

Report to CABINET

Grant Acceptance: One Public Estate (OPE) Brownfield Land Release Fund – Round 2

Portfolio Holder:

Councillor Arooj Shah,
Leader of the Council and Portfolio Holder for Reform & Regeneration

Officer Contact:

Emma Barton, Deputy Chief Executive (Place)

Report Author:

Dave Catherall, Principal Officer – External Funding.

Date: 13 November 2023

Reason for Decision

Oldham Council has secured capital funding for the remediation of three sites in the town centre; the Civic Centre and Queen Elizabeth (QE) Hall, the former leisure centre site and the former Magistrates Court.

The purpose of this report is to confirm the value of the grant available to Oldham Council and notify Cabinet of the intention to bring this additional resource into the capital programme to commence detailed negotiations leading to the site clearance and remediation of all three sites.

Executive Summary

The Government recently announced a second funding round of the Brownfield Land Release Fund (BLRF2) where up to £60 million of funding was made available. The closing date for bidding applications was 31 March 2023.

The aims of BLRF2 are to:

- Release council-owned land within three years of receiving the funding, for housing development that otherwise would not come forward during the programme period;
- Encourage the use of public assets to drive innovative delivery, where possible supporting small and medium-sized enterprises (SME) / Low and Medium Volume Builders (LMVBs), creating new delivery models, supporting high-quality design and adopting modern methods of construction;
- Demonstrate a return for government investment into these small sites.

The funding will provide up front capital to address viability issues arising from abnormal costs of the proposed development. The type of abnormal costs requiring funding may include but are not limited to:

- Site levelling, groundworks, demolition, remediation;
- Provision of small-scale infrastructure;
- Highways works or other access challenges;
- Addressing environmental constraints;
- External works, substructure and piling;
- Asbestos removal;
- Sewer diversions.

Oldham Council submitted three proposals that focussed on site remediation and demolitions. These were the Civic Centre and QE hall site, the former Magistrates Court and the former leisure site. The Council was recently notified that all three site proposals were approved and acceptance of the grant had to be signed before 16 August 2023. Due to the urgent timescale, the Director of Finance signed this on behalf of the Council. Retrospective approval of the grant acceptance is therefore sought from Cabinet.

Recommendation

Cabinet members are asked to accept the grant offer from the Brownfield Land Release Fund (Round 2) and that the funding be incorporated into the Council's Capital Programme for use as set out in this report.

Grant Acceptance: Brownfield Land Remediation Fund Round 2**1 Background.**

- 1.1 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.
- 1.2 On 18 January 2023 DLUHC made a further £60m of capital grant funding available to English councils through the second round of the Brownfield Land Release Fund (BLRF2). The first round of BLRF 2 launched in June 2022 providing almost £35 million of funding to more than 40 councils, to release land for at least 2,200 homes by 2026.
- 1.3 The details of Round 2 were as follows
- Up to £60 million available
 - Deadline for applications – 23:59 on 31 March 2023
 - Decision on applications and announcement of funding awards - Summer 2023
 - Works contracts for BLRF2-funded activity signed - by 31 March 2024
 - Land release milestone - 31 March 2027.
- 1.4 Oldham's previous application to BLRF focused on sites within the town centre. The fund offers an opportunity to release a brownfield site with capacity for 1,000 new houses with a total area of 5.54 ha¹. For the purposes of the application the council brought together the following 5 sites under a single bid:
- The Civic Centre and Queen Elizabeth Hall (2.33 ha)
 - Former Magistrates Court & Manchester Chambers (0.81 ha)
 - Former Leisure Centre (0.93 ha)
 - Bradshaw Street (0.40 ha)
 - Tommyfield Market (1.07 ha)
- 1.5 The application didn't receive the support required with the feedback suggesting that it would have been a stronger proposal had the submission had focussed on single sites with more detail on each site.

2 Current Position

2.1 For the Round 2 call for proposals the Council submitted three individual schemes: The Civic Centre and QE Hall, the former Magistrates Court and the former Leisure Site. The Council was recently notified that all three applications had been successful.

2.2 Details of each scheme are shown below:

2.2.1 Civic Centre and QE Hall

- Total Grant - £1,390,035
- Key Project dates:
- Procurement of BLRF funded capital works (date at which contract is in place) – 30 November 2023
- Date land released – 1 January 2025
- Expected development end date (final housing completion) – 31 August 2026 (delivery of 200 new homes).

2.2.2 Former Leisure Centre

- Total Grant - £1,390,409
- Key Project dates:
- Procurement of BLRF funded capital works (date at which contract is in place) – 30 November 2023
- Date land released – 1 November 2025
- Expected development end date (final housing completion) – 31 July 2027 (delivery of 185 new homes)

2.2.3 Former Magistrates Court

- Total Grant - £370,782
- Key Project dates:
- Procurement of BLRF funded capital works (date at which contract is in place) – 30 November 2023
- Date land released – 1 August 2026
- Expected development end date (final housing completion) – 1 January 2028 (delivery of 125 new homes).

2.3 Further to these details, it should be stressed that there is no requirement for the Council to provide match funding. In accordance with the conditions of the grant offer, the Council has accepted the grant in principle, subject to Cabinet approval.

3 Options/Alternatives

3.1 Option 1 – That Oldham Council don't accept the offer of grant from the Brownfield Land Release Fund Round 2 and inform DLUHC and GMCA of the decision not to progress with the grant acceptance.

3.2 Option 2 – That Oldham Council progress the project proposals and confirm acceptance of the grant.

3.4 Preferred Option – Option 2 is the preferred option. The three sites that are subject of the approved projects are key sites in the Creating a Better Place programme. The funding provides an opportunity to clear the sites and progress to development without a reliance on the Council Capital Programme

4 Financial Implications

4.1 The BLRF Capital Grant funding, totaling £3.151m, will be used to support site clearance costs, groundworks and demolition costs across the three sites which will assist with the overall viability of the development of the sites.

4.2 The three sites form part of the Town Centre Development Partnership arrangements with Muse and the funding will assist the development of the proposals for each site, and there will need to be dialogue with the Development Partner to ensure that the funding can be deployed appropriately.

4.3 It is anticipated that the Council will incorporate the grant into its Capital Programme. However, whether the works are commissioned by the Council directly or by the Development Partner is still to be determined. If the Development Partner is commissioning some or all of the works, the Council will need to enter into a Grant Funding agreement with the Development Partner to ensure that any works are allowable within the Council's Grant Funding Agreement with DLUHC and facilitate communication with One Public Estate.

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- 4.4 It should be noted that the BLRF Grant has provision for clawback of funding if key deadlines are not met. The Council and Development Partner will need to ensure that the key target dates for procurement of the works, land release and completion of the development can be met to the satisfaction of the Funders to prevent any clawback of the BLRF Grant.
(James Postle, Senior Finance Manager)

5 **Legal Services Comments**

- 5.1 The Council must be satisfied it can meet the objectives and terms and conditions and milestones of the funding imposed by the funding authority including any obligation to provide match funding and to monitor, keep any necessary records and file any necessary returns. Officers must also check the terms do not conflict with other funding conditions for the scheme/s or project/property already in place and ensure compliance with the Public Sector Equality Duty and obtain any necessary Environmental Assessments.
- 5.2 All works, services and goods procured by or on behalf of the Council must be procured in compliance with the Council's Contract Procedure Rules and all other relevant regulations including, where applicable, the Financial Procedure Rules and Land and Property Protocol. Officers must work with legal colleagues to approve and formalise the terms of any grant Agreement in conjunction with Finance and Audit colleagues.
- 5.3 The Senior responsible Officer and Project Manager must ensure that Subsidy Control is considered in consultation with Legal Services and that all relevant assessments are made and recorded and all relevant regulations and legislation is complied with to the satisfaction of the Section 151 Officer and in compliance with the Financial Procedure Rules of the Council. External advice may be needed to support these activities which will be a cost to the Project.
- 5.4 The Transparency obligations of the Council must be complied with together with the Framework and obligations referred to in the Procurement comments below.
(Rebecca Boyle, Corporate Group Solicitor)

6. **Co-operative Agenda**

- 6.1 The proposals set out in this paper support the Council's Corporate agenda as the Council has successfully been awarded Government funding to remediate the Civic Centre and QE Hall, the former leisure site and the former Magistrates Court, with the aim of building new homes. This proposal will reduce homelessness and housing crises in Oldham which is a key corporate priority.
(Mahmuda Khanom, Policy Support Officer)

7 **Human Resources Comments**

- 7.1 There are no HR consequences.

8 **Risk Assessments**

- 8.1 The Council in accepting this grant must determine whether it can comply with the grant conditions and deliver the project. The risks in accepting this grant award are assessed as minimal.
(Vicky Gallacher, Risk and Insurance)

9 IT Implications

9.1 None.

10 Property Implications

10.1 The fact that these council assets are in scope for the town center partnership to deliver homes has been accepted in previous reports to Cabinet. The acceptance of this grant funding would hope to expediate the delivery of homes.

(Katy Webster, Property)

11 Procurement Implications

11.1 The acceptance and facilitation of this grant must be cognisant of the Local Authority Assurance Framework. The milestone dates set by funders for the expending of such grant appear to be very challenging and therefore the early engagement of procurement is critical to ensure sufficient planning for tendering and to ensure the timescales can be achieved and in full compliance with the Assurance Framework.

11.2 The Levelling Up Fund Local Authority Assurance Framework provides information to grant recipients, setting out the requirements for the following funds:

- Levelling Up Fund (LUF) - assurance
- Town Deals Fund – assurance and performance management
- Future High Streets Fund (FHSF) – assurance and performance management
- Future local growth funds where relevant

11.3 This Framework establishes a common approach to how the Department for Levelling Up, Housing and Communities (DLUHC) will assure the funds in scope and describes the accountability in line with each fund's delivery model. The assurance cycle provides confidence to the DLUHC Accounting Officer and the Senior Responsible Officer for each fund.

11.4 In setting out the requirements of grant recipients, this Framework sets standards in line with the principles in Managing Public Money (MPM):

- Regularity: compliant with the relevant legislation and wider legal principles such as Subsidy Control and procurement law, delegated authorities and following the guidance in MPM.
- Propriety: meeting high standards of public conduct, including robust governance and the relevant parliamentary expectations, especially transparency.
- The need for efficiency, economy, effectiveness, and prudence in the administration of public resources, to secure value for public money

(Dan Cheetham, Procurement).

12 Environmental and Health & Safety Implications

12.1 None.

13 Community cohesion disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998

13.1 None.

14 **Equality impact**

14.1 None.

15 **Oldham Impact Assessment Completed (Including impact on Children and Young People)**

15.1 No – an EIA is not required as this proposal does not affect any vulnerable residents or groups.

16 **Key Decision**

16.1 Yes

17 **Key Decision Reference**

17.1 ERS-30-23

18 **Background Papers**

18.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: One Public Estate (OPE) Grant:

<https://www.local.gov.uk/topics/housing-and-planning/one-public-estate>

Officer Name: Dave Catherall, Principal Officer, External Funding

Contact No: 0161 770 5165

19 **Appendices**

19.1 None.