

# Public Document Pack

To all Members of the

## CABINET

## AGENDA

Notice is given that a Meeting of the Cabinet is to be held as follows:

**VENUE** Room 007a and b, Civic Office, Waterdale, Doncaster, DN1 3BU  
**DATE:** Tuesday, 14th March, 2017  
**TIME:** 10.00 am

### ITEMS

1. Apologies for Absence.
2. To consider the extent, if any, to which the public and press are to be excluded from the meeting.
3. Public Questions and Statements.

**(A period not exceeding 20 minutes for questions and statements from members of the public and Elected Members to the Mayor of Doncaster, Ros Jones. Questions/Statements should relate specifically to an item of business on the agenda and be limited to a maximum of 100 words. As stated within Executive Procedure Rule 3.3 each person will be allowed to submit one question/statement per meeting. A question may only be asked if notice has been given by delivering it in writing or by e-mail to the Governance Team no later than 5.00 p.m. on Thursday, 9th March, 2017. Each question or statement must give the name and address of the person submitting it. Questions/Statements should be sent to the Governance Team, Floor 2, Civic Office, Waterdale, Doncaster, DN1 3BU, or by email to [Democratic.Services@doncaster.gov.uk](mailto:Democratic.Services@doncaster.gov.uk)).**

4. Declarations of Interest, if any.

Jo Miller  
Chief Executive

Issued on: Monday, 6 March 2017

Governance Officer for this meeting: Amber Torrington  
01302 737462

5. Decision Record Forms from the meeting held on 28th February 2017 for noting (previously circulated).

**A. Reports where the public and press may not be excluded**

**Key Decisions**

6. Disposal of land at Edwin Road, Woodlands (former Woodlands View sheltered housing scheme) for the development of new affordable housing. 1 - 10
7. Approval to enter into a Funding Agreement with Sheffield City Region to be able to draw down SCRIF approved funding for the delivery of the Finningley and Rossington Regeneration Route Scheme Phase 2 Preferred Route. 11 - 18
8. Approval to enter into Funding Agreement with Sheffield City Region to be able to draw down SCRIF approved funding for the delivery of Hatfield Link Road. ***(Appendix 1 to the report is exempt because it contain exempt information under paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Schedule 12A of the Local Government Act 1972, as amended).*** 19 - 32

**Cabinet Members**

**Cabinet Responsibility For:**

**Chair – Ros Jones, Mayor of Doncaster**

Budget and Policy Framework

**Vice-Chair – Deputy Mayor Councillor Glyn Jones**

Adult Social Care and Equalities

Councillor Joe Blackham

Regeneration and Transportation

Councillor Tony Corden

Customer, Corporate and Trading Services

Councillor Nuala Fennelly

Children, Young People and Schools

Councillor Pat Knight

Public Health and Wellbeing

Councillor Chris McGuinness

Communities, the Voluntary Sector and Environment

Councillor Bill Mordue

Business, Skills, Tourism and Culture

Councillor Jane Nightingale

Housing

**To the Chair and Members of:  
Cabinet**

Disposal of land at Edwin Road, Woodlands (former Woodlands View sheltered housing scheme) for the development of new affordable housing.

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Jane Nightingale (Portfolio Holder for Housing)  Cllr Glyn Jones (Portfolio Holder for Adults & Social Care)	Adwick & Carcroft	Yes

**EXECUTIVE SUMMARY**

1. The purpose of this report is to obtain approval to dispose of land at Edwin Road, Woodlands (former Woodlands View sheltered scheme) for the development of new affordable housing designed specifically for older people aged 50yrs plus.
2. Disposal of the site will be to the Councils preferred partner Housing Association, Johnnie Johnson Housing Trust (JJHT) via a long lease (125 years) at a peppercorn rent (£1).
3. A £115,000 contribution of s106 from the £1.9m commuted sum contributions for Affordable Housing is required for Edwin Road to enable the viability of the proposed scheme.
4. Edwin Road has been valued at £230,000 (July 2016), and coupled with the proposed £115,000 s106 contribution, results in a combined value of £345,000. FPR's require that the awarding of a grant of this value must be approved by Cabinet. The disposal is considered a good value net result for the Council. If the Council were to sell the land with a view of using the receipt to fund additional new homes, the value would only facilitate approx. 2 - 3 units (typically c. £100k per unit), which does not represent value for money; whereas this route will enable c. £1.24m investment into the borough and 11 units of affordable housing which have been designed specifically to meet the needs of older people.

**EXEMPT REPORT**

5. The report is not exempt.

## **RECOMMENDATIONS**

6. It is recommended that the Mayor and Cabinet:
  - a) Approve the disposal of Edwin Road, Woodlands to JJHT for the delivery of new older people's affordable housing.
  - b) Approve the disposal of the land on a 125yr lease at a peppercorn rent.
  - c) Approve the drawdown of £115,000 s106 from the £1.9m commuted sum contributions for Affordable Housing to our Housing Association partner JJHT to support the delivery of the scheme and include in the Council's capital programme as a grant to a third party.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

7. Good quality, modern accommodation designed to meet the needs and aspirations of older people is a key Mayoral priority.
8. Disposing of the land will facilitate the provision of much needed affordable purpose built older peoples accommodation. The development will provide Doncaster residents with additional choice in terms of accommodation type.

## **BACKGROUND**

9. The underpinning policy objective of the Councils Housing Strategy is the provision of good quality affordable housing for all sections of the community, including older people. The existing evidence base for Doncaster shows that there will be a long term growth of the population of older people and forecasts of increased demand for appropriate housing.
10. Edwin Road is Housing Revenue Account (HRA) land and was demolished as part of the Sheltered Housing Options Appraisal and Clearance Programme Cabinet approval (March 2012).
11. Edwin Road has been valued at £230,000 (July 2016). The disposal will facilitate additional investment into the borough resulting in 11 units of new affordable housing. Conversely, if the Council were to sell the land with a view of using the receipt to fund additional new homes, the value would only facilitate approx. 2 - 3 units (typically c. £100k per unit). Therefore, disposing of the land to JJHT in favour of their proposals would facilitate c. £1.24m investment into the borough along with the associated socio-economic benefits, such as council tax revenues, removal of management and maintenance costs to the Council; and the creation of local construction jobs, and an enhanced, improved local area.
12. The intended disposal route will be via a long lease (125 years) at a peppercorn rent (£1).
13. As part of the ongoing Affordable Housing Programme, Johnnie Johnson Housing Trust (JJHT), one of the Councils preferred partner housing associations, were approached to appraise the site for its potential

development suitability. JJHT, whose core business model is the delivery of older people's retirement living accommodation; deemed the site a viable option for new older peoples housing delivery.

14. Consequently, a development option has been drawn up in partnership with officers within Strategic Housing, proposing the following:

**Edwin Road:**

- 11x2bed bungalows
- 100% Affordable Rent
- Total Scheme Cost: c.£1.24m – Funded via Homes and Communities Agency (HCA) Grant (c.£176,000), DMBC S106 subsidy (£115,000), and JJHT's own finance (c.£952,000)

Any new schemes are subject to a satisfactory planning approval.

15. The new homes are to be built using modern methods of construction, and will incorporate the Housing our Ageing Population Panel for Innovation (HAPPI) design principles, and Building for Life standards. In doing so ensures robust and sustainable design quality, to meet the needs of older people. The designs will incorporate a number of energy efficiency and sustainable design features such as energy efficient boilers.
16. Nominations will be via St Leger Homes (SLHD) waiting lists and administered via the Choice Based Lettings (CBL) system. Nominations will be 100% first let and 75% thereafter. Evidence for Doncaster shows there will be a long term growth of the population of older people and forecasts an increasing demand for appropriate housing. Bidding data for the area suggests that there is a demand for housing designed specifically for older people aged 50yrs plus.
17. In September 2016, having worked closely with officers within Strategic Housing, JJHT submitted a bid for HCA funding from the Shared Ownership and Affordable Homes Programme 2016-21 (SOAHP); of which they were successful. Confirmation of the grant amount was received January 2017.
18. As part of any development appraisal process, the financial viability is assessed; this has indicated a funding shortfall of £115,000 for Edwin Road. Therefore the proposed s106 contribution will mitigate this shortfall. Without this contribution the scheme would not be deemed viable and would have to be deferred until additional funding could be found from alternative sources. In addition, without the contribution the scheme wouldn't be able to progress and therefore failing to meet the funding conditions and timescales set out by the Homes and Communities Agency (HCA) and therefore lose the HCA grant allocated to the site.

## **OPTIONS CONSIDERED**

19. **Option 1** - Dispose of the site to JJHT as detailed in the body of the report.  
This option will enable the council to pursue the aspiration of developing additional older people's housing provision in the borough.

**Option 2 - Sell the site for receipt.**

If the Council were to sell the site with a view of using the capital receipt to fund additional new homes, the value would only facilitate approx. 2-3 units (typically c.£100k per unit).

**Option 3 - Do Nothing.**

If it is decided not to transfer the site to JJHT, then it would remain within the HRA and options for its future use / or alternative disposal routes will be determined via the Assets Board.

**REASONS FOR RECOMMENDED OPTION**

20. This option enables the Council to work towards its aspiration for providing additional suitable older peoples accommodation, for which there is a current and expected future demand. It demonstrates that the council is able to provide greater choice and control to its residents who require this type of housing. This option has been agreed with Elected Members, Housing Portfolio Holder and the local Neighborhood Manager as the preferred option.

**IMPACT ON THE COUNCIL'S KEY OUTCOMES**

21.

	<b>Outcomes</b>	<b>Implications</b>
	All people in Doncaster benefit from a thriving and resilient economy. <ul style="list-style-type: none"><li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li><li>• <i>Mayoral Priority: Be a strong voice for our veterans</i></li><li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li></ul>	Creation of new sustainable affordable housing for older people. During the development process additional jobs will be created for local people and local trades / suppliers.
	People live safe, healthy, active and independent lives. <ul style="list-style-type: none"><li>• <i>Mayoral Priority: Safeguarding our Communities</i></li><li>• <i>Mayoral Priority: Bringing down the cost of living</i></li></ul>	Modern older peoples housing to enable older people to maintain their independence for longer, along with health and wellbeing benefits.  New housing is designed to be more cost efficient for residents.
	People in Doncaster benefit from a high quality built and natural environment. <ul style="list-style-type: none"><li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li><li>• <i>Mayoral Priority: Safeguarding our Communities</i></li></ul>	Accommodation will be designed in line with a range of industry best practice design guidance, to ensure quality developments are built.

	<ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
	<p>All families thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	New homes will enable older people to remain close to existing family, friends and local community.
	Council services are modern and value for money.	Modern older people's accommodation support older people to live more independently unlike traditional sheltered / residential provision which is more costly.
	Working with our partners we will provide strong leadership and governance.	The preferred option is the preferred one for all stakeholders.

## RISKS AND ASSUMPTIONS

22. Asset management implications are present. Vacant sites require regular maintenance and security. If left unused for a long period of time the site could potentially attract periodic anti-social behavior; causing a nuisance to the surrounding residents, which in turn would increase these costs to the Council / SLHD.
23. If the site is not transferred to JJHT, the site will remain within the HRA and options for its future use / or alternative disposal route will be determined via the Assets Board.

## LEGAL IMPLICATIONS

24. Section 1 of the Localism Act 2011 provides the Council with the general power of competence, meaning that "a local authority has power to do anything that individuals generally may do."

Edwin Road is Housing Revenue Account (HRA) land and Section 32(2) of the Housing Act 1985 requires that any disposal of housing land by the Council is not made without the consent of the Secretary of State. A number of general consents by the Secretary of State to the disposal of housing land by local authorities have been made.

Section 25 of the Local Government Act 1988 requires the consent of the Secretary of State to be obtained before any local authority supplies any person with financial assistance for the purposes of, or in connection with, the acquisition, construction, improvement or maintenance of any property which is to be privately let as housing accommodation under Section 24 of that Act. Paragraph A1 of the General Housing Order (S.25 LGA1988) made in 2010 gives consent to the Council for the provision of financial assistance to a registered social landlord consisting of:

- (a) the disposal to that RSL of land for development as housing accommodation and other facilities intended to mainly benefit the future occupiers of that housing accommodation
- (b) the grant to that RSL of any easement for the benefit of land to be developed by the RSL as housing accommodation on various conditions set down in paragraph A2 thereof

On condition that:

- (i) any housing accommodation on the land at the time of disposal must be vacant and the terms of the disposal must include that the housing accommodation (other than any housing accommodation which has been developed by the buyer pursuant to the terms of the disposal) shall be demolished rather than used again as housing accommodation
- (ii) completion of the disposal must be by way of transfer of freehold or grant of a lease for a term of 99 years or more
- (iii) the terms of the disposal must include that the development of any housing accommodation must be completed within 3 years after the completion of the disposal
- (iv) the terms of the disposal include that any housing accommodation developed on the land by the RSL shall be let by the RSL on a periodic tenancy or shared ownership lease or lease for the elderly or used as temporary accommodation for homeless persons
- (v) the aggregate value of the financial assistance or gratuitous benefit and any provided by the Council to that RSL in the same financial year must not exceed £10 Million

If the disposal falls within the Section 25 General Consent then the Consent of the Secretary of State under Section 32 is not required.

The provision of Social Housing by a registered social provider is classified as a Service of General Economic Interest and as such does not constitute notifiable state aid.

## **FINANCIAL IMPLICATIONS**

### **25. Edwin Road, Woodlands**

By giving up this land on a peppercorn rent the Council is foregoing a capital receipt of £233k of the overall total. This proportion of the overall receipt would have related to a Housing Revenue Account Asset with the intended use of the land immediately prior to disposal being for social housing. If a receipt had been realised the value would have been subject to the housing capital receipts pooled regulations, although it could have been retained in full provided it was spent on affordable housing, regeneration or the paying down of housing debt. If the land is disposed of for a peppercorn rent then no receipt (cash or in-kind) is generated and there would be no recourse to the capital receipts pooled regulations.



Upon disposal St Leger Homes will no longer be liable for the management and maintenance of the site.

### **S106**

The contribution of £115k Affordable Housing s106 monies to JJHT constitutes a capital grant to a third party. FPR's require that the awarding of a grant of this value must be approved by Cabinet. The grant must also be administered in line with FPR's; particularly Rule E External Arrangements. The relevant Director must ensure the Council's interests are protected at all times and must be in a position to provide assurance that the requirements of FPR's have been met or will be met before any grant or other assistance is actually made.

The financial viability of delivering the proposed development at Edwin road would be at risk unless a contribution of £115k is made to help fund the £1,200k scheme. Without this contribution the scheme would have to be deferred until additional funding could be found from alternative sources. In addition the scheme would be in danger of failing to meet the funding conditions and timescales set out by the Homes and Communities Agency (HCA) and therefore lose £204k HCA grant allocated to the site.

Upon approval, the £115k grant contribution will be added to the Housing Capital programme.

### **Other Considerations**

JJHT is a not-for-profit housing association who will be providing social housing on site. The development does not contain any properties for commercial sale; in essence the Council is providing land in order to receive the benefit of affordable housing units in the Borough. As such there should be no consequences in relation to state aid and there is no profit element to the viability of the development to demand a capital receipt from JJHT if used for this purpose.

Responsibility for the running of the completed development will fall to JJHT, so there are not expected to be any future revenue implications to the Council in relation to the affordable housing units in respect of running costs. Although the report refers to the units being accommodation to meet the needs of older people Project Officers have advised that this is purely an affordable housing scheme and that there are no additional care costs or rent issues that would create an additional cost to the Council, provided that rents are charged within the Local Housing Allowance (LHA) cap.

The Government has recently confirmed that the LHA cap for general needs social sector housing will be implemented in April 2019. This will set the maximum level of Housing Benefit (or housing cost element of Universal Credit) payable on these tenancies to the LHA levels in force at the time a claim is made. The current LHA rates for 1 and 2 bedroom accommodation are £78.08 and £93.23 respectively.

For Housing Benefit, the LHA cap will only apply to tenancies signed from April 2016 onwards, so these tenancies would all be affected. For Universal Credit, the LHA cap will apply to all new and existing tenants.

A further consideration is that the tenants may be affected by the social sector size criteria if they are under state pension age and deemed to be over-occupying. The LHA cap will be based on the number of bedrooms they need (according to the household size and make-up) rather than the number of bedrooms actually in the property. For example, a single person or couple under pension age would only be awarded Housing Benefit/Universal Credit up to the 1 bedroom LHA rate even if they occupy a 2 bed property. There are some exceptions for people with disabilities but these are uncommon. The social sector size criteria rules do not apply to people who have reached state pension age.

Under current rules, where there is a shortfall between the rent charged and the amount of Housing Benefit/Universal Credit payable, the tenant would be eligible to apply for Discretionary Housing Payments. The Council receives some Government funding for this currently although this is awarded on a year-by-year basis with no guarantees for future years. There is significant demand for these payments currently due to all the welfare reforms in recent years and we typically spend the government contribution and a bit more, so there may be a potential impact on Council funds.

In the proposed schemes, if rents are charged above LHA levels and/or properties are allocated to people under pension age who are deemed to be over-occupying, this could have financial implications depending on the number of residents applying and meeting the award criteria for discretionary housing payments.

Project officers must also ensure that the relationship with JJHT is in compliance with procurement rules.

## **HUMAN RESOURCES IMPLICATIONS**

26. None.

## **TECHNOLOGY IMPLICATIONS**

27. None.

## **EQUALITY IMPLICATIONS**

28. The Public Sector Equality Duty (PSED) Due Regard Statement was created by the Equality Act 2010. The duty came into force in April 2011 and places a duty on public bodies and others carrying out public functions. The aim of the PSED is to embed equality considerations into the day to day work of public authorities, so that they tackle discrimination and inequality and contribute to making society fairer. 'Due Regard' is a legal term that requires proportionality and relevance. The weight given to the general duty will depend on how that area of work affects discrimination, equality of opportunity and good relations.

All housing developments supported by DMBC will be accessible depending on individual need. Such assessments will not discriminate against any applicant in any way and particularly due to any of the protected characteristics of the Equality Act 2010.

All DMBC Housing Association partners must maintain a commitment to the Act.

## **CONSULTATION**

29. Consultation has been undertaken with Elected Members, the Local Neighbourhood Manager, Housing Portfolio Holder, and Housing Governance Board.

## **BACKGROUND PAPERS**

30. None.

## **REPORT AUTHOR & CONTRIBUTORS**

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**Director of Regeneration and Environment**

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To the Chair and Members of Cabinet

**APPROVAL TO ENTER INTO A FUNDING AGREEMENT WITH SHEFFIELD CITY REGION TO BE ABLE DRAW DOWN SCRIF APPROVED FUNDING FOR THE DELIVERY OF THE FINNINGLEY AND ROSSINGTON REGENERATION ROUTE SCHEME PHASE 2 PREFERRED ROUTE**

Relevant Member(s)	Cabinet	Wards Affected	Key Decision
Joe Blackham		Finningley and Rossington	yes

**EXECUTIVE SUMMARY**

1. This report provides an update on progress to date of the FARRRS Phase 2 project. The scheme is a high priority within the Sheffield City Region Investment Fund (SCRIF) with £9.1m of SCRIF funding available to be drawn down. SCRIF funding is conditional on gaining planning consent, securing land and final business case approval.
2. Planning consent was delayed by an objection from the Woodland Trust but has now been granted. Land is currently being secured by agreement with landowners where possible and using compulsory purchase power as a last resort. Final business case approval is currently being sought from SCRIF.
3. A compulsory purchase order and accompanying side roads order (the Orders) have been made and objections have subsequently been received. This meant that not all of the land needed for construction could be secured potentially without a public inquiry. However, these objections are now substantially dealt with and so a firm date for a start on site can now be planned.
4. DMBC is one of 21 local authority members of the Midland Highways Alliance framework and following a competitive selection process using the framework Carillion has been asked to provide a price to construct the scheme. DMBC is not paying Carillion for providing the price and there is no obligation to enter into a construction contract, unless DMBC is content to proceed.
5. A full start cannot be made until DMBC has the right to enter either by agreement or by using compulsory purchase power. The main scheme start date likely to be late April 2017 with a construction duration of 10months, but early hedge and tree clearance will be carried out to avoid a potential impact on nesting birds.

6. To start the main works in April 2017 there is a possibility that land might need to be purchased before SCRIF funding is completely in place. Entering using compulsory powers would delay the start until July 2017 at the earliest which would push weather susceptible works into winter, increasing DMBC's costs.
7. There is a small discrepancy in the Orders, so it might be necessary to make a second minor compulsory purchase order, depending on the outcome of acquisition negotiations with a landowner, who didn't object. This will not delay the scheme.

## **RECOMMENDATIONS**

8. Recommendations are set out below, for Cabinet to approve:
  - Delegate negotiation and completion of the terms of the funding agreement with SCRIF to the Director of Regeneration & Environment, in consultation with the Mayor and Chief Financial Officer & Assistant Director – Finance.
  - Authorise the drawn down of £9.1m SCRIF funding subject to:
    - i. securing title and rights to all of the land required to construct the scheme (by agreement and by compulsory powers); and
    - ii. the estimate of expenditure remaining within the budget set out below.
  - Authorise the making of a second compulsory purchase order to address the discrepancy in the Orders, if agreement can't be reached with the relevant landowner.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

9. FARRRS Phase 2 is the final section of the overall FARRRS project and will extend the A6182 Great Yorkshire Way from Parrots Corner to the Hurst Lane/Lincoln Green Way junction, completing the high quality link from the M18 to Doncaster Sheffield Airport and supporting further development in the airport business parks and the surrounding area.

## **EXEMPT REPORT**

10. Background Paper: Stage 1B Business Case is not for publication as it contains commercially sensitive information and is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person, including the authority holding that information).

## **BACKGROUND**

11. Cabinet has previously approved the submission of a planning application

and the 'making' of a compulsory purchase order to acquire land. The planning application was submitted on 6th June 2016. Planning permission was delayed due to a challenge by the Woodland Trust. The Trust requested that the Secretary of State for Communities and Local Government 'call in' the application for a public inquiry because of the impact of the scheme on Brooks Wood. The Secretary of State declined the call in request and planning permission was subsequently granted on 18th October 2016.

12. Planning consent was required before the compulsory purchase order and accompanying side roads order could be progressed and the Orders were 'made' by DMBC on 22<sup>nd</sup> November 2016. Compulsory purchase power cannot be used until 'confirmation' has been received from the Secretary of State for Transport. If objections from any directly affected party have been received, then the Secretary of State cannot confirm the Orders. If objections cannot be resolved and withdrawn, then a public inquiry is often the only recourse for determining the Secretary of State's decision whether to confirm or not.
13. Six objections to the Orders were made; one from Northern Powergrid, one from trustees of land held by a charity, two from landowners and two from farmer tenants, The objections from Northern Powergrid and the trustees have been withdrawn following clarification of a minor point and a minor addition to the scheme design to modify a current field access.
14. The two landowner and two tenant objectors were represented by a single land agent. Negotiations with the agent have been ongoing since January and terms for withdrawal of the objections are now been drafted. Once these are withdrawn the Secretary of State will be able to confirm the Orders. This will mean that DMBC will then be able to compulsory acquire any outstanding plots if agreement with owners cannot be reached.
15. As well as completing the statutory processes, SCRIF approval is also conditional on the provision of additional scheme information specifically limited additional economic analysis to complete the value for money case. Discussions are ongoing with SCRIF and the additional work analysis has been submitted for approval. The funding contract with SCRIF is also in preparation.
16. The current forecast of expenditure and funding is:

	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	<b>Total £k</b>
Prep & supervision	762	786	651	350		<b>2,549</b>
Land			20	380		<b>400</b>
Stats				184		<b>184</b>
Construction				6,850	250	<b>7,100</b>
Risk				295	25	<b>320</b>
<b>Total</b>	<b>762</b>	<b>786</b>	<b>671</b>	<b>8,059</b>	<b>275</b>	<b>10,553</b>

Funded by:						
DMBC	762	622	70			<b>1,454</b>
SCRIF		164	601	8,059	275	<b>9,099</b>
<b>Total</b>	<b>762</b>	<b>786</b>	<b>671</b>	<b>8,059</b>	<b>275</b>	<b>10,553</b>

17. Until the SCRIF funding contract is signed then ongoing expenditure is at DMBC's risk.

### OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

18. The scheme crosses several hedgerows and a section of Brooks Wood. Nesting activity significantly increases through the spring and summer months. If these areas are not cleared until the main works start, then the opportunity for avoiding a high risk of disruption and additional cost would be missed. Delaying clearance is, therefore, not recommended.
19. Negotiating early entry to commence the main works is a priority rather than waiting until entry can be taken using compulsory powers. A later start would have cost and programme implications due to pushing weather susceptible activities into the winter period. Not negotiating early entry means that the opportunity for carrying out those activities in the more productive summer months would be missed. Delaying the start of the main works is, therefore, not recommended.
20. Works could be delayed until early 2018 to avoid a winter start and before the next nesting season. A delay of 12 months is not considered to be a desirable option especially if there is an opportunity to make an earlier start. This option is, therefore, not recommended.

### IMPACT ON THE COUNCIL'S KEY OUTCOMES

	<b>Outcomes</b>	<b>Implications</b>
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Be a strong voice for our veterans</i></li> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	<p>Contributes to supporting continuing business development at the airport.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	<p>Reduces journey times and transfers traffic from the congested network. Enhances walking and cycling provision.</p>
	<p>People in Doncaster benefit from a high quality built and natural</p>	<p>New link built to modern standards.</p>



	environment.  <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
	All families thrive.  <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	Connects people to jobs.
	Council services are modern and value for money.	None
	Working with our partners we will provide strong leadership and governance.	Working with SCRIF

## **RISKS AND ASSUMPTIONS**

21. Until the objections received have been formally withdrawn there is still a risk that a public inquiry could be triggered. Given the position outlined above, this is considered to be a low risk.
22. Early entry to carry out clearance and then the main works might be cost prohibitive and that could lead to delay and disruption, with an associated increase in construction cost. This is considered to be a low to medium risk.
23. The Secretary of State may not confirm the Orders or may impose modifications to the Orders. This is considered to be a low risk given that the scheme accords with existing policy objectives.
24. Full Approval may not be granted to draw down SCRIF capital funding. In such case the scheme will have failed and any costs incurred will be abortive and classed as revenue expenditure. This is considered to be a low risk considering the discussions with SCRIF to date.
25. The project programme and milestones reflect the earliest delivery opportunity and assume full resources are available.

## **LEGAL IMPLICATIONS**

26. In accordance with Section 111 of the Local Government Act 1972, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
27. S1 Localism Act 2011 provides the Council with the so called general power of competence which allows a local authority to do anything which an individual may generally do.

28. The Council has to date carried out all the work to deliver FARRS2 from its own resources. This situation will continue until such time as a funding agreement is completed between the Council and Sheffield City Region for SCRIF funding of the project.
29. It is usual for the SCRIF not to issue a draft funding agreement until the Council has secured all of the land required to deliver the particular project. In this case the properties will be secured on confirmation of the Compulsory Purchase Order.
30. At present there are 4 outstanding objections to the CPO which have not yet been formally withdrawn. The CPO will not be confirmed unless these objections are withdrawn or there has been a public inquiry.
31. Even if the objections are withdrawn there is a small risk that the Secretary of State will not confirm the CPO if they do not consider it meets the statutory requirements.
32. In the circumstances any monies expended prior to the confirmation of the CPO and entering into the SCRIF funding agreement will be at risk to the Council
33. In addition the SCRIF funding agreement when issued is likely to include claw back provisions in the event that the outcomes of the development are not met, appropriately robust project management will be required to mitigate the risk of clawback and specific legal advice will be required going forward.
34. If access to the land is required prior to acquisition, either through negotiation or the CPO, then licence agreements should be entered into with the individual landowners.
35. The further Compulsory Purchase Order which may be required is for the mitigation of the effects of the new road and supplying alternative secondary access to the fields to the South of the new road. The Council has the power to make a compulsory purchase of land for this purpose under S246 Highways Act 1980. The Acquisition of Land Act 1981 prescribes the procedure to be followed and the order will require confirmation by the Secretary of State.

## **FINANCIAL IMPLICATIONS**

36. The FARRRS Phase 2 project has the following budget included in the capital programme: -

	£m
Expenditure	<u>10.55</u>
Financed by: -	
SCRIF Grant	9.10

Council Resources

1.45

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10.55

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Of the above, only the Council Resources are secure, with the SCRIF progressing towards funding agreements. Preparatory work is well under way for the project, with projected spend to March 2017 being £2.22m which will exceed the secured resources by £0.77m. Current spending is therefore at risk of securing the SCRIF funding with signing of the funding agreement expected March 2017 subject to approval of this report and negotiation of appropriate terms and conditions. If the project does not go ahead then the majority of costs incurred to date would be abortive and require writing out to revenue, for which a suitable resource would have to be identified. It would also mean the opportunity to access £9.10m SCRIF grant might be lost, including any element required to finance actual expenditure beyond the secured Council funding.

Negotiation of the funding agreement and the subsequent administration of the terms and conditions must be undertaken with reference to Financial Procedure Rules; particularly rule E. External Arrangements, which sets out the Council's minimum requirements in relation to grant funding. Any negotiations must ensure that conditions of claw back are acceptable to the Council. The SCR have given prior confirmation that there is no claw back in relation to this project.

Approvals are currently in place to draw down Council funding for preparatory costs; however, in order to draw down the remaining budget, once all the funding is secure, a further ODR will be required before a formal commitment is entered into or a contract signed. Overall costs are still being finalised so the ODR will need to demonstrate an affordable scheme and be signed by the relevant Director and Chief Financial Officer in consultation with the Portfolio Holder (Finance & Corporate Services).

## **HUMAN RESOURCES IMPLICATIONS**

37. Not applicable.

## **TECHNOLOGY IMPLICATIONS**

38. Not applicable.

## **EQUALITY IMPLICATIONS**

39. A Due Regard Statement was included with the previous report and is unchanged by this amendment.

## CONSULTATION

40. This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers	x	Environment & Sustainability	
ICT		Capital Programme	x

## BACKGROUND PAPERS

Stage 1B Business Case is not for publication as it contains commercially sensitive information and is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person, including the authority holding that information).

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**Peter Dale**  
**Director of Regeneration & Environment**

**To the Chair and Members of Cabinet**

**APPROVAL TO ENTER INTO FUNDING AGREEMENT WITH SHEFFIELD CITY REGION TO BE ABLE TO DRAW DOWN SCRIF APPROVED FUNDING FOR THE DELIVERY OF HATFIELD LINK ROAD.**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
Joe Blackham – Portfolio Holder for Regeneration and Transportation	Hatfield, Stainforth & Moorends, Thorne	yes

**EXECUTIVE SUMMARY**

1. The DN7 Hatfield Link Road scheme, will link the M18 Junction 5 Roundabout, with Waggon Way next to Hatfield Colliery. The scheme is of high priority within the Sheffield City Region Investment Fund (SCRIF), enabling capital funding to be drawn down upon d on satisfying outstanding business case conditions and statutory processes.
2. The Full Business Case 1B was approved on the 15<sup>th</sup> May 2015 by the Combined Authority which secured funding for the project, however it left seven conditions to satisfy. A revised Full Business Case 1B was sent to the City Region and approved on the 7<sup>th</sup> June 2016, four out of the seven conditions were also released. It should also be noted that the SCRIF Full Business Case and funding approval comes without claw back conditions on outcome or output.
3. The three remaining conditions relate to the granting of planning permission which includes the agreement of the Section 106 contribution, Highways Contribution Agreement and the agreement in principle of the LSIF (Large Site Infrastructure Fund) loan from the HCA (Homes and Communities Agency), subject to ‘normal commercial conditions.’ (see extract from Combined Authority meeting within the Background Papers)
4. The Homes and Communities Agency (HCA) who administer the LSIF loan are seeking assurance from DMBC that they have entered into a formal funding process with the Sheffield City Region, in the form of a signed funding agreement, so that they can in turn release draw down of the £8.5m, to the developer.
5. The LSIF loan will enable the developer to build the necessary infrastructure into the site, in order to construct early housing units. The conditions associated with the loan means that it is critical that drawn down of the loan commences prior to the financial year end 2016/17. The LSIF funding relies on the SCRIF Funding Agreement being in place.
6. This report is therefore seeking Cabinet approval to:

- Progress to Funding Agreement (subject to agreement with Corporate Finance and Legal) with Sheffield City Region; and
- Accept the Funding Offer (subject to offer being officially made) for the delivery of Hatfield Link Road project.

## **EXEMPT REPORT**

7. Appendix 1 to the report is not for publication as it contains commercially sensitive information and is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person, including the authority holding that information).
8. Background Paper: Stage 1B Business Case is not for publication as it contains commercially sensitive information and is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person, including the authority holding that information).

## **RECOMMENDATIONS**

9. It is recommended that Cabinet supports:-
  - Progress the scheme to delivery stage including agreement to funding profile as outline in revised funding profile table 2 section 5.9, noting the requirement to resolve outstanding issues in the risk register.
  - The progression to Funding Agreement stage and the subsequent acceptance of 11.1m SCRIF funding (subject to the negotiation of acceptable terms and conditions with the grant sponsor).
  - Delegation in respect of negotiating and agreeing the terms and conditions of the SCRIF Funding Agreement and resolving the issues identified in the risk register within existing financial constraints to the Director of Regeneration & Environment, in consultation with the Mayor and Chief Financial Officer & Assistant Director – Finance

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

10. Completion of the DN7 Unity Link Road will give greatly improved access to the motorway network for the areas of Stainforth and Hatfield. It will provide the conduit for the development of the proposed 'Unity Connect and Unity Link' business parks with the added employment opportunities. It is anticipated that it will also provide a clearer more defined route to the proposed Marina development off Kirton Lane, further increasing the prosperity and leisure opportunities and promoting Doncaster as an attractive vibrant place to work and live.

## **BACKGROUND**

11. Marcol Waystone previously Waystone, have been associated with developing the previously known 'DN7' now 'Unity' site, since before 2000. Over the last 7 months they have been progressing and dealing with the conditions of the outline planning permission granted in May 2016, to enable them to be granted Full Planning Consent. The development has the potential to unlock major employment and housing sites, triggering a potential £800M inward investment in the area.
12. The HCA (Homes and Community Agency) have been a major partner in the planning process through regular Steering Group meetings set up to deal with this development and owing to its size, complexity and the need for DMBC multi departmental involvement. The development itself is one of Westminster's top 20 national strategic development sites earmarked as key to unlocking housing growth
13. Due to both its status locally and importance nationally, the HCA have facilitated a funding opportunity through the LSIF in order that the developer can construct the internal infrastructure within the development.
14. There are however, restrictions on timescales for the loan as there are going to be changes to future funding streams in 2017/18, meaning the funding needs to be entered into by the end of this financial year 2016/17. It is therefore imperative, in order for the scheme to progress as planned, that this draw down is achieved.
15. The LSIF loan has been granted with certain conditions attached to it. These conditions are that firstly DMBC must enter into a funding agreement with the SCR (Sheffield City Region), the developer must sign up to the Section 106 contribution agreement and the developer needs to have agreed and signed the Highways Contribution agreement.
16. At present the Section 106 is due to be signed in the next few weeks which subsequently means consent will then be granted. The Highways agreement has agreed Heads of terms and the financial agreement will be entered into following approval of the Cabinet report recommendations. Details of the S106 agreements are set provided in the pink papers associated with the report as they contain commercially sensitive information.
17. Work has progressed through the use of the SCAPE Framework in order to produce a cost estimate for the works

## **Finance**

18. The total project cost is estimated at £15,917m and is summarised within Table 1 below, DMBC are seeking a Funding Agreement for £11.155 m of SCRIF investment, £3.5m Private Sector Investment from the Developer and £1.262m of corporate resources.

**Table 1 - Breakdown of Funding within SCRIF Business Case June 2016**

	2014/15	2015/16	2016/17	2017/18	2018/19	Post 2019	TOTAL
SCRIF investment sought			£1,875,000	£7,670,000	£3,000,000	-£1,390,000	£11,155,000
Other public investment	£194,887	£165,539	£901,961				£1,262,387
Private sector investment			£610,000	£1,500,000		£1,390,000	£3,500,000
<b>TOTAL</b>	<b>£194,887</b>	<b>£165,539</b>	<b>£3,386,961</b>	<b>£9,170,000</b>	<b>£3,000,000</b>		<b>£15,917,387</b>

**Table 2 – Revised Funding Breakdown**

	2014/15	2015/16	2016/17	2017/18	2018/19	Post 2019	TOTAL
SCRIF investment sought			£875,000	£4,670,000	£7,000,000	-£1,390,000	£11,155,000
Other public investment	£194,887	£165,539	£901,961				£1,262,387
Private sector investment			£610,000	£1,500,000		£1,390,000	£3,500,000
<b>TOTAL</b>	<b>£194,887</b>	<b>£165,539</b>	<b>£2,386,961</b>	<b>£6,170,000</b>	<b>£7,000,000</b>		<b>£15,917,387</b>

## Benefits

19. The Hatfield Link is needed to enable the DN7 regeneration project to commence. The only access into the DN7 site from the strategic network will be from the M18 junction. In effect the DN7 developments are land locked and dependent upon early delivery of the link.
20. The DN7 project comprises 200ha of mixed use development of a scale that will have significant regional benefits – specifically contributing over 7,000 jobs and 3,100 housing units to the objectives of the SCR Strategic Economic Plan.
21. The high jobs number for SCRIF investment generate an exceptional return on public sector investment
  - A cost of £1,812 per job created
  - £794m net GVA
  - A GVA BCR of 56:1



- A transport BCR of 10:1
22. The DN7 project provides an opportunity to improve the resilience of the logistics and manufacturing sectors by providing accommodation for higher value businesses in growing sub-sectors associated with advanced manufacturing and logistics.
  23. The provision of modern office accommodation with good transport links may also support the development of emerging opportunities in the professional services sector – although widespread take up in this sector may be more limited.

## **OPTIONS CONSIDERED**

### **No SCRIF investment**

24. The link road is the only access into the DN7 project area from the strategic highway network. The local road network alone would not be able to cope with the traffic generated by the DN7 development proposals. As SCRIF is deemed to be the last potentially available source of funding, not securing SCRIF would result in non-delivery of the link road and consequentially failure of the wider DN7 project. The private sector have confirmed that having already committed over £8m to the DN7 project they are not in a position to fully fund the link road due to the lack of commercially attractive bank loan opportunities. It would be possible for the DN7 developers to implement a significantly reduced scheme to deliver infill housing at a much reduced scale. This however would not enable any job or economic opportunities, which is the main rationale for SCRIF funding.

### **Reduced SCRIF investment**

25. A reduced SCRIF offer may enable the link road to be phased by construction from the M18 up to the south side of the railway line. However this would not provide local connectivity into existing employment sites (around the colliery) or into Stainforth. As such this would be seen as a cul-de-sac from the M18 serving only one private sector developer with no connection to the local network which would provide a public benefit. This would raise two fundamental issues which would need consideration. Firstly it is not within the Highways England remit to encourage 'cul-de-sac' developments from the motorway network. Connections to the motorway should only be provided where they connect into the local network. Secondly a cul-de-sac serving one development could be considered as non-compliance with State Aid. A phased delivery would require substantial additional funding and add risk to the project.

### **Preferred SCRIF investment**

26. As confirmed above the full link road scheme is required to meet policy requirements (Highways England and State Aid) and also for economic requirements (to enable developments). Any reduction in SCRIF will compromise or introduce risk to these two core requirements. There may be opportunities within the construction of the link road to allow developments to take place in parallel therefore realising some of the outcomes as early as

possible but this will only occur where it does not impact on the overall programme or cost for the link road.

## REASONS FOR RECOMMENDED OPTION

27. The Project supports the long term regeneration and growth to this part of Doncaster, as well as providing investment and benefits to the local economy, the citizens of Doncaster and the wider City Region.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

Outcomes	Implications
<p>All people in Doncaster benefit from a thriving resilient economy.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Be a strong voice for our Veterans</i></li> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	<p>The SCRIF Funding and investment will safeguard existing jobs and help create new jobs in the Town Centre through the sustainability of existing business and the attraction of new business.</p>
<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	<p>Services will be supported through the income produced and savings from the investment which will support the longer term financial sustainability of the Council.</p>
<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	<p>Through the generation of long term sustainable income this will help reduce pressure on budgets and therefore reduce the pressure for increase in areas such as Council Tax.</p>
<p>All families thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	<p>Through the generation of long term sustainable income this will help reduce pressure on budgets and therefore reduce the pressure for increase in areas such as Council Tax.</p>
<p>Council services are modern and value for money.</p>	<p>The SCRIF Funding is in place to support such projects and provide the best value for money across the region.</p>
<p>We will provide strong leadership and governance, working in partnership.</p>	<p>As part of the programme for the scheme there has been and will</p>

	continue to be engagement with partners / stakeholders as potential occupiers and discussions will be held where needs are identified.
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## **RISKS AND ASSUMPTIONS**

28. A number of risks are outstanding and some have now been resolved. More details on these risks are provided in the pink papers associated with the report as they contain commercially sensitive information

## **LEGAL IMPLICATIONS**

29. The Council has a basket of powers available to it in order to pursue these projects, including the Localism Act 2011 which provides the Council with the so called general power of competence which allows a Local Authority to do anything which an individual may generally do.
30. Further legal advice will be required as the project progresses, particularly in relation to Construction Law, Procurement and Planning and in relation to the contents of any Funding Agreements to be entered into to secure the SCRIF monies.

## **FINANCIAL IMPLICATIONS**

31. The DN7 Hatfield Link Road project has already been included in the Council's capital programme. The majority of funding is currently provisional, relying on securing SCRIF contributions from the SCR and contributions from the developer. The project is subject to a number of risks that could prevent continuation to construction. These include affordability; Network Rail gain share costs; negotiation of SCRIF, developer and S106 agreements; and satisfaction of conditions for an HCA loan to the developer. Failure to progress could lead to abortive costs arising and inability to claim funding from the SCR for some costs already incurred. These risks must continue to be closely managed and further financial advice sought as the project progresses. More detailed implications are provided in the pink papers associated with the report as they contain commercially sensitive information.
32. Negotiation of the SCRIF Funding Agreement and the subsequent administration of the terms and conditions must be undertaken with reference to Financial Procedure Rules; particularly rule E External Arrangements, which sets out the Council's minimum requirements in relation to grant funding. Any negotiations must ensure that conditions of claw back are acceptable to the Council. The SCR have given prior indication that there will be no claw back in relation to this project.

## **HUMAN RESOURCES IMPLICATIONS**

33. None

## **TECHNOLOGY IMPLICATIONS**

34. None

## **EQUALITY IMPLICATIONS**

35. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a "protected characteristic" and those who do not share that protected characteristic.

## **CONSULTATION**

36. Consultation is, and will continue to be, ongoing in respect of the Council's SCRIF projects to include the Mayor, Portfolio Holders, Chief Executive, Director of Regeneration and Environment, Director of Finance and Corporate Services, Assistant Director of Trading Services and Assets, Assets and Property, Town Centre and Markets Management, Stall Holders and all other interested stakeholders.

## **BACKGROUND PAPERS**

Stage 1B Business Case is not for publication as it contains commercially sensitive information and is exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person, including the authority holding that information).

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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