

Minutes of the Cabinet

11 September 2024

-: Present :-

Councillor David Thomas (Chairman)

Councillors Billings, Bye, Chris Lewis, Jacqueline Thomas, Tranter and Tyerman

(Also in attendance: Councillors Amil (virtually), Carter (virtually), Johns (virtually), Long, Maddison (virtually), Penny(virtually) and Twelves (virtually))

35. Minutes

The Minutes of the meeting of the Cabinet held on 20 August 2024 were confirmed as a correct record and signed by the Chairman.

36. Disclosure of Interests

No interests were declared.

37. Matters for Consideration

The Cabinet considered the following matters, full details of which (including the Cabinet's decisions and recommendations to Council) are set out in the Record of Decisions appended to these Minutes.

38. Implementation of the Accommodation Re-purposing Project ("Hotels to Homes") and acquisition of Scheme 1

39. Levelling Up Fund Round 3 - Torbay Technology Park

Chairman/woman

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Record of Decisions

Implementation of the Accommodation Re-purposing Project ("Hotels to Homes") and acquisition of Scheme 1

Decision Taker

Cabinet on 11 September 2024.

Decision

That Cabinet recommend to Council:

1. That the Capital Programme be uplifted by £3m, wholly funded by capital grant received from MHCLG, to commence delivery of the Accommodation Repurposing Project (also known as 'Hotels to Homes');

That subject to 1. above, Cabinet:

2. Approve the turnkey acquisition of Scheme 1 for use as social housing, in accordance with business case provided at Exempt Appendix 1 (and funded by the MHCLG grant award);

That subject to 1. and 2. above:

3. Delegation be provided to the Director of Pride in Place, in consultation with the Cabinet Member for Housing and Finance and Director of Finance, to agree final terms to purchase Scheme 1, and following satisfactory completion of all necessary due diligence, proceed to acquire the scheme as set out at Exempt Appendix 1.
4. The Head of Strategic Housing & Delivery present a report to Cabinet at the appropriate time, to outline and recommend the financial and delivery arrangements necessary to move from a single scheme to a long-term, (largely) self-sustaining programme utilising all grants and external funding available.

Reason for the Decision

The Council was awarded a capital grant of £3m to commence delivery of the first project ("Scheme 1"), with conditions to demonstrate substantial delivery progress by March 2025. Whilst the new homes created by this scheme would be let through Devon Home Choice to eligible households with a local connection to Torbay, there was an intention to make these sites attractive to households where at least one adult works in a key industry (what has historically been called "keyworkers"). This was to seek to specially address the chronic recruitment issues faced by parts of the public sector such as the NHS, where a lack of good quality housing that was affordable was having a direct impact on recruitment and retention, creating a major implication for the health service and ultimately the health outcomes of Torbay residents. Providing homes for local workers was essential to ensure the long-term sustainability and health of our population.

Implementation

The decision in respect of 2. will be considered at the Council meeting on 12 September 2024. The decision in respect of 2. and 3. will come into force and may be implemented on 20

September 2024 unless the call-in procedure is triggered (as set out in the Standing Orders in relation to Overview and Scrutiny).

Information

Torbay currently has very low levels of new housing supply. With the majority of affordable homes provided through s106 by private sector developers, issues that affect private sector development have a direct implication on the proportion of new affordable homes provided.

Many Registered Providers are also scaling back their delivery programmes, with financial capacity further affected by the significant regulatory issues faced by the sector at present. The cumulative impact of these factors being house price increases; a decline in the quality of private rental stock; diminished supply; and ultimately, a reduced ability for the Council to provide housing options for those in need.

The Council was focussed on increasing the amount of affordable housing delivered in Torbay. One of the delivery streams planned was the Hotels to Homes programme. The programme sought to increase new social housing through the acquisition and conversion of former hotel-type buildings into new, high-quality homes. The Council has been awarded a capital grant of £3m to commence delivery of the first project ("Scheme 1"), with conditions to demonstrate substantial delivery progress by March 2025. The anticipated long-term proposal was to develop a self-sustaining, cyclical investment fund that was capable of using the initial grant funding to purchase and redevelop sites, occupy as affordable housing in the medium-term, and then facilitate an onward disposal to a partner Registered Provider (once a portfolio of homes had been completed), generating a capital receipt for reinvestment into the next project ad infinitum.

At the meeting, Councillor Tyerman proposed and Councillor Bye seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

Option 1, the preferred option, was to acquire the scheme as set out in Exempt Appendix 1 to the submitted report on a turnkey basis with stakeholder deposit and completion payment in the normal way. This was a relatively low risk way to deliver new homes and would ensure that the Council's investment was protected throughout the build as completion funds would only be released once assurance had been provided that the scheme had been completed appropriately and the contract terms met.

Option 2 would be to withdraw from the current opportunity and attempt to identify another hotel that already has a suitable planning consent, and to directly commission construction by March 2025. However, this would require the Council to take a considerable degree of commercial risk in respect of both commissioning construction of an inherited design and planning consent. The expectation was that this would also cost more than an equivalent turnkey option and would significantly delay delivery; whilst it is hoped that a degree of flexibility could be negotiated with the Ministry of Housing, Communities and Local Government (MHCLG), this would put the Council in direct conflict with the grant award terms. Therefore, this option was discounted.

Option 3 would be to hand back the grant and decline to proceed any further. This would be detrimental to the Council's relationship with MHCLG (and the new government). This may also cause wider implications for other Council delivery programmes and funding streams, too.

Ultimately and very importantly, this would also mean that the additional affordable housing supply that was urgently need, would not materialise. This option was discounted.

Is this a Key Decision?

No

Does the call-in procedure apply?

Yes

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None

Published

12 September 2024

Signed: _____ Date: _____
Leader of Torbay Council on behalf of the Cabinet

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Record of Decisions

Levelling Up Fund Round 3 - Torbay Technology Park

Decision Taker

Cabinet on 11 September 2024.

Decision

1. That Cabinet recommends to Council;

That the Director of Finance, in consultation with the Director of Pride in Place and Cabinet Member for Place Development and Economic Growth, be given delegated authority to vary the Capital Plan upon confirmation of the final acquisition price of Torbay Tech Park, which is to be funded from Levelling Up Fund grant, be approved.

2. That Cabinet be recommended:

That, subject to 1. above delegated authority be given to the Director of Pride in Place, in consultation with the Cabinet Member for Place Development and Economic Growth and Director of Finance, to agree and finalise the detailed acquisition terms as set out in option 2 to purchase circa 6 acres of employment land on Torbay Business Park, to progress the development of the Torbay Tech Park, subject to the final purchase price being evidenced against an independent valuation for the site and not exceeding the grant funding allocation for acquisition.

Reason for the Decision

Torbay's Economic Growth Strategy has a focus on creating high value jobs through the growth of key sectors. Through the Torbay Tech Park project, the Council will attract, retain and grow economic specialisms creating 100 full time equivalent jobs and 22,000 sq ft of new employment space; furthermore, the remainder of the site will enable the future development of circa 40,000 sq ft of additional business space creating a further 182 high value jobs. These projects support delivery of not only the Economic Growth Strategy but the Community and Corporate Plan and the Business Plan.

Implementation

The decision in respect of 1. Above will be considered at the Council meeting on 12 September 2024.

The decision in respect of 2. above will come into force immediately as the decision maker has decided that any delay likely to be caused by the call-in process would prejudice the public's and the Council's interest. The Overview and Scrutiny Co-ordinator was consulted on 30 August 2024.

Information

In November 2023, the government announced Levelling Up Fund round 3 (LUF3). Unlike previous rounds, this was an allocation-based process with funding being offered to places with high quality bids from Levelling Up Fund round 2 (LUF2). Torbay was one of 55 places chosen.

Torbay's submission was to develop the Torbay Technology Park (Torbay Tech Park), on Torbay Business Park, and a Port Infrastructure Project on Oxen Cove. Torbay had been granted up to £20M of LUF3 to deliver the Tech Park and Brixham Port Infrastructure Project.

The location of the Torbay Tech Park is important. The chosen site's proximity to EPIC and South Devon's College's HI Tech Digital Centre would create something akin to an Innovation Zone, improving collaboration between both the businesses and the College, driving investment and funding leading to growth and more jobs.

A key element of delivering the Torbay Tech Park was the purchase of the site. Authorisation to acquire the site would ensure compliance with the spend profile for the grant that had been agreed with government and would avoid any risk of triggering a review.

At the meeting, Councillor Chris Lewis proposed and Councillor David Thomas seconded a motion that was agreed unanimously by the Cabinet, as set out above.

Alternative Options considered and rejected at the time of the decision

Option 1: Do Nothing.

This option was discounted as it would result in further delays and could jeopardise the project. In exchange for the LUF3 funding, a spending profile had been agreed. Delays would not only result in failure to spend against profile, it would put the project further back, which would likely result in a future deep dive from government. Furthermore, the Council would not be able to deliver a key milestone set out in the Business Plan 2024/27, as well as all the possible outcomes set out in section 8.

Option 2: Deliver the scheme as submitted to Government in March 2024.

This was the preferred option as it was affordable based on the LUF3 grant offered. It provided grow on space for the sector, supported the attraction of inward investment and reassurance to locally based businesses as to Torbay's commitment to the sector.

Option 3: Deliver the site in full.

This option would have been optimal for demonstrating to the sector locally, nationally and internationally that there was a pipeline of space available. However, it was cost prohibitive as further funding was required to deliver the additional 40,000 sq. ft of business space. Therefore, this option was discounted.

Is this a Key Decision?

No

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None

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12 September 2024

Signed: _____ Date: _____
Leader of Torbay Council on behalf of the Cabinet

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