond the District Centre boundaries that could have development potential if this is identified through a feasibility study, which offers some flexibility as the project develops. The approximate total land holdings identified on the plan overleaf can be broken down as follows:

Ownership	Area (Ha)
Matchborough	
Redditch Borough Council	7.239
Worcestershire County Council	9.012
Homes England	0.104
Private landowners	0.04
Winyates	
Redditch Borough Council	2.721
Homes England	0.013
Health Centre	0.34
Private landowners	0.552



5. Project Scope

The bid is for funding to undertake a feasibility study to enable the development options appraisal, master planning and delivery method for a comprehensive regeneration scheme involving new residential development, with retail, business and community space, enhanced local amenities, improved sports, health and leisure facilities and significant improvements in the built and natural environment.

This funding will enable the completion of all feasibility work, development appraisals and options analysis to secure a viable and sustainable development proposal. If the decision is taken to utilise the Homes England Strategic partner route to developer procurement then it is expected that work undertaken of the development appraisal and master planning will count as a matching contribution to the OPE funding now sought. All feasibility work will be completed in Q2 19/20 in order to advance master planning and development applications in the latter part of the financial year. The breakdown of project expenditure will be as follows:

- 1) £50k for stakeholder engagement and developer procurement including all legal agreements
- 2) £150k to undertake the full development options appraisal, master planning and design. 3) £50k for the development of the full business case for potential capital investment in the project
- 4) £50k for negotiations with additional land and property owners to support acquisition and associated legal agreements
- 5) £50k for further technical appraisals as required
- 6) £10k for continuing consultation and stakeholder events

The outputs from the project will include new housing, additional business space, enhanced retail and community space, new health facilities within a one-stop community services hub and a new traffic management scheme which prioritises local traffic movements, cycling and walking.

6. Partners

In addition to the public sector land owners, the regeneration scheme is supported by other interested parties in the locality who will not only benefit from the regeneration, but will also be consulted to help shape the preferred regeneration option.

Name of organisation	Nature of support (funding/land/service delivery)
Redditch Borough Council	<ul style="list-style-type: none"> • Land owner and Lead Authority.
Worcestershire County Council	<ul style="list-style-type: none"> • Land owner. The County Council is committed to the comprehensive place-making approach and the remodelling of highways and pedestrian routes to support the preferred layout and housing development. The County Council will incorporate their land into this comprehensive approach.
Arrow Vale RSA Academy	<ul style="list-style-type: none"> • Agreement to release playing fields subject to Sport England approval. Partner in the delivery of services to the local community. • In-principle financial contribution towards relocating sports pitch.
Homes England	<ul style="list-style-type: none"> • Land owner and potential investor. • Use of HE's delivery partner panel to fast track appointment of suitable development partner. • The selected development partner will bring expertise and resources which may be considered as match funding to the bid.
Sport England	<ul style="list-style-type: none"> • Key early engagement as a consultee to advise on a strategy for playing pitch relocation and provision.
P & E Sports	
Police and Community Safety Partnership	<ul style="list-style-type: none"> • Community safety, design, local knowledge.
West Mercia Police	<ul style="list-style-type: none"> • Co-location (touchdown facility).
Winyates Health Centre	<ul style="list-style-type: none"> • Land owner and provider of community services.
Christ Church, Matchborough	

Redditch Borough Council, Worcestershire County Council and the RSA Academy have already funded the feasibility of developing the 5G sports pitch in a new location on Redditch Borough Council and Worcestershire County Council land. The release of the existing rugby pitch land and sub-standard all-weather pitch will involve a Land Swap arrangement between Redditch Borough Council and Worcestershire County Council to facilitate the new 5G pitch.

Sport England has been consulted during the preparation of this Bid in order that the land swap and reconfiguration of school sports facilities can satisfy Sport England's requirements and standards for playing pitch provision.

Sport England is a statutory consultee for proposals that result in the loss of playing fields, for which there is a need to demonstrate that the proposal will meet the exception tests in Sport England's policy in order for Sport England to raise no objections.

Dialogue has been informative and largely positive to date. As a starting point, Sport England has been able to appreciate the benefits which would be achieved through playing pitch reconfiguration and has identified areas of work needed to demonstrate that the proposed package of mitigation would accord with Sport England's policy guidance. This feedback and advice offers Redditch Borough Council and its partners encouragement that the scheme could be achievable going forward.

Additional meetings with Sport England and a cross section of Council Officers have been scheduled for early December to ensure that the momentum to drive this project forward is maintained. Some works required by Sport England such as the identification of one new playing pitch elsewhere in the Borough may take time to achieve. The sooner this work can be undertaken, the sooner the Council and its partners can work towards positive outcomes which can be fully supported by Sport England.

RBC has invested around £15,000 to date in other feasibility activity in the area to support the redevelopment of this site, this includes:

Topographical Study: £2875.00

Preliminary Ecological Appraisal: £1500.00

Hydrological Study: £5950.00

Weir work and brook improvements (ongoing): £4570.00

Furthermore, additional work to be commissioned and costed early in the new year will include:

Tree felling

Land quality assessments for playing pitch relocation

Further ecological assessments.

7. Benefits

The comprehensive regeneration of Matchborough and Winyates District Centres will create a sustainable and viable future for these important district areas in Redditch. It will attract new inward investment into the project, create a viable future for the retail and community facility offer, encourage people to choose to live in the area and create high standards of design, public realm and community safety. It will transform two failing and dated District Centres, characterised by poor design and obsolete buildings with significant improvement in the provision of local services and amenities.

OPE measured benefits summary

Benefits	Value
Capital Receipts	The completed development project will have a gross development value of between £120m - £150m. With the likelihood of grant funding and direct capital investment by the Borough Council it is expected that the project will produce a capital receipt surplus. This will be determined during the feasibility study but is estimated at £2.5m based on a desktop assessment..
Reduced Running costs	The completed scheme will reduce the costs to the public sector through joined up service provision from a more efficient building and potential additional income from lettings. This will be determined during the feasibility study.
Land released for housing (ha)	8 ha
Land released for housing (homes)	400
Jobs created	To be determined
Inward Investment	The development scheme will attract over £100m of new inward investment. It will also attract additional Council Tax of £466k per annum
Reduced policing	
Reduced anti-social behaviour	
Increase in useable community and green space	
Increased community support	
Increased social aspirations	

8. Timescales

Milestone	Estimated Start date	Estimated completion date	Notes
Completion of feasibility study including site appraisals and environment assessments. Appointed of development partner with HE	Q4 18/19	Q2 19/20	This work will be led by Redditch Borough Council with additional support
Appraisal of development options with development partner.	Q2 19/20	Q3 19/20	Potential land acquisition
Adoption of master plan and infrastructure delivery plan	Q3 19/20	Q1 20/21	Progression of full planning application for the development
Implementation of new infrastructure and delivery of new district centre and housing development	20/21	22/23	
Sale/lease of homes commences	22/23	23/24	

9. Funding

Securing funding for this scheme will be fundamental to releasing the opportunity presented to acquire additional land, above what is in existing use, for the development of housing and the achievement of capital receipts to the public sector. The funding from OPE7 will specifically support master planning and design, options appraisal and business case development. It will complement the time and resources of Homes England and one of their strategic partners in undertaking feasibility work to consider the scope for further public investment and private sector housing investment in the comprehensive development scheme. It is not possible at this stage to quantify the value of this contribution from Homes England and the selected strategic partner but this will be undertaken and shown as match funding to the OPE7 grant.

Money has already been invested to determine the feasibility of the 5G pitch clearing the way for the Land Swap and development to take place. The OPE funding would allow the partners to develop a scheme to maximise the use of the site, and to ensure its delivery.

Funding body	Value
OPE grant	£160k
OPE sustainable grant *	£40k
Homes England and development partner	TBC breakdown of all costs shown above

**The sustainable grant element reflects the sale of some of the site for market housing or sale of land for market housing development.*

The phasing of OPE expenditure will run in parallel with the appointment of a suitable development partner and their own investment in feasibility studies and options appraisal working with the Council and its public sector partners. The OPE funding will provide the Council with independent advice throughout the procurement and development process. Capital investment in the project will include funding from Redditch Borough Council, Homes England and the chosen development partner. Homes England has indicated that this project qualifies in principle for capital funding providing it is delivered through one of its strategic partners.

The OPE funding awarded under round 3 predominantly supported the Redditch Town Centre Review, with some monies being used to progress some initial design work for Matchborough and Winyates District Centres assuming that both District Centres would remain.

The scheme currently proposed includes much more land for development and regeneration. Redditch Borough Council and its partners now need to understand the value of wider land holdings in the area, both in terms of generating capital to fund future progression and also the potential benefits of including additional public sector owned land in the project.

The comprehensive nature and potential scope for the regeneration project now therefore significantly outweighs the original regeneration schemes and the delivery of 60 housing units proposed at the time of the OPE3 bid. Through partnership engagement, the realisation of what can be achieved collaboratively would not only deliver regenerated District Centre facilities, but also superior sporting facilities for the nearby schools and around 400 new homes.

The redevelopment of the areas has political support and a readiness to commit capital funding if the scheme was to prove viable. Therefore, this OPE7 Bid would facilitate an increased level of housing development and inward investment and accelerate the development of an area that, without OPE7 funding, would struggle to get traction in sufficient time to realise the opportunity presented. The feasibility work now proposed would assess the potential capital investment from both the public and private sectors and the capital receipts and revenue income which will be forthcoming.

Redditch Borough Council has allocated up to £20m for acquisitions and housing development and this project will be eligible for some of this investment. Furthermore, the Borough Council will work with Homes England to secure a potential development partner to deliver the comprehensive housing led regeneration scheme and thereby to secure funding from Homes England to support the delivery of the scheme and the new housing once agreed.

Redditch Borough Council and Worcestershire County Council as principal landowners will look to enter into a development agreement with the appointed development partner whereby they would retain ownership of the housing development and potentially the new shopping centre with income from lettings shared between the developer and the public sector partners.

10. Risks

The most significant risk to this scheme is securing the right developer and a fundable development scheme which meets the ambitions of the development partners. This OPE funding will guide the Council through this process and support the feasibility work needed, and master planning in order to ensure the best possible development is achieved.

Once secured the project has a high level of support and complies with current planning and Council policy.

Element	Risk	RAG	Mitigation
Planning	Policy	G	Scheme complies with approved planning policy
Planning	Design	G	Scheme design will be led by the Borough Council with support of its Planning Team, working with the appointed development partner
Planning	Highways	G	Worcestershire County Council will lead the transportation assessment and movement strategy
Land ownership	Third party ownerships	G	Most land is in public ownership. Where property is owned privately the Council will continue to work with the owners to ensure they are included in the scheme
Community	Lack of community support	G	A comprehensive approach of continued public engagement and consultation is planned to maintain confidence in the scheme and to ensure benefits are realised