

**North Yorkshire Council**

**Executive**

**Tuesday 15 October 2024**

**Broomfield's Farm Eco-Homes Development**

**Report of the Corporate Director for Community Development**

**1.0 Purpose of report**

1.1 The purpose of this report is to:

- i. advise of the changes to the Whitby Town Deal project: Broomfield's Farm net zero village, now renamed Broomfield's Farm Eco-Homes Development.
- ii. approve entering into a Grant Agreement with Brierley Homes in respect of the Whitby Towns Fund grant of £2,600,000 to deliver the Broomfield's Farm Eco-Homes Development.

**2.0 Summary**

2.1 In March 2021, Broomfield's Farm net zero village, now renamed Broomfield's Farm Eco-Homes Development, was chosen as a priority project for delivery through the Whitby Town Deal and allocated £2.6m from the Towns Fund.

2.2 However, in February 2023, the Council were informed by the landowner; Keyland, that the appointed housing developer MCI Developments had withdrawn from the project citing viability issues and they would be withdrawing the project from the Whitby Town Deal programme.

2.3 This report updates Executive on the work the Council has undertaken to secure the project, the changes to the project approved by Government, and seeks authority for the Council, as accountable body, to enter into a grant agreement with Brierley Homes for £2,600,000 to deliver the project under the Whitby Town Deal programme.

**3.0 Background**

3.1 Whitby received £17.1m from the Government's Towns Fund to deliver the ambitions of its Town Investment Plan. Six priority projects were chosen for delivery including the Broomfield's Farm net zero project which received an allocation of £2.6m to be spent by the programme end date of 31<sup>st</sup> March 2026

3.2 The project was originally to be delivered by housing developer MCI Developments, in partnership with Sanctuary Housing, Registered Social Landlord (RSL), who would take ownership of the homes on completion. Sanctuary Housing were the appointed project sponsor.

- 3.3 The former Scarborough Borough Council approved the submission of the projects Business Case to the Ministry of Housing, Communities and Local Government (MHCLG) and at its Cabinet meeting of 1st July 2022 (Report Ref: Director (MC) 22/161) gave authority to enter into a grant agreement with Sanctuary Housing as the project sponsor. These approvals were transferred to North Yorkshire County Council under the Section 24 General Consents at its Executive meeting of the 23rd May 2022.
- 3.4 However, due to issues obtaining sufficient information from MCI in order to satisfy subsidy control regulations, no grant agreement was ever entered into and no payments were made towards the project.
- 3.5 In February 2023, the Council was informed by the landowner, Keyland, that MCI had withdrawn from the project citing viability issues and as a result, subsequently, Sanctuary Housing would be unable to take over the homes on completion and also withdrew from the project. This left Keyland with no housing developer or RSL for the site to take the project forward and they planned to sell the land on the open market.
- 3.6 Whitby has some of the highest affordable housing needs across the county with house prices amongst the highest along the North Yorkshire Coast with the average asking price for a house currently in the region of £300k, which are around 10x the average household income locally.
- 3.7 In addition, the supply of private rented properties available locally has much reduced, with a high proportion being converted to holiday lets in recent years. Figures from 2022 showed an increase in Whitby from 850 in 2021 to 1110 in 2022, a 30% increase. This amounts to over 10% of all the housing stock in Whitby, which is way above the national average and also for North Yorkshire as a whole. The average private rent locally is currently in the region of £700 for a 2-bedroom flat, higher for houses, and is becoming increasingly out of reach for lower income households in Whitby.
- 3.8 The number of households currently registered on North Yorkshire HomeChoice (the allocations policy) is 400. This number is increasing as both sale values and rental values have increased in recent years and the current cost of living crisis is having an impact.
- 3.9 The delivery of affordable homes at the Broomfield's Farm site has always been seen as a key opportunity in Whitby to deliver high quality affordable homes, which would help to address the housing shortage. The loss of the project from the Town Deal programme would have had a significant impact on the provision of affordable homes in Whitby.
- 3.10 Therefore, following the notification from Keyland, the Council worked to secure the project to still deliver a 100% affordable housing scheme on the Broomfield's Farm site and Keyland agreed to hold off on the sale of the land on the open market until the 31<sup>st</sup> March 2025 to allow the council time to explore potential routes to delivery.

## **4.0 Broomfields Farm Eco-Homes Development**

- 4.1 The original project proposed the delivery of 60, 100% affordable (50% shared ownership and 50% social rented), net zero homes and the provision of community facilities for residents of the housing development such as allotments, a community tool shed and green space.
- 4.2 The outputs for the project that were agreed and recorded with MHCLG for delivery through the Towns Fund programme were:
- £10,073,720 match funding secured and invested.
  - 43 temporary FT jobs supported during project delivery.
  - 60 residential units provided.
  - 450 of trees planted.
  - 5250m<sup>2</sup> of new parks/greenspace/outdoor space.
  - 3440 tonnes estimated carbon dioxide equivalent reductions as a result of support.
  - Land Value uplift to £1,815,340
- 4.3 Following the notification from Keyland that they would be withdrawing the project from the programme; a task group was established. NYC Officers held meetings with Keyland, Sanctuary Housing, Homes England and MHCLG and began to explore the options available to continue delivery of an affordable housing scheme at this site.
- 4.4 After analysing the options, it became evident that the only viable option to secure the project and the £2.6m Towns Fund Investment was to work with Brierley Homes to deliver the project. Details of the other options considered and why they were discounted are contained within section seven of this report.
- 4.5 Brierley Homes will take over as the housing developer to deliver the Broomfield's Farm Eco-Homes Development project. Subject to approval and satisfying Subsidy Control regulations, they will receive the £2.6m grant from the Towns Fund, through the Council as accountable body, via a third-party grant agreement.
- 4.6 Brierley Homes have an already established partnership with Broadacre Homes who will own and manage the homes on completion. Brierley would be responsible for the purchase of the land from Keyland and all elements of the build from design, through the planning process to construction. The homes will be built to Broadacres standards.
- 4.7 The proposed property mix for the Broomfield Farm site meets a range of identified local housing needs within Whitby, based on evidence from the Council's Housing Register. In particular, the provision of 1 bed homes will help meet the needs of single persons and couples, for which there is currently a shortage of affordable homes locally, both in the social and private rented sector. The provision of a range of 2, 3 and 4 bed homes will meet the needs

of local families, who are also affected by the lack of suitable affordable homes within the local area. As the development is situated close to both a primary school and a secondary school, it is in an ideal location for local families with school age children.

- 4.8 Subject to receiving full planning approval and the necessary legal agreements, work would commence on project delivery before the end of the 2024/25 financial year meaning that the project would meet Keyland’s deadline date of 31<sup>st</sup> March 2025 for the land transaction. Completion of the homes would be by March 2027.
- 4.9 There have been a number of changes to the project and the outputs listed in 4.2 which were approved by MHCLG since its original inception. The project name has changed from Broomfield’s Farm Net Zero Village to Broomfield’s Farm Eco-Homes Development.
- 4.10 The original proposal was for 60 affordable homes. However, Brierley Homes have consulted with the planning authority and received pre planning advice. *“Local Plan Policy DEC3 refers to the efficient use of land and indicates that a density level of 30 dwellings per hectare is acceptable. The development seeks to utilise the available land within the red line boundary in line with these density targets.”* As a result, the number of homes to be delivered on the site has reduced to 49 affordable homes.
- 4.11 Additionally, due to inflation and higher construction costs seen across the country associated with building and delivering homes, the community facilities originally proposed for the project will no longer be delivered.
- 4.12 A full breakdown of the changes to the project can be found within Appendix A.
- 4.13 These proposed changes to the project and change in project sponsor to Brierley Homes required a Project Adjustment Request to be submitted to MHCLG in line with the Towns Fund guidance. The Council received confirmation the change request was approved by MHCLG on the 30<sup>th</sup> September 2024.
- 4.14 The project can now move forward with the next stages of delivery subject to the approvals sought in this report and the completion of legal agreements and contracts. An indicative timeline is proposed as follows:

| ACTIVITY  | DATE                          |
|---|-------------------------------|
| Executive approval to enter into Grant Agreement              | 15 <sup>th</sup> October 2024 |
| Full planning permission submitted                            | October 2024                  |
| Grant agreement between the council and Brierley Homes signed | December 2024                 |
| Planning determination  | January 2025                  |

|                            |               |
|----------------------------|---------------|
| Land transaction completed | February 2025 |
| Project start              | March 2025    |

## **5.0 Consultation undertaken and responses**

5.1 Whitby Town Deal Board (WTDB) is the body that provides oversight and direction for the delivery of the Whitby Town Deal programme. The Board have been updated and consulted throughout the process to secure a new project sponsor and protect the £2.6m Towns Fund investment into Whitby.

5.2 At its Board meeting of the 10<sup>th</sup> June 2024, WTDB voted unanimously to approve the proposed changes to the Broomfield's Farm project.

5.3 The Executive Member for Open to Business, the local MP for Scarborough and Whitby constituency and the local Whitby ward members for Streonshalh and Whitby West Cliff have been apprised on the project and are supportive of its changes.

5.4 Brierley Homes will undertake engagement on the scheme proposals before planning submission and will host a series of 'meet the buyer' events for local people.

## **6.0 Contribution to Council Priorities**

6.1 The Broomfield's Farm Eco-Homes Development will contribute to the following Corporate Plan objectives:

- Place & Environment
  - A clean, environmentally sustainable, and attractive place to live, work and visit.
  - Good quality, affordable and sustainable housing that meets the needs of our communities.
- Economy
  - Economically sustainable growth that enables people and places to prosper.
- Health and well-being
  - People are supported to have a good quality of life and enjoy active and healthy lifestyles.

## **7.0 Alternative Options considered**

7.1 The Council explored a few options for the delivery of the Broomfield's Farm project including:

## Competitively procured contract.

- 7.1.1 This option would see the Council undertake a tender exercise to the open market to competitively procure a Housing Developer and Registered Provider (RP) partnership to deliver the project.
- 7.1.2 Because the total value of the procurement would have been above WTO thresholds, the Council would be required to follow the 'above threshold process' set out in the Procurement and Contract Procedure Rules within the Constitution. This process would require a minimum of 6 months to complete.
- 7.1.3 The housing developer and registered provider would receive the £2.6m grant from the Towns Fund via the Council as accountable body through a third party grant agreement. The housing developer or registered provider would be responsible for purchasing the land from Keyland.
- 7.1.4 Until the tenders had been returned, the Council would not know what proposals the housing developer or RP would put forward for the provision of any interventions within the homes to achieve net zero standards.
- 7.1.5 Due to the length of time to go through a procurement process, which may yield zero returns, this option would not meet Keyland's requirements for the land sale to complete by the 31<sup>st</sup> March 2025.

## 7.2 Partner delivery utilising a local registered provider

- 7.2.1 This option would see the Council utilise the £2.6m grant to purchase the land from Keyland and act as the developer and landowner. The Council would procure a Registered Provider to both build and manage the homes on completion.
- 7.2.2 The Council would be the project sponsor and responsible for ensuring the project was delivered and the outputs for MHCLG met.
- 7.2.3 Again, the Council would have to go through a lengthy procurement process to appoint a Registered Provider which may yield zero returns. Officers held initial conversations with Sanctuary Housing (the previously involved RP) and Together Group, both providers indicated concerns and believed the current timescales rendered it undeliverable due to the procurement process and uncertainties with the planning process.
- 7.2.4 There would also be an additional Council approval process to go through in order to secure authority to purchase the land.
- 7.2.5 Both these processes would take several months to complete and therefore would be not meet Keyland's timescale of completing the land purchase by 31 March 2025.

7.2.6 Because the Council would be the landowner and developer, it would maintain a high level of control over the project and its outputs but it would require a higher amount of internal resources to deliver and keeps most of the risk of the project and development with the Council.

### 7.3 Purchase of the land and sell onto a third party for delivery

7.3.1 This option would see the Council utilise the £2.6m Towns Fund grant, subject to approval from MHCLG to purchase the land from Keyland, currently valued at £1,815,340 and then market the land itself for sale to a developer. Council approval would be required in order to undertake a land purchase.

7.3.2 There is no guarantee that the Council would be able to sell on the land to a developer leaving it at considerable financial risk in the event MHCLG clawed back the funding due to non-delivery of the project.

7.3.3 The Council would also not be able to guarantee the provision of a 100% low carbon affordable homes development on the site by 31<sup>st</sup> March 2029 because it would lose any control over the project delivery.

7.4 None of the above options would have given the Council, or Government, assurance that a low carbon 100% affordable housing scheme would have been delivered on the site within the timescales of the Towns Fund programme and therefore were discounted as viable options to secure delivery of the site.

## 8.0 **Financial Implications**

8.1 The Council is the accountable body for the Towns Fund programme and receives all grant payments from the Ministry of Housing, Communities and Local Government (MHCLG) in respect of the Town Deal projects for both Whitby and Scarborough.

8.2 The Broomfield's Farm project received an allocation of £2.6m from the Towns Fund. MHCLG approved the project in June 2021 and made an initial grant payment to the council of £812,250 for the project.

8.3 No grant agreement was entered into for the original project and therefore no payments made towards any external organisations involved in the delivery of the project. There has been a small amount, £8804, charged to the project for programme management costs and work the council has undertaken to secure the project.

8.4 Because the project was on hold whilst a solution could be found, no further payments were made to the Council from MHCLG. The current financial position is:

Grant received to date from MHCLG: £812,250

Project spend to date: £8,804

Current remaining budget: £803,446

Grant still to receive from MHCLG: £1,787,750

Combined available budget: £2,591,196

- 8.5 As the accountable body, the council is at risk of clawback of funding from MHCLG in the event of non-delivery of the project. Therefore, it is the council's responsibility to ensure that the project is viable before any grant payments are made to Brierley Homes.
- 8.6 Grant payments to Brierley Homes will be managed by way of a third-party grant agreement prepared by Legal and Democratic Services. A requirement of the grant agreement, and subsidy control regulations, will be for Brierley Homes to provide the council with a full financial appraisal which will be verified by a council appointed Quantity Surveyor (QS).
- 8.7 Any costs incurred by the council in the development and monitoring of the project will be included within the full financial appraisal as a cost charged to Brierley Homes out of the grant amount.
- 8.8 Monthly monitoring meetings will take place with Brierley Homes and no payment of grant will be made until satisfactory evidence of expenditure and a completed grant claim form is submitted, in line with the agreed drawdown schedule, to the council for verification and approval.
- 8.9 These implemented processes will reduce the financial risk to the council.

## **9.0 Legal Implications**

- 9.1 The council has general powers to undertake the projects within the Towns Fund programme pursuant to the general power of competence contained in the Localism Act 2011 as well as the wellbeing provisions in the Local Government Act 2000.
- 9.2 The direct award of a grant to Brierley Homes is permitted pursuant to the grant award requirements contained in the council's Constitution - Procurement Contract and Procedure Rules, subject to approvals within the Officers Scheme of Delegation (Corporate Director of Resources and Assistant Chief Executive Legal and Democratic Services).
- 9.3 On 30 September 2024, MHCLG confirmed that the project adjustment request facilitating this project change had been approved. The release of grant funding to Brierley Homes will be governed by a third-party grant agreement prepared by the council's Legal Service to administer the release of funding on achievement of milestones and requiring the achievement of Towns Fund outputs associated with this project as well as on-going monitoring.
- 9.4 As part of the grant agreement with Brierley Homes there will be a requirement to confirm that the grant does not breach subsidy control legislation. An initial assessment has confirmed that the subsidy is permitted provided due diligence is carried out on the development costs to ensure public intervention is at a minimum. There will also be publication requirements. Compliance with these requirements will be a condition of the grant agreement with Brierley Homes.



9.5 To ensure the outputs required for the project are achieved in line with the grant agreement, monthly project monitoring will take place between the Council's Regeneration Service and Brierley Homes. Brierley Homes will also have to report on progress to Government in line with the established Towns Fund monitoring and evaluation processes on a quarterly basis.

## **10.0 Equalities Implications**

10.1 An equalities impact assessment form has been completed and attached at Appendix B.

10.2 All Towns Fund projects must adhere to the Public Sector Equality Duty, and this is a condition of the grant agreement.

10.3 The homes will be built to meet Nationally Described Space Standards and the development is a 100% affordable scheme which aims to help low-income households purchase their first home.

## **11.0 Climate Change Implications**

11.1 A climate change impact assessment form has been completed and attached at Appendix C.

11.2 Broomfield's Farm is a Low Carbon Housing development. Within the original project, the homes would have been built to Future Homes Standard (FHS) which reduces carbon emissions by 80% compared to a standard housing development. However, the new scheme proposed by Brierley Homes and Broadacres will build the homes to PassivHaus standard which surpasses the standards set by FHS and reduces emissions by 90% compared to a standard housing development. A list of the differences between the standards is included within Appendix A.

11.3 The council's Climate Change Strategy 2023-2030 sets the ambition to be a net zero region by 2034. The Strategy highlights how a large proportion of our existing houses are old and less energy efficient than in urban areas. It sets ambitions to install 270,000 heat pumps by 2038 and to ensure the future proofing of future buildings. The Broomfield's Farm Eco-Homes Development will help the council achieve these ambitions.

11.4 Similarly, the York and North Yorkshire Combined Authority also sets out ambitions to be a carbon negative region by 2040, and to position York and North Yorkshire at the forefront of national climate action and provide a platform to influence Government policy and funding through its Routemap to Carbon Negative.

## **12.0 Risk Management**

12.1 Brierley Homes will be responsible for the management and mitigation of the project's risks and will be required to maintain a project risk register.

- 12.2 Because the project falls within the Towns Fund programme, they will be required to report to the council, through the Regeneration Service, in line with the established Towns Fund Assurance and Governance Framework. Monthly meetings will take place between Brierley Homes and Regeneration Services to report on project progress, including its risks.
- 12.3 These updates will then feed into the reporting mechanisms for the Capital Projects Group and the Growth and Regeneration Capital Board under NYC's corporate governance.
- 12.4 Additionally, the project will be required to report on a twice-yearly basis for MHCLG in line with the requirements of the Towns Fund programme. This reporting requires the details of the top risks to the project.

### **13.0 Conclusions**

- 13.1 The Broomfield's Farm Eco-Homes Development provides the opportunity to deliver a 100% affordable housing scheme within Whitby. This surpasses the required minimum percentage of affordable homes stipulated for new housing developments.
- 13.2 Whilst the project does not completely deliver the outputs that were approved within the original business case, it does deliver a significant reduction in CO<sup>2</sup> emissions compared to a standard housing development.
- 13.3 If this project did not progress, not only would a large number of affordable homes not be delivered but Whitby would lose its £2.6m investment from the Towns Fund.
- 13.4 The change to the project is supported by the Whitby Town Deal Board and MHCLG.

### **14.0 Reasons for Recommendations**

- 14.1 To allow the successful delivery of 49 100% affordable homes in Whitby through the Broomfield's Farm Eco-Homes Development project as part of the Whitby Town Deal programme and secure the £2.6m investment from the Towns Fund.

### **15.0 Recommendation**

- 15.1 Executive is recommended to authorise the Council to enter into a Grant Agreement with Brierley Homes for £2,600,000 to deliver the Broomfield's Farm Eco-Homes Development subject to satisfying Subsidy Control Regulations.

APPENDICES:

Appendix A – Broomfield’s Farm Project Changes

Appendix B – Equalities Impact Screening Assessment

Appendix C – Climate Change Impact Assessment

BACKGROUND DOCUMENTS:

None.

Nic Harne  
Corporate Director – Community Development

County Hall  
Northallerton

16 September 2024.

Report Author – Kerry Levitt, Principal Regeneration Officer

Presenter of Report – Nic Harne, Corporate Director

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.