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**Report to:** Place, Regeneration and Housing Committee

**Date:** 1 September 2022

**Subject:** Project Approvals

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## **1 Purpose of this report**

- 1.1 To report on proposals for the progression of, and funding for, a number of West Yorkshire Combined Authority supported projects that have been considered at stages 1, 2 and 3 of the Combined Authority's assurance process.
- 1.2 The Place, Regeneration and Housing Committee has delegated decision making authority approved by the Combined Authority on 24 June 2021.
- 1.3 The recommendations can be found in Section 13 of this report.

## **2 Tackling the Climate Emergency implications**

- 2.1 The West Yorkshire Combined Authority and the Leeds City Region Enterprise Partnership (the LEP) are working towards the challenging ambition of being a net zero carbon economy by 2038 and to have made significant progress by 2030, in its efforts to tackle the climate emergency. As a region, West Yorkshire currently emits 11 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>e) per year. Meeting the target, achieving emission reductions of over 11 MtCO<sub>2</sub>e by 2038, will require urgent and collaborative action across all sectors of the region's economy in partnership with businesses and communities.
- 2.2 Transport is the largest emitting sector, dominated by road transport and private vehicle use. The majority of emissions from buildings and industry are due to heat generation, primarily as a result of the combustion of natural gas.
- 2.3 The Combined Authority has taken action to ensure all decisions we make include climate emergency considerations. The Combined Authority:

- Has strengthened how clean growth and climate change impacts are considered as part of all schemes that come through the Combined Authority's Assurance Framework.
- Requires all Project Approvals reports to the Combined Authority and thematic committees to include the results of a carbon impact assessment and narrative on the clean growth / tackling the climate emergency implications.

2.4 To strengthen decision making across the whole of the Combined Authority's Assurance Framework a robust methodology for assessing the carbon impact of proposals has been developed. This includes a qualitative assessment of likely carbon impact at Stage 1 and a more detailed quantitative assessment of carbon impact at Stage 2.

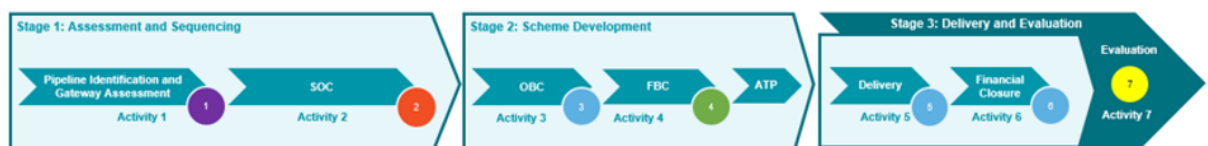
2.5 The carbon impact assessment methodology has now been completed and is being implemented into the Assurance Framework. The work has involved the development of training, reporting requirements and other supporting material to ensure carbon assessment is properly embedded in the Assurance Framework. The Combined Authority will provide the necessary scrutiny of carbon impact assessments presented by promoters.

### 3 Report

3.1 This report presents proposals for the progression of schemes through the Combined Authority's assurance process in line with the Combined Authority's Assurance Framework. These schemes have an indicative funding value of £186,00,000 when fully approved, of which £10,636,000 may be funded by the Combined Authority. No expenditure recommendation is sought as part of this report for the development and delivery of these schemes. Further details on the schemes summarised below can be found as part of this report.

3.2 The assurance process is a three-stage approach with the requirement that all projects subject to minor exceptions as detailed in the Assurance Framework, will as a minimum, need to formally pass decision point 2 (strategic outline case) and 4 (full business case), with the requirement to meet the intervening activities deemed on a project-by-project basis.

3.3 For more detail on the Combined Authority's Assurance Framework through which each of the schemes outlined in this report are being approved is provided in **Appendix 1**.



#### Stage 1: Assessment and Sequencing

3.4 Programmes / schemes will start to be developed through an ongoing dialogue with the Region's businesses, third sector and public organisations, in line with

the West Yorkshire Investment Strategy (WYIS). Schemes will access funding through either a commissioning process or through open calls. Programmes / schemes will be assessed through a Strategic Assessment (an early-stage gateway check and challenge review) to determine if they are eligible to proceed (decision point 1).

- 3.5 If approved the scheme will progress to strategic outline case (SOC), where schemes will be expected to demonstrate a strategic fit in terms of project outcomes and set out their proposed approach to establishing value for money (VfM). At this stage, a long list of options will be considered with a shortlist being presented in the SOC. Consultation at this stage will be limited, but will be a key to the next activity, outline business case (OBC) in Stage 2. At this stage, funding may be sought to enable work to progress on the OBC. Schemes will also be required to submit an Appraisal Specification Report (ASR). It is at the end of this stage where the Combined Authority approve the indicative funding, approval pathway and route and tolerance levels (decision point 2).

#### Stage 2: Scheme Development

- 3.6 If approved the scheme will progress to OBC unless the approval pathway set at decision point 2 does not require this. The OBC should revisit the options identified within the SOC to identify the option which optimises public value, confirm the affordability of the scheme, and put in place the arrangements to ensure successful delivery. The OBC should be prepared in accordance with the Green Book five-case model and should include a draft Monitoring and Evaluation Plan and a Benefit Realisation Plan. The economic case must be developed in consistency with the agreed ASR. Guidance will be provided to scheme promoters around the level of detail to be submitted at this stage with regards to proportionality of the business case. The scheme will be presented for approval by the decision-maker (decision point 3) as set out in the approval pathway and route approved at decision point 2.
- 3.7 If approved the scheme will progress to full business case (FBC) which will confirm the contractual arrangements for the preferred option. Affordability of the scheme is reiterated, and the scheme puts in place the final arrangements for delivery and monitoring and evaluation of the scheme. A Monitoring and Evaluation Plan and a Benefit Realisation Plan are mandatory products at this stage. The FBC should also be prepared in accordance with the five-case model and any conditions set at OBC should be resolved. The economic case must be developed in consistency with the agreed ASR. The scheme will be presented for approval by the decision-maker (decision point 4) as set out in the approval pathway and route approved at decision point 2.
- 3.8 The FBC approval will be granted with a condition that the scheme remains within set conditions. Where this condition has been met Approval to Proceed into Delivery (Activity 5) will be granted by the Managing Director (or by an officer under sub-delegated authority from the Managing Director). If the condition(s) is not met, the project will be required to re-submit the FBC.

### Stage 3: Delivery and Evaluation

- 3.9 Once a scheme gains FBC approval and the conditions set have been met, the scheme can progress into Activity 5 (Delivery).
- 3.10 Upon scheme completion, a Delivery Closure Report is required that details how the scheme has performed. This includes whether delivery has remained within the timeframes specified within the business case, has achieved the objectives of the scheme and associated outputs, documents what has been delivered and highlights the overall costs. The Delivery Closure Report will be presented for approval by the decision-maker (decision point 5) as set out in the approval pathway and route approved at decision point 2.
- 3.11 Following completion of Activity 6, the scheme will be required to submit a Financial Closure Report (Activity 6). The Financial Closure Report confirms the final costs for the scheme, ensuring all payments have been completed. The Financial Closure Report will be presented for approval by the decision-maker (decision point 6) as set out in the approval pathway and route approved at decision point 2.
- 3.12 The purpose of the Delivery and Financial Closure Reports is to assess the success of the scheme, identify best practice for future schemes, resolve all open issues and to capture feedback and lessons learnt to inform the development and delivery of future schemes.
- 3.13 Activity 7 (Evaluation) will be managed by the Combined Authority's Research & Intelligence team. This is a reporting point as opposed to the previous decision points in the process and will be undertaken when the scheme is completed for an evaluation of the benefits, outcomes and economic impact compared to the overall objectives set out in the SOC. Insights and learning intelligence from evaluation will also be fed back into policy and strategy in order to inform the design and development of future schemes. Interim evaluations may also be undertaken as required as set out in the Monitoring and Evaluation Plan.

### **Value for Money - Benefit Cost Ratios**

- 3.14 The Benefit to Cost Ratio (BCR) for some of the schemes in this report potentially represent low value for money, when assessed using the Department for Transport's Transport Appraisal Guidance TAG on the appraisal of transport schemes.
- 3.15 This is because whilst calculating benefits to costs of a transport scheme there are many more journeys made by car than are made by bus, cycling, and walking and as a consequence the monetised benefits arising from improvements to bus, cycling and walking journeys may be outweighed by the monetised dis-benefits to car users.
- 3.16 However, a key strategic objective of investment is to encourage modal switch to more sustainable modes and therefore whilst the 'core' BCR (i.e. following Green Book guidance on total impact on the society as a whole) for some

schemes may be low, discounting the dis-benefits to car users from the appraisal will result in a higher BCR and where possible this 'range of BCR' will be presented to support decision making. This is in line with HM Treasury guidance where appraisal should take account of all five cases (strategic, commercial, economic, financial and management) and the economic case be balanced with these.

- 3.17 Her Majesty's Treasury (HMT) have now completed the review of the Green Book. The Green Book is guidance issued by HM Treasury on how to appraise policies, programmes, and projects. This review has endorsed the Combined Authority's approach by clarifying that overall Value for Money judgement should not depend solely on the BCR but be informed by a balanced consideration of all relevant evidence, that is, appraisal should take account of all five cases (strategic, commercial, economic, financial and management) and the economic case be balanced with these.
- 3.18 In particular, HMT have clarified further that in assessing value for money, a stronger emphasis can now be placed on the strategic case and how the strategic objectives and priorities of the Combined Authority will be met through the delivery of a project. This might for example include, but not limited to, a greater focus on regional impacts to help deliver Levelling Up, ensuring transformational projects are given due consideration, supporting the climate change and good growth agenda (the Combined Authority aims to achieve net-zero by 2038), supporting an increase in active mode and public transport use, supporting / accelerating housing development and allowing a greater emphasis on the requirement to carry out equalities analysis as required by the Public Sector Equalities Duty. The specific approach will be determined on a programme-by-programme basis as funding and investment streams come forward.

## Scheme summaries

<p><b>BHF - Cow Green</b></p> <p>Calderdale</p>	<p><b>Scheme description</b></p> <p>This scheme will deliver 114 high quality and energy efficient build-to-rent apartments in Halifax Town Centre.</p> <p>The scheme is to be delivered through the Brownfield Housing fund.</p> <p><b>Impact</b></p> <p>The development will install renewable technologies (photo voltaic panels and mechanical ventilation heat recovery) to deliver carbon reductions of 30% over and above current building regulations. The development includes the provision of electric vehicle (EV) charging spaces and 80 cycle storage spaces.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 1:1 representing medium value for money.</p> <p><b>Decision sought</b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p> <p>Total value of scheme – indicative costs at this stage are £17,000,000 (to be determined at full business case)</p> <p>Total indicative value of Combined Authority funding - £2,100,000</p> <p>Funding recommendation sought - £0</p> <p>A decision by the Place, Regeneration and Housing Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
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<p><b>BHF - South Huddersfield</b></p> <p>Kirklees</p>	<p><b>Scheme description</b></p> <p>This scheme will deliver 79 energy efficient affordable housing units across a range of tenures (including affordable rent/shared ownership) for a range of tenant groups including supported housing for those with special needs, elderly residents, and general housing needs.</p> <p>The scheme is to be delivered through the Brownfield Housing Fund.</p> <p><b>Impact</b></p> <p>The residential units will be zero-carbon ready and built to high building and space standards. The development will install renewable technologies (including photovoltaic panels) enabling residents to benefit from lower energy bills and resident health and wellbeing benefits. The development includes the provision of electric vehicle (EV) charging spaces and cycle storage spaces.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 1.28:1 representing acceptable value for money.</p> <p><b>Decision sought</b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p> <p>Total value of scheme – indicative costs at this stage are £15,000,000 (to be determined at full business case)</p> <p>Total indicative value of Combined Authority funding - £869,000</p> <p>Funding recommendation sought - £0</p> <p>A decision by the Place, Regeneration and Housing Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
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<p><b>BHF Leeds Village</b></p> <p>Leeds</p>	<p><b>Scheme description</b></p> <p>This scheme will deliver approximately 697 high quality and energy efficient build to rent and market sale homes in Leeds city centre of which 20% of the build to rent and 7% of the market sale homes will be affordable.</p> <p>The scheme is to be delivered through the Brownfield Housing fund.</p> <p><b>Impact</b></p> <p>The development will install renewable technologies including a Micro Combined Heat and Power plant and Mechanical Ventilation Heat Recovery to minimise carbon emissions. The development includes the provision of 16,467 sq. ft of commercial and community space with the potential to create up to 15 direct jobs and up to 90 indirect jobs based on the proposed office accommodation plans. The scheme includes landscaped space with 200 young trees.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 2.5:1 representing high value for money.</p> <p><b>Decision sought</b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p> <p>Total value of scheme – indicative costs at this stage are £154,000,000 (to be determined at full business case)</p> <p>Total indicative value of Combined Authority funding - £7,667,000</p> <p>Funding recommendation sought - £0</p> <p>A decision by the Place, Regeneration and Housing Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
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### **Decisions relevant to this thematic committee made through other delegations**

- 3.19 Since the Place, Regeneration and Housing Committee's last meeting on 20 April 2022, the following decision points and change requests have been assessed in line with the Combined Authority's assurance process.

### **Decisions made through the delegation to the Director of Delivery**

- 3.20 The following schemes have recently been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Combined Authority's Director of Delivery.

<b>Flood Alleviation – Hebden Bridge</b>	Approval to the project closure report for the Local Growth Funded element of Flood Alleviation – Hebden Bridge scheme and for the scheme to proceed through decision point 7 (old assurance pathway).  Total value of the scheme: £30,000,000 Total value of Combined Authority funding: £1,425,000
<b>EZ Calderdale – Clifton Business Park</b>	Approval to the Financial Closure Report for the EZ - Calderdale - Clifton Business Park scheme and for the scheme to proceed through decision point 7 (Close and Review – old assurance pathway).  Total value of the scheme: £1,856,861 Total value of Combined Authority funding: £1,842,303

## **4 Information**

- 4.1 The Combined Authority's assurance framework requires that formal approval is given to the following elements of a scheme as part of its development:
- The progression of a scheme through a decision point to the next activity.
  - Indicative or full approval to the total value of the scheme funding requested.
  - The Combined Authority's entry into a funding agreement with the scheme's promoter.
  - The assurance pathway and approval route for future decision points.
  - The scheme's approval tolerances.
- 4.2 This report provides information required to enable the Combined Authority to approve each of the above elements.

## Projects in Stage 1: Assessment and Sequencing

- 4.4 There are no schemes to review at this stage.

## Projects in Stage 2: Development

<b>Project Title</b>	<b>BHF - Cow Green</b>
<b>Stage</b>	2 (scheme development)
<b>Decision Point</b>	3 (outline business case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

## Background

- 4.5 This scheme will be funded from the Brownfield Housing Fund. This is a £66,779,000 fund covering West Yorkshire. The BHF programme will support the development of new homes on brownfield sites in the region to be started on site by March 2025. The aim of the BHF programme is to create more homes by bringing forward more brownfield land into development. The fund will target investment to help ease the viability issues that brownfield projects face, e.g. making former industrial land safe.
- 4.6 One of the high-level objectives of the Brownfield Housing Fund as set by the Government is that all projects must represent good value for money and be Green Book compliant with a benefit cost ratio of at least 1. Schemes also need to demonstrate market failure (i.e. that without public sector funding the scheme could not progress) and the construction of homes to have started on site by 31 March 2025 when the funding stream will come to an end. Viability gaps, security and overage relating to each scheme are being developed as part of the potential agreements with private sector developers delivering the schemes. Due diligence is also being carried out on each potential recipient of Combined Authority funding, as well as establishing the schemes' sustainable, inclusive and / or affordable housing credentials.
- 4.7 The Cow Green scheme will build 114 high quality and energy efficient apartments for rent in Halifax Town Centre. The number of apartments

developed are to be made up of 53 two-bedroomed and 61 one-bedroomed homes.

- 4.8 The site for development is owned by Calderdale Council and is currently used as a temporary car park, following the demolition of a multi-storey car park.
- 4.9 Although there are no affordable housing units from this scheme, Calderdale Council will ringfence the land acquisition payment to provide affordable housing in another future development.
- 4.10 The developer of the scheme which will be confirmed at full business case, specialises in build-to-rent developments. The homes will be marketed toward young workers, families, and people wishing to downsize. The housing development will provide town centre housing enabling access to local businesses and public transport.
- 4.11 The scheme contributes to the West Yorkshire Mayor's pledge to 'build 5000 sustainable homes' and 'support local businesses and be a champion for the regional economy'. The homes will be highly sustainable and energy efficient. Halifax has not been able to meet its housing land and delivery requirements for a period of time. This scheme was put forward by and is supported by Calderdale Council and is looking improve the mix of tenure options in Halifax. Providing quality homes for rent within the town centre will support local businesses. The developer has plans to expand its offer throughout West Yorkshire and become a champion for build-to-rent and urban regeneration in partnership with local authorities and Homes England.
- 4.12 A summary of the scheme's business case is included in Appendix 2.

### **Tackling the Climate Emergency implications**

- 4.13 The housing development will tackle the climate emergency through:
- The installation of renewable technologies (photovoltaic panels and mechanical ventilation heat recovery) to deliver carbon reductions of 30% over and above building regulations.
  - The provision of electric vehicle charging spaces and 80 cycle storage spaces.
  - A full carbon assessment will be undertaken following detailed design and consultation with planners and will be submitted with the full business case.

### **Outputs and Benefits**

- 4.14 The scheme outputs and benefits include:
- Meeting local housing need through contributing 114 new homes in Halifax Town Centre by 2024.

- Setting the standard for high quality energy efficient build-to-rent developments within the town centre.
- Remediating 0.3 hectares of brownfield land suitable for housing by 2023.
- Supporting 156 jobs during the construction phase.

4.15 The scheme's value for money assessment reflects a benefit cost ratio (BCR) of 1:1 representing medium value for money.

### **Inclusive Growth implications**

4.16 The scheme inclusive growth implications include:

- Halifax town centre falls within the 6% most deprived neighbourhoods in England. Improving access to good quality living environments within Halifax town centre is a key priority for Calderdale.
- The development at Cow Green provides quality housing within the town centre, which provides access to public transport and supports local businesses.
- The scheme will benefit both existing and new residents who will enjoy a more thriving town centre as businesses benefit from more footfall and attract new businesses. Good quality homes will provide better value for money for energy costs, better health and an improved quality of life for residents.

### **Equality and Diversity implications**

4.17 An Equality Impact Assessment (EqIA) has been undertaken for the scheme and equality and diversity impacts taken account of as part of the development of the scheme and the business case development.

### **Risks**

4.18 The scheme risks include:

- Planning is not secured. This will be mitigated by working collaboratively with Calderdale Council.
- Increased costs due to inflation, supply, and material shortages. This will be mitigated by monitoring costs on a monthly basis and contingency has been factored into the cost plan.
- Inability to gain approval from key stakeholders. This will be mitigated by developing and implementing a Stakeholder Engagement and Communications Plan.

### **Costs**

4.19 The scheme costs are:

- The indicative total scheme costs are currently up to £17,000,000 (to be determined at full business case due to the current inflation challenge and supply cost uncertainty) and Combined Authority funding of £2,100,000 from the Brownfield Housing Fund is requested to contribute towards delivery of the scheme.

### Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
3 (outline business case)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Place, Regeneration and Housing Committee	01/09/2022
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Managing Director	24/02/2023
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Director of Delivery	31/01/2025

### Other Key Timescales

- The scheme will start on site in April 2023 and be completed by the end of November 2024.
- Planning permission is anticipated to be submitted in October 2022 with a decision expected by January 2023.

### Assurance Tolerances

Assurance tolerances
Combined Authority costs remain within +5% of those outlined in this report Delivery (DP5) timescales remain within +3 months of those outlined in this report. The number of homes developed remain within -10% of those outlined in this report

### Appraisal Summary

- 4.20 This scheme is to develop build-to-rent apartments in Halifax town centre. The site for development is currently being used as a temporary car park (its previous use was a multi-storey car park but this was demolished in 2019). The scheme is looking to create 114 homes (53 two-bedroomed and 61 one-

bedroomed apartments). It is noted that there are no affordable housing units from this scheme however, the Council will ringfence the land acquisition payment to provide affordable housing in another future development.

- 4.21 The scheme is located close to public transport and includes proposals to provide access to an electric car club. Details have been provided setting out demand for the scheme through the Strategic Housing Market Assessment (2018), along with relevant policies and strategies the scheme aligns with.
- 4.22 The development at Cow Green will complement other transport and regeneration schemes in the Halifax town centre and will align with similar outputs, such as achieving better quality of life, improving residents' health and the local area.

### **Recommendations**

- 4.23 The Place, Regeneration and Housing Committee approves that:
  - (i) The BHF Cow Green scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
  - (ii) An indicative approval to the Combined Authority's contribution of £2,100,000 is given. The indicative total scheme value is £17,000,000.
  - (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>BHF – South Huddersfield</b>
<b>Stage</b>	2 (scheme development)
<b>Decision Point</b>	3 (outline business case)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

## Background

- 4.25 This scheme will be funded from the Brownfield Housing Fund. This is a £66,779,000 fund covering West Yorkshire. The BHF programme will support the development of new homes on brownfield sites in the region to be started on site by March 2025. The aim of the BHF programme is to create more homes by bringing forward more brownfield land into development. The fund will target investment to help ease the viability issues that brownfield projects face, e.g. making former industrial land safe.
- 4.26 One of the high-level objectives of the Brownfield Housing Fund as set by the Government is that all projects must represent good value for money and be Green Book compliant with a benefit cost ratio of at least 1. Schemes also need to demonstrate market failure (i.e. that without public sector funding the scheme could not progress) and the construction of homes to have started on site by 31 March 2025 when the funding stream will come to an end. Viability gaps, security and overage relating to each scheme are being developed as part of the potential agreements with private sector developers delivering the schemes. Due diligence is also being carried out on each potential recipient of Combined Authority funding, as well as establishing the schemes' sustainable, inclusive and / or affordable housing credentials.
- 4.27 The South Huddersfield scheme will build 79 affordable homes built to high environmental and space standards for a range of residents, including those requiring supported living. The number of homes developed will be made up of 26 two-to-three-bedroom houses and 53 one to two bedroom flats.
- 4.28 The scheme will be developed by a Registered Housing Provider, experienced in the development of affordable housing in West Yorkshire.

- 4.29 The scheme contributes to the Mayoral Pledges to: “Build 5000 sustainable homes including affordable homes”; “Tackle the climate emergency”; Support local businesses and be a champion for our regional economy” and aligns to the Strategic Economic Framework Priorities of: Boosting productivity; Enabling inclusive growth; Tackling the Climate Emergency.
- 4.30 A summary of the scheme’s business case and is included in Appendix 3.

### **Tackling the Climate Emergency implications**

- 4.31 The housing development will tackle the climate emergency through:
- Installing renewable technologies, including photovoltaic panels
  - Prioritising low carbon construction methods
  - Ensuring high insulation standards and low bills for residents
  - The provision of electric vehicle (EV) charging spaces and cycle storage spaces.
  - The provision of six different habitats supporting a range of wildlife throughout the year
- 4.32 A full carbon assessment will be submitted with the full business case.

### **Outputs and Benefits**

- 4.33 The scheme outputs and benefits include:
- Meeting local housing need through contributing 79 new homes that are designed to national housing space standards and will accommodate a range of residents’ housing needs, near Huddersfield town centre by 2025.
  - Providing an energy efficient residential accommodation by May 2025.
  - Supporting 200 construction jobs, including 10 apprenticeships, by May 2025
  - The scheme’s value for money assessment reflects an adjusted benefit cost ratio (BCR) of 1.28:1, representing an acceptable value for money position.

### **Inclusive Growth implications**

- 4.34 The scheme inclusive growth implications include:
- Supporting the revitalisation of Huddersfield as a key location in the region by delivering quality housing close to Huddersfield town centre
  - The creation of a sustainable housing development with the benefit of local amenities (shops, leisure), thereby contributing to the local economy

- The provision of good quality housing that is inclusive, attractive, and affordable, to meet housing need of a range of residents in Kirklees.
- Good quality homes will provide better value for money energy costs, better health outcomes and improved quality of life.

### **Equality and Diversity implications**

4.35 An Equality Impact Assessment (EqIA) has been undertaken for the scheme and will be further revised and updated at the next decision point, full business case.

### **Risks**

4.36 The scheme risks include:

- Remediation costs are higher than anticipated. This will be mitigated by updates to building condition surveys and a groundworks contingency budget.
- Increased costs due to inflation, supply, and material shortages. This will be mitigated by the main build contract being procured via a Design and Build Contract with price risk transferred to the main contractor.

### **Costs**

4.37 The scheme costs are:

- The indicative total scheme costs are currently £15,000,000 (to be determined at full business case due to the current inflation challenge and supply cost uncertainty) and Combined Authority funding of £869,000 from the Brownfield Housing Fund is requested to contribute towards delivery of the scheme.

### **Assurance Pathway and Approval Route**

Assurance pathway	Approval route	Forecast approval date
3 (outline business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Place, Regeneration and Housing Committee	01/09/2022
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	28/07/2023
5 (delivery closure)	Recommendation: Combined Authority's Programme Appraisal Team	31/07/2025

	Decision: Combined Authority's Director of Delivery	
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### Other Key Timescales

- The scheme will start on site in March 2023 and homes will be completed (subject to phasing plan) by May 2025.
- A new full planning application is anticipated to be submitted in August 2022 with a decision expected by December 2022.

### Assurance Tolerances

Assurance tolerances
<p>Combined Authority cost remain within +5% of those outlined in this report</p> <p>Programme: Delivery (DP5) timescales remain within 3 months of those outlined in this report.</p> <p>Outputs: The number of affordable housing units remain within -15% of those outlined in this report.</p>

### Appraisal Summary

- 4.38 This scheme will deliver 79 affordable homes on a brownfield site south of Huddersfield. The scheme aligns with the objectives of the wider Brownfield Housing Fund programme and will contribute to the delivery of the Mayoral Pledges for building sustainable homes and tackling the climate emergency, along with the objectives of the Combined Authority's Strategic Economic Framework.
- 4.39 The houses will be designed and built to a high energy efficient standard with zero carbon ready technology to reduce carbon emissions. This housing development will introduce much needed supported housing for people with special needs (learning, physical and mental) along with housing for the elderly.
- 4.40 Overall, the business case presents a strong case for public sector investment to redevelop a vacant listed building and deliver much needed quality, affordable housing in the Kirklees and South Huddersfield area.

### Recommendations

- 4.41 The Place, Regeneration and Housing Committee approves that:
- The BHF South Huddersfield scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
  - An indicative approval to the Combined Authority's contribution of £869,000 is given. The indicative total scheme value is £15,000,000.

- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>BHF Leeds Village</b>
<b>Stage</b>	2 (scheme development)
<b>Decision Point</b>	3 (outline business case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

## Background

- 4.43 This scheme will be funded from the Brownfield Housing Fund. This is a £66,779,000 fund covering West Yorkshire. The BHF programme will support the development of new homes on brownfield sites in the region to be started on site by March 2025. The aim of the BHF programme is to create more homes by bringing forward more brownfield land into development. The fund will target investment to help ease the viability issues that brownfield projects face, e.g. making former industrial land safe.
- 4.44 One of the high-level objectives of the Brownfield Housing Fund as set by the Government is that all projects must represent good value for money and be Green Book compliant with a benefit cost ratio of at least 1. Schemes also need to demonstrate market failure (i.e. that without public sector funding the scheme could not progress) and the construction of homes to have started on site by 31 March 2025 when the funding stream will come to an end. Viability gaps, security and overage relating to each scheme are being developed as part of the potential agreements with private sector developers delivering the schemes. Due diligence is also being carried out on each potential recipient of Combined Authority funding, as well as establishing the schemes' sustainable, inclusive and / or affordable housing credentials.
- 4.45 The Leeds Village scheme will build approximately 697 high quality and energy efficient build to rent and market sale homes in three apartment blocks, of which 20% of the build to rent and 7% of the market sale homes will be affordable.
- 4.46 The developer for the scheme specialises in build-to-rent developments and will be confirmed at full business case. The apartments will be marketed to key

education and health key workers and others seeking town centre accommodation, enabling easy access to local jobs and public transport.

- 4.47 The scheme contributes to the West Yorkshire Mayor's pledge to 'build 5000 sustainable homes' and 'support local businesses and be a champion for the regional economy'. The homes will be sustainable and energy efficient. There is a shortage of good quality homes in this area. Providing homes for rent within the town centre will support local businesses. There will also be significant benefit from regenerating this vacant brownfield site which has had a negative impact on the neighbourhood's wellbeing and property values.
- 4.48 A summary of the scheme's business case is included in Appendix 4.

### **Tackling the Climate Emergency implications**

- 4.49 The housing development will tackle the climate emergency through:
- The installation of renewable technologies to reduce carbon impact including a Micro Combined Heat and Power plant on site to generate heat and a Mechanical Ventilation Heat Recovery system to recover the heat otherwise lost in ventilating the building.
  - High-performance glazing will be used throughout to reduce heat from strong sunlight coming into the building.
  - Provision of electric vehicle charging spaces, a large cycle storage space in the basement and low energy lighting in the building.
  - A full carbon assessment has not been undertaken at this stage and will be submitted with the full business case.

### **Outputs and Benefits**

- 4.50 The scheme outputs and benefits include:
- Meeting local housing need through contributing 697 new homes in Leeds city centre by April 2026.
  - Setting the standard for high quality energy efficient build-to-rent developments within Leeds.
  - Remediation of 1.54 hectares of brownfield land suitable for housing before 2026.
  - Supporting 170 indirect jobs during the construction phase.
  - Support the creation of up to 105 jobs in commercial and community facilities created (up to 15 direct jobs e.g. concierge, maintenance, security and up to 90 indirect jobs from the proposed office accommodation).
- 4.51 The scheme's value for money assessment reflects a benefit cost ratio (BCR) of 2.5:1 representing high value for money.

## **Inclusive Growth implications**

4.52 The scheme inclusive growth implications include:

- The area targeted by this scheme is within the 1% most deprived neighbourhoods in England. Improving access to good quality housing within the city is a strategic priority for Leeds City Council.
- The development will provide quality housing within the city centre, supports local businesses in need of premises and provides excellent facilities for access to walking, cycling and public transport.
- The scheme will benefit both existing and new residents who will enjoy a regenerated neighbourhood as brownfield land comes back into use. Good quality homes will provide better value for money for energy costs, better health for residents and an improved quality of life.

## **Equality and Diversity implications**

4.53 An Equality Impact Assessment (EqIA) has been undertaken for the scheme and equality and diversity impacts taken account of as part of the development of the scheme and the business case development.

## **Risks**

4.54 The scheme risks include:

- Asbestos removal required and dealing with onsite soil contamination. These risks are mitigated by undertaking surveys.
- Failure to secure Network Rail consent to the development and appropriate agreements. This is mitigated through the appointment of professional consultants.
- Increased costs due to inflation, supply, and material shortages. This will be mitigated by monitoring costs monthly and contingency in the cost plan.

## **Costs**

4.55 The scheme costs are:

- The indicative total scheme costs are currently £154,000,000 (to be determined at full business case due to the current inflation challenge and supply cost uncertainty) and Combined Authority funding of £7,667,000 from the Brownfield Housing Fund is requested to contribute towards delivery of the scheme.

## **Assurance Pathway and Approval Route**

Assurance pathway	Approval route	Forecast approval date
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3 (outline business case)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Place, Regeneration and Housing Committee	01/09/2022
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Managing Director	30/06/2023
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Director of Delivery	29/05/2026

### Other Key Timescales

- The scheme will start on site in July 2023 and the full scheme will be completed by the end of April 2026.
- Planning amendments are anticipated to be submitted in November 2022 with a decision on full planning approval expected by June 2023.

### Assurance Tolerances

Assurance tolerances
Cost: Combined Authority costs remain within +5% of those outlined in this report
Programme: Delivery (DP5) timescales remain within 3 months of those outlined in this report.
Outputs: Housing units remain within -20% of those outlined in this report.

### Appraisal Summary

- 4.56 The scheme is to develop build-to-rent apartments on a brownfield site in Leeds city centre which has been vacant for many years. The scheme will create approximately 697 new homes. This contributes towards the Strategic Economic Framework priorities and Mayoral pledges for building sustainable and affordable homes, tackling the climate emergency and protecting the environment. National Planning Policy states that Build to Rent developments should have a minimum of 20% affordable housing, and this scheme will meet this requirement.
- 4.57 The development will provide much needed quality housing in Leeds city centre. It will complement other development going on in the area and benefit from public transport and local businesses and amenities.

- 4.58 The inclusion of substantial low carbon technologies into the building's heating and ventilation systems, as well as cycling and electrical vehicle facilities, will ensure it is a high quality and future proof development.

### **Recommendations**

- 4.59 The Place, Regeneration and Housing Committee approves that:
- (i) The BHF Leeds Village scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
  - (ii) An indicative approval to the Combined Authority's contribution of £7,667,000 is given. The indicative total scheme value is £154,000,000.
  - (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

### **Projects in Stage 3: Delivery and Evaluation**

- 4.60 There are no schemes to review at this stage.

## **5 Tackling the Climate Emergency implications**

- 5.1 The Climate Emergency implications have been considered on all projects included in this report as part of their business case development.

## **6 Inclusive Growth implications**

- 6.1 The inclusive growth implications have been considered on all projects included in this report as part of their business case development.

## **7 Equality and Diversity implications**

- 7.1 Equality Impact Assessments (EQIA) have been undertaken on all projects included in this report as part of their business case development.

## **8 Financial implications**

- 8.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.

## **9 Legal implications**

- 9.1 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

## **10 Staffing implications**

- 10.1 A combination of Combined Authority and local partner council project, programme and portfolio management resources are or are in the process of being identified and costed for within the schemes in this report.

## **11 External consultees**

- 11.1 Where applicable scheme promoters have been consulted on the content of this report.

## **12 Recommendations (Summary)**

### **BHF Cow Green**

- 12.1 The Place, Regeneration and Housing Committee approves that:
- (i) The BHF Cow Green scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
  - (ii) An indicative approval to the Combined Authority's contribution of £2,100,000 is given. The indicative total scheme value is £17,000,000.
  - (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **BHF South Huddersfield**

12.2 The Place, Regeneration and Housing Committee approves that:

- (i) The BHF South Huddersfield scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
- (ii) An indicative approval to the Combined Authority's contribution of £869,000 is given. The indicative total scheme value is £15,000,000.
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **BHF Leeds Village**

12.3 The Place, Regeneration and Housing Committee approves that:

- (i) The BHF Leeds Village scheme proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
- (ii) An indicative approval to the Combined Authority's contribution of £7,667,000 is given. The indicative total scheme value is £154,000,000.
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **13 Background Documents**

13.1 None as part of this report.

## **14 Appendices**

Appendix 1 – Background to the Combined Authority's Assurance Framework

Appendix 2 – BHF Cow Green Business Case Summary

Appendix 3 – BHF South Huddersfield Business Case Summary

Appendix 4 – BHF Leeds Village Business Case Summary