

## Rother District Council

**Report to:** Cabinet

**Date:** 12 December 2022

**Title:** King Offa Residential Development – Brownfield Land Release Fund Round 1

**Report of:** Director – Place and Climate Change

**Cabinet Member:** Councillor Byrne

**Ward(s):** Bexhill St Stephens

**Purpose of Report:** To present details of the Brownfield Land Release Fund Round 1 funding awarded in 2019 for remediation works to the King Offa Residential Development. Requesting approval to progress the project to both procurement, contract and delivery stages assigning the £500,000 grant and a further £305,000 of facilitating costs.

**Decision Type:** Non-Key

### Officer

**Recommendation(s):** **RECOMMENDATION TO COUNCIL:** That the King Offa Residential Development site be included in the Council's Capital Programme with a budget of £805,000 provided partially from Brownfield Land Release Fund Round 1 grant funding.

### AND

It be **RESOLVED:** That:

- 1) subject to full Council approval of the scheme, delegated authority be granted to the Director – Place and Climate Change to accept the £500,000 grant from the Brown Field Land Release Fund Round 1, for the purposes of delivering this project;
- 2) an additional amount of £305,000 from the Capital Programme be authorised to facilitate the delivery of the site to be reimbursed by a capital receipt upon transfer; and
- 3) delegated authority be granted to Director – Place and Climate Change to procure the contractor/s required for the funded works. This will include procuring contractors and entering into other contracts as necessary for the completion of the project works.

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### Introduction to Brownfield Land release Fund

1. The Brownfield Land Release Fund (BLRF) is a cross-government initiative between the Department for Levelling Up, Housing and Communities (DLUHC) and One Public Estate (OPE) which is delivered in partnership by

the Local Government Association and the Cabinet Office. OPE's joint aim is to bring public sector bodies together, to create better places by using public assets more efficiently, creating service and financial benefits for partners and releasing land for housing and development.

2. The BLRF is set up to help council-led developments with remediation works on previously attributed Brownfield land. This often comprises of disused land traditionally non housing uses such as industrial plots, garages, yards, car parks and other redundant facilities. The fund aims to help councils overcome the difficulties with these plots of land, such as expensive demolition, decontamination and even new services for plots that have previously never been developed.
3. In 2019, officers at Rother District Council (RDC) completed a successful bid for BLRF Round 1 alongside our OPE partner SPACES (Strategic Property Asset Collaboration in East Sussex). This bid was for £500,000 to help bring forward the housing element of the wider mixed-use development by funding required demolition and highways works.

### **Project Background and Progress**

4. The site forms part of the Old Bexhill High School site that historically has sat within East Sussex County Council (ESCC) ownership. RDC is in the process of completing the land swap with ESCC which has delayed the developments timeline. It is therefore crucial that RDC procure and spend the funding for the remedial works from BLRF Round 1 in time with the deadline of March 2024.
5. The site was originally allocated in the Rother Local Plan in 2006: Policy BX9 Land off Down Road, Bexhill forming the existing High School and Drill Halls. This policy was superseded by 2019 Development and Site Allocations Local Plan which is forming part of the emerging Local Plan. The residential development forms the northern part of Policy BEX4: Land at Former High School Site and Drill Hall, Down Road; which states:  
  
Either:  
a) some 35 houses are provided; or  
b) some 36 flats and 18 houses are provided.  
In both cases, 30% of the dwelling units shall be affordable.
6. Outline planning permission for Application No. RR/2019/430/P has been approved subject to a Section 106 agreement. The site plan is attached at Appendix 1. The description of the development:  
*Outline: Mixed use development comprising a leisure centre (D2 Use), ancillary car parking and up to 52 dwellings (C3 Use) including matters of access with all other matters reserved.*
7. The Section 106 is still outstanding due to delays with the land transfer from ESCC who is in the process of evicting the current commercial tenant from the land. RDC officers have been working closely with officers from ESCC to complete the land transfer.
8. Since 2019 and the submission of the outline permission, the construction industry has changed significantly, and development costs have increased making many developments unviable. Considering current market trends RDC officers have reviewed the viability of the scheme and re-evaluated the established delivery route for the project. Officers engaged in soft market

testing with local partners, which confirmed that there is appetite within the market to deliver housing on this site. Therefore, once the remediations works have been completed RDC officers will go to the market to request offers to deliver the site from housing developers.

## Residential Development Funding

9. The full remediation works budget of £500,000 is funded by the BLRF Round 1 in 2019. The application to OPE was made by RDC and is supported by ESCC as a joint application. The successful bid was assisted by our OPE partner SPACES.
10. The funding requested was detailed as follows:
  - £100,000: Budget estimate for demolition of old refectory building and contamination remediation (based on cost of recent demolition of industrial units and associated mitigation for contamination at Wainwright Road, Bexhill-on-Sea).
  - £400,000: Budget estimate to provide additional lane at the junction of the A259 and Combe Valley Way. Estimate provided by Prime transport consultants as part of the outline planning process in negotiation with Highways England.
11. This report requests an additional £305,000 to be allocated into the capital programme. This allocation will bring the site forward to its next stage. Costs include but is not limited to: Consultants fees; Immediate sites Works; Site security; Legal Fees; Staffing Costs; Valuation; Contingency; and Interest.
12. The King Offa Residential Development site, previously part of the planning application as mentioned above has been reviewed and recommendations agreed previously by Cabinet are summarised as follows:
  - £2m additional to capital programme (Minute CB17/16);
  - appoint an Employer's Agent and an Architect to carry out detailed design work and preparation of a reserved matters application to be funded from capital project budget previously committed (Minute CB19/32); and
  - the housing development on the site be continued and progressed, including the work required to develop and submit a reserved planning application for the rear of the site (also Minute CB19/32).

## Key Risks

13. Listed below are some of the key risks and the relevant mitigations:

RISK DESCRIPTION	MITIGATION
Further Land Swap Delays	Working closely with East Sussex County Council to provide a consistent message to the current tenant that they must leave with court proceedings underway to remove them.
Rising cost implications	The BLRF funding was successfully granted in 2019 and therefore works costs have increased since then. It was pertinent that officers included contingency amounts within the quotes and we therefore are in a position where current development estimates come in under the grant funding. We will continue to work with consultants to make sure mitigation works and designs are efficient and stay within the budgets provided.

<b>RISK DESCRIPTION</b>	<b>MITIGATION</b>
Increase in costs of installations beyond the specified budget	The project team will closely monitor budget as the project progresses and include a contingency against any further quotes. We will work closely with our estates and maintenance team who will advise on particulars of demolition and make sure we are giving the correct brief. The budget requested includes additional consultant fees that may not be required alongside a contingency for unknowns and overspends that arise. This additional spend will only be a last resort if the entirety of the funding is needed for remediation works.
Failure to procure suitable contractor/s	The project team will procure for contractors through the East Sussex Procurement Hub who have of contractors within their frameworks and will complete initial market testing to confirm contractors are available and keen to bid. We will also keep procurement process brief the entice more competitive responses from local companies and those further afield.
Changes to the scheme impacting funding	Due to the current nature of the construction and housing market, particularly post COVID, requirements and sales needs are changing for developers and both affordable providers and for-profit providers. This will mean a review of the scheme currently proposed may change the unit mix, amount and type of development. Whilst the BLRF funding was based on a certain number of units changes to this may affect the funding. This will be mitigated by continued engagement with our OPE partners and sharing sound reasoning and any updates to the scheme as they arise.

## Conclusion

14. This report requests for capital funds to be made available to enable officers to facilitate the delivery of remediation works to the King Offa Residential Site, which meets the Council's strategic objective of delivering more homes for the district. Alongside this it will deliver more affordable tenure homes on Council owned land.
15. Once the delivery route has been chosen a report will come to Cabinet requesting disposal of the site, outlining the benefits and capital receipt for the project.

## Financial Implications

16. There will be no long-term financial implications to the project once the capital receipt has been received for the site allowing delivery of homes to commence.
17. Any capital receipt surplus will be used to fund other capital schemes and thus reduce the Council's borrowing costs.
18. The short-term implications to the Capital Programme require the funds to be released to enable the spending of grant funding. This will have further implications on the Capital Programme for the short period of time. These financing costs have been anticipated to be £20k per annum.

19. Cabinet resolved to approve project progression in September 2017 (Minute CB17/16 refers), committing £2m and the required resources to bring the scheme forward. In July 2019, Cabinet resolved (Minute CB19/32 refers) that the new approach to developing the old Bexhill High School site Corporate Plan Project be supported by omitting the proposed hotel due to the Ministry of Defence resolving to remain in the Drill Hall, and; separating the housing and leisure elements into two distinct projects to be brought forward separately after outline planning permission has been granted.

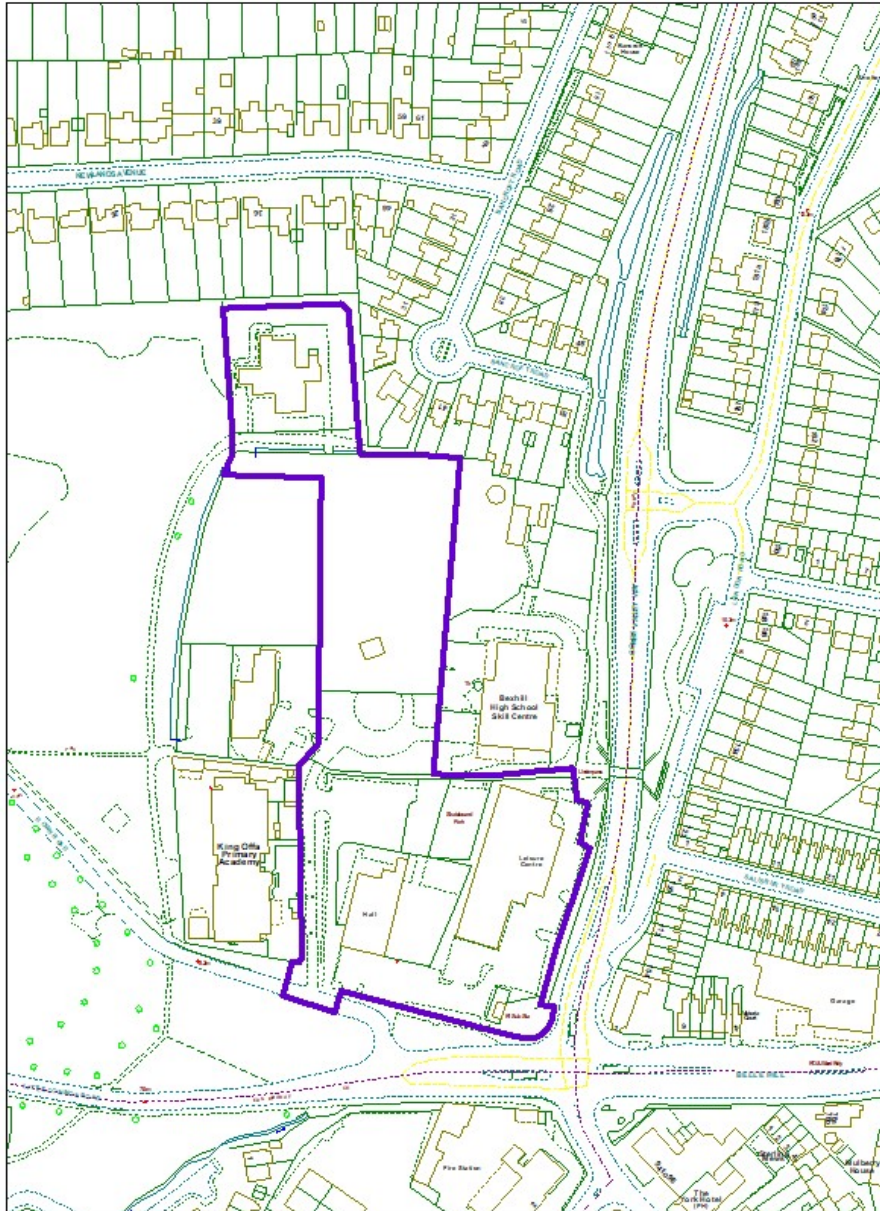
### Sustainability Implications

20. The construction works delivered as part of the remediation funded by the BLRF will be procured against high sustainability standards.
21. This project will help to demonstrate both locally and nationally, RDC's commitment to our Environmental Strategy and Core Plan in every piece of work we do. Showing that any contract should be upheld to high sustainability standards and aim to achieve net zero.
22. The construction works delivered as part of the remediation funded by the BLRF will be procured against high sustainability standards.
23. Each contractor will have to submit sustainability reports as part of Rother's Improved Procurement Procedures when they are implemented.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	Yes	Exempt from publication	No
Risk Management	No		

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Appendices:	Appendix 1 – location map
Relevant Previous Minutes:	CB13/10   CB14/13.(8.1) & C14.41.   CB14/30 (7.1)   CB14/33 (6.1)   CB15/52.(7.3)   CB16/06   CB17/16   CB17/99   CB19/32(10)   CB19/72.(12)   PL19/93.(7)   CB19/98. (13)   CB19/107. (6)   CB20/13.(13)   CB20/22.(8)

SITE PLAN  
RR/2019/430/P  
BEXHILL  
Bexhill Leisure Centre, Down Road.



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