

London Borough of Enfield

Operational Report

Report of **Joanne Drew**

Subject: Approval for Council to enter into a capital grant agreement for One Public Estate (OPE), Self and Custom Build (Phase 2) Programme funding to support delivery of self and custom build homes.

Executive Director: Sarah Cary Executive Director in consultation with Fay Hammond Executive Director for Resources.

Ward All

Key Decision: KD 5439 / U238

Purpose of Report

1. This report seeks permission for the Council to enter into a grant funding agreement with the Secretary of State for Levelling Up, Housing and Communities through the One Public Estate team for the provision of funding relating to the One Public Estate, Self and Custom Build (Phase 2) programme.

Proposal(s)

2. That the Executive Director of Resources in consultation with the Director of Housing and Regeneration authorises the Council to enter into the Grant Funding Agreement with the One Public Estate team for the Self and Custom Build fund attached in Appendix A and associated capital works contained within the Agreement.

Reason for Proposal(s)

3. To ensure that Enfield continues to support delivery of self and custom build homes in the Borough.

Relevance to the Council Plan

Good homes in well-connected neighbourhoods

4. Supporting development of new housing will enable the Council to increase the quality of housing stock it has to discharge its statutory housing responsibility to households that live in the Borough.

Sustain strong and healthy communities

5. Any increase in the provision of housing within the Borough is likely to make a positive contribution to strengthening communities.

Build our local economy to create a thriving place

6. Developing good quality housing in areas where people desire to live will help to create and maintain strong sustainable communities. Bringing forward housing in

areas with generally low levels of home ownership and lowering the barriers to self/custom build, low cost home ownership will help the Council create a thriving place. Other benefits include supporting the SME local builders and improving skills base, whilst Increasing Enfield's Council tax base.

Background

7. The principle of the Custom Build scheme was approved by the Council's Cabinet in June 2016 (KD 4200) and authorised the disposal of 17 former garage sites to enable custom build development, should they be viable and subject to planning consent being achieved. Five of the sites proposed for this scheme were taken from the pre-approved list of 17 sites.
8. The Housing and Growth Strategy 2020-2030 (KD 4841) sets an ambitious direct delivery/acquisition programme of 3,500 council owned homes over the next 10 years that includes working with other delivery partners.
9. The Council is therefore developing a programme based on unlocking smaller, unused, economically challenged sites for new 100% affordable self/custom build housing that meets local housing need and taps into the DIY spirit of Londoners who are priced out of home ownership. By continuing our successful working partnership with Naked House; and getting into partnerships with other Community Land Trusts; the project lifecycle is covered, from land through to delivery of affordable homes and long-term community governance; de-risking the process and maximising social benefits at every opportunity. We have identified 10 constrained sites with good potential for development. We would use funding to unlock and de-risk these constrained sites that would otherwise not be developed by standard housing developers.
10. Under the One Public Estate, Self and Custom Build (Phase 2) programme, Central Government announced a funding package for Local Authorities to support housing delivery and Small and Medium Enterprises' economic recovery, by releasing land for self-build and custom build. One Public Estate programme is a partnership between the Secretary of State for Levelling Up, Housing and Communities, Cabinet Office and the Local Government Association which manages the Brownfield Land Release Fund on behalf of the Department.
11. The Council submitted a bid through the One Public Estate Barnet and Enfield Partnership Board in November 2021. On 28 January 2022 the Council received an award letter advising that our bid for £628,000 for the 2022/23 financial year had been successful and that all Local Authorities are required to enter into contracts by 14 February 2022. This is to enable the full grant to be paid to the Council by 14 March 2022. This letter is a pre-announcement to be held in confidence and the details are not to be disclosed publicly until an official announcement from the Secretary of State for Levelling Up, Housing and Communities.
12. To enable the release of Self and Custom Build (Phase 2) funding, the Council as the lead local authority that is being awarded the funding will have to sign the Grant Funding Agreement and send it to the Barnet and Enfield OPE Board by 11 February 2022. The OPE Board as the accountable body will coordinate the respond back to the One Public Estate team on behalf of the partnership by 14 February 2022 at the very latest.

Main Considerations for the Council

13. Grant funding will help address market failure by unlocking unused, constrained and difficult to develop sites owned by LBE, that would otherwise remain undeveloped and unused, locking in land value uplift. The funding will be used to procure works to manage the works specified in the bid. Please see table below for further details.
14. For the expenditure of £694k funding requested, the council is targeting a capital receipt at c.£4.5m for the 56 units identified for the Self/Custom Build scheme. The benefit of selling these sites to aspiring Self/Custom builders is that the Council will not incur development costs which would be c. £16.8m and the risk associated with developing these units ourselves.
15. The Council is planning an outright disposal of sites to applicants on our Self Build register and will use a third-party enabler for those who will develop the land as a custom build scheme. In order to de-risk the sites the Council will be following a competitive tender process as per the Council's Contract Procurement Rule.
16. In response to the bid, Enfield has been allocated £628,000 from the One Public Estate, Self and Custom Build (Phase 2) programme for the sites specified below:

Enfield Small Sites Development - The Sites	No. Units	Works required	Amount requested	Amount of Grant awarded
The Poplars	10	Widening of Access Road, Facilitating Works (Asbestos removal works, demolition & general site clearance)	£94,000	£94,000
Ivy Road	10	Culvert under site; Facilitating Works (Asbestos removal works, demolition & general site clearance)	£46,000	£75,000
Brigadier Hill Garages	8	Asbestos removal, garage demolition & general site clearance	£40,000	£45,000
Southbury Avenue Garages	4	Widen access road, garage demolition and general site clearance	£94,000	£94,000
Ingersoll Road Garages	4	Widen Access Road and resolve land ownership blockage	£75,000	£75,000
The Brightside Garages and Vacant Car Park	6	Garage demolition, asbestos removal, 1 gully, 3 manholes and general site clearance	£50,000	£50,000
Berkeley Gardens Garages	4	Asbestos removal, demolish garages; relocate Elec. Sub Station, general site clearance	£200,000	£100,000
Clarence Road Garages	4	Asbestos removal, garage demolition and clearance	£35,000	£35,000
Oatlands Road Garages	2	Asbestos removal, garage demolition & general site clearance	£25,000	£25,000
High Road Estate Garages	4	Asbestos removal, garage demolition & general site clearance	£35,000	£35,000
Total	56		£694,000	£628,000

17. Payment will be made in one instalment on or before 14 March 2022 and funds will need to be committed within the financial year.
18. The funding agreement comes with tri-annual reporting requirements against six milestones which are:

- Procurement of infrastructure works: contractor commencement date
 - Commencement of S&CB2 funded works date
 - Completion of S&CB2 funded works date
 - Date land is to be released
 - Expected start on site
 - Expected development end date
19. One of the main considerations for the funding is that it must enable the sale of the first self and custom build plot for housing by 30 September 2024 or earlier and must address market failure.
20. Where any part or all of the grant is required to be repaid as a result of noncompliance with the terms and conditions set out in the Grant Funding Agreement (Appendix A), the Council will have to repay this amount within 30 days of receiving the demand for repayment.

Safeguarding Implications

21. Not applicable

Public Health Implications

22. Entering into a grant funding agreement in and of itself does not have any public health implications.
23. However, the self/custom-build homes allow residents some choice about how they finish their homes. It offers an exciting opportunity for people to take a first step onto the housing ladder and be part of their own solution to the housing crisis but more importantly, it maximises social, life and health benefits at every opportunity. Well-designed homes in good neighbourhoods are vital for good health and life outcomes including education, active transport, etc.

Equalities Impact of the Proposal

24. Section 149 of the Equality Act 2010 requires public authorities to have due regard to several equality considerations when exercising their functions. Although an Equalities Impact Assessment (EqIA) is not specifically required by the Equality Act 2010 public authorities often carry out these assessments prior to implementing policies. The screening exercise shows that a full EqIA is not needed for the approval of this report to enter into an agreement with the Secretary of State for Levelling Up, Housing and Communities for provision of One Public Estate, Self and Custom Build (Phase 2) programme. However, it should be noted that projects or work stream deriving from this may be subject to a separate EqIA. Therefore, any projects or work stream will be assessed independently on its need to undertake an EqIA to demonstrate that the Council meets the Public Sector Equality Duty.

Environmental and Climate Change Considerations

25. Commitment to low carbon housing with high u-values and low energy use together with proposed use of electric, heat and water pumps in place of gas in the new homes will help the Council work towards becoming a carbon neutral borough by 2040.

Risks that may arise if the proposed decision and related work is not taken

26. Failure to sign the agreement will result in a loss of grant and subsequently risk the delivery of self and custom homes delivery in the Borough.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

27. Should the Council fail to deliver on these projects identified below or fail to comply with the terms and conditions set out in the Grant funding Agreement, the Secretary of State for Levelling Up, Housing and Communities may reduce, suspend, or terminate payments of Grant, or require any part or all of the Grant to be repaid.

Financial Implications

Budget - capital

28. There is no capital budget provision therefore £628k has to be added to the HRA capital programme in 2022/23 which will be fully funded by external grant.

29. Table below shows trajectory of addition and funding assumed :

Addition and financing to HRA capital programme £'000	2022/23	2023/24	2024/25	Total
Requested addition	628	0	0	628
Grant funding	-628	0	0	-628

30. Requested addition will be reported in the Qtr 1 monitoring cycle for 2022/23 and expenditure will be re-phased, together with associated grant funding, to reflect the progress of the schemes.

Key Grant conditions and accounting treatment

31. Terms of grant require first sites to be sold by 30th September 2024 and all expenditure to comply with definition of eligible expenditure which excludes :
- Payments which Council has statutory obligation
 - Depreciation, amortisation or impairment of fixed Assets
 - Interest on borrowing
32. Eligible expenditure will be for the HRA sites listed in Appendix B and these have been verified as being owned by the Council and appearing as part of the HRA asset listing.
33. Grant will be ringfenced for this scheme only and therefore meets the definition of being committed as referenced in grant agreement.
34. Breach of above or other conditions set out in the grant agreement (see appendix A) will result in some or all of the grant to be repaid therefore grant is to be treated as **Receipt in Advance for final accounts 2021/22.**

35. Any expenditure required to bring sites into suitable condition in excess of eligible expenditure of £628k will be funded from existing approved HRA budgets and reported as part of the monitoring cycle.

Budget - revenue

36. Incidental expenditure required in implementing the scheme not qualifying as capital will be funded from within approved HRA revenue budgets.
37. Expenditure initially capitalised which then becomes abortive will be charged to revenue and funded from within existing revenue budgets.

Borrowing

38. Eligible expenditure of £628k will be funded entirely from grant of the same amount with any additional expenditure required to implement the schemes funded from within the approved capital programme and will not result in additional borrowing.

Taxation

39. Grant is outside scope of VAT and applicable input tax recoverable through normal mechanisms.

Legal Implications

40. The Council has power under s.111 Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles. The recommendations set out in this report are consistent with the Council's powers and duties.
41. The terms and conditions of grant funding are summarised in this report and the attached appendix. The form of grant agreement has been approved by Legal Services on behalf of the Director of Law and Governance. In the event of non-compliance or breach of any conditions of funding, the Council may be required to repay any funding already received.
42. The proposal to enter into a grant funding agreement is a Key Decision. The Chair of the Overview & Scrutiny Committee on the advice of the Monitoring Officer has approved the use of Rule 16 special urgency provisions.

Workforce Implications

43. Not applicable

Property Implications

44. Housing Revenue Account (HRA) property implications are to be found throughout this report. There are no corporate property implications arising from this report.

Conclusions

45. The funding will unlock 56 homes on small sites across the Borough. By agreeing that the grant agreement can be entered into this secures funding for the Council and establishes a positive relationship with Department for Levelling Up, Housing and Communities as part of the One Public Estate Partnership.
-

Report Author: Cem Erkmen
Housing Enabling Manager
cem.erkmen@enfield.gov.uk
020 8132 0128

Date of report: 9 February 2022

Appendices

Appendix A – Grant Funding Agreement

Appendix B – List of sites and Eligible expenditure

Property appearing on HRA asset list	Amount
Berkeley Gardens Garages	£100,000
Ivy Road	£75,000
Brigadier Hill Garages	£45,000
Clarence Road Garages	£35,000
High Road Estate Garages	£35,000
Ingersoll Road Garages	£75,000
Oatlands Road Garages	£25,000
Southbury Avenue Garages	£94,000
The Brightside Garages and Vacant Car Park	£50,000
The Poplars	£94,000
Eligible expenditure for which grant claimed	£628,000