

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

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

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.

(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

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

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

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

8th January 2019
