

Public Document Pack



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6 March 2019

Dear Councillor

NOTICE OF DELEGATED DECISION – (DD35 18) REDEVELOPMENT OF WILLIAM MUGE AND SNELGROVE SITES – ACCEPTANCE OF HOMES ENGLAND GRANT FUNDING

Please find attached details of a decision taken by Mr Mike Davis, Strategic Director (Corporate Resources), to accept £1.16 million in grant funding from Homes England for the redevelopment of the William Muge and Snelgrove sites.

The deadline for call-in of this decision is **10.00am on Tuesday, 12 March 2019.**

If call-in is not activated, the implementation date for this decision will be noon on 12 March.

Members of the public who require further information are asked to contact Kate Batty-Smith on 01304 872303 or by e-mail at democraticservices@dover.gov.uk.

Yours sincerely

A handwritten signature in cursive script that reads "Kate Batty-Smith".

Democratic Services Officer

ENCL

- 1 **NOTICE OF DELEGATED DECISION - (DD35 18) REDEVELOPMENT OF WILLIAM MUGE AND SNELGROVE SITES - ACCEPTANCE OF GRANT FUNDING** (Pages 2-5)

Decision Notice

Delegated Decision

Decision No:	DD35
Subject:	REDEVELOPMENT OF WILLIAM MUGE AND SNELGROVE SITES – ACCEPTANCE OF GRANT FUNDING
Notification Date:	6 March 2019
Implementation Date:	5 March 2019
Decision taken by:	Mike Davis, Strategic Director (Corporate Resources)
Delegated Authority:	Paragraph C of Section 6 (Scheme of Officer Delegations) of Part 3 of the Constitution - Delegation 160 to the Section 151 Officer: 'To make application for and to accept grants or other assistance on behalf of the Council.'
Decision Type:	Executive Key Decision
Call-In to Apply?	Yes (<i>The deadline for call-in will expire at 10.00am on 12 March 2019</i>)
Classification:	Unrestricted
Reason for the Decision:	To seek formal decision to accept £1.16 million in grant funding, together with the associated terms and conditions, for the construction of 29 new shared-ownership units at the William Muge and Snelgrove sites.
Decision:	To accept grant funding of £1.16 million from Homes England, together with the terms and conditions attached to the grant offer.

1. **Consideration and Alternatives** (*if applicable*)
 - 1.1 See attached report.
 - 1.2 This decision is a Key Decision that was not included in the Notice of Forthcoming Key Decisions, as a result of which the requisite 28 days' notice has not been given. Permission was therefore sought from Councillor Linda Keen, the Chairman of the Scrutiny (Community and Regeneration) Committee, to follow the Special Urgency procedure which allows a Key Decision to be taken provided consent has been obtained from the relevant Scrutiny chairman. This consent was forthcoming (see Special Urgency notice L03 18 of 6 March 2019).
2. **Any Conflicts of Interest Declared?**
 - 2.1 None.
3. **Supporting Information** (*as applicable*)
 - 3.1 See attached report.

Subject:	REDEVELOPMENT OF WILLIAM MUGE AND SNELGROVE SITES – ACCEPTANCE OF GRANT FUNDING
Date:	5 March 2019
Decision to be taken by:	Mike Davis, Strategic Director (Corporate Resources)
Report of:	Roger Walton, Strategic Director (Operations and Commercial)
Portfolio Holder:	Councillor Trevor Bartlett, Portfolio Holder for Property Management and Environmental Health
Decision Type:	Executive Key Decision
Call-in to be Suspended:	No (<i>The deadline for call-in will expire at 10.00am on 12 March 2019</i>)
Classification:	Unrestricted
Delegated Authority:	Paragraph C of Section 6 (Scheme of Officer Delegations) of Part 3 of the Constitution - Delegation 160 to the Section 151 Officer: 'To make application for and to accept grants or other assistance on behalf of the Council'.
Purpose of the report:	To seek formal decision to accept £1.16 million in grant funding, together with the associated terms and conditions, for the construction of 29 new shared-ownership units at the William Muge and Snelgrove sites.
Recommendation:	To accept grant funding of £1.16 million from Homes England, together with the terms and conditions attached to the grant offer.

1. Summary

- 1.1 Cabinet, on 1st October 2018, resolved to proceed with the redevelopment of the William Muge and Snelgrove sites. One of the tenets of the supporting business case was the offer from Homes England to grant-fund the 29 shared ownership units to the sum of £40,000 per unit, a total of £1.16 million.
- 1.2 Homes England have made a formal grant offer to Dover District Council (DDC) One key condition for the grant award was that there is to be a 'substantive start on site' prior to 31 March 2019. In order for this to happen DDC needs to accept the grant the grant funding contract and the terms and conditions attached to the grant offer. This report recommends the immediate signing of the contract in order to meet the 31 March deadline.

2. Introduction and Background

- 2.1 Cabinet, on 1st October 2018, resolved to proceed with the redevelopment of the William Muge and Snelgrove sites. The redevelopment consists of 12 town houses for commercial sales, 29 shared-ownership units and 24 social housing units.

- 2.2 One of the tenets of the supporting business case was the offer from Homes England to grant-fund the 29 shared-ownership units to the sum of £40,000 per unit, a total of £1.16 million. Paragraph 5.1 of the Cabinet report refers to the assumed grant support level and this figure was included in the financial assessment of the project following informal assurances previously received from Homes England.
- 2.3 Following Cabinet's approval further detailed discussions with Homes England were undertaken and a formal application for grant funding was submitted. Homes England have accepted the application, made a formal grant offer to Dover District Council and have sent a contract for signing. One key condition for the grant award was that there is to be a 'substantive start on site' prior to 31 March 2019. The definition of 'substantive start on site' is defined in Homes England guidance notes and was clarified further with reference to the William Muge and Snelgrove project in an exchange of e-mails. All parties, including the main contractor, have a clear understanding of the definition and the works programme has been tailored to meet the 31 March deadline. In order for this to happen DDC needs to accept the grant, the grant funding contract and the terms and conditions attached to the grant offer.
- 2.4 The effect of missing the 31 March deadline is that the particular tranche of Homes England funding for 2018/19 will no longer be available. The current funding arrangements are such that 75% of the grant is paid immediately after the substantive start on site. Whilst it is likely that, should the 31 March deadline be missed, Homes England would be prepared to provide grant funding, the level of support may change. The funding rules will definitely change on 1 April 2019, affecting all projects that start on or after this date. Under the incoming funding arrangements, the 75% up-front grant payment is removed.
- 2.5 The draft contract has been examined by the Council's legal department which is comfortable that the various terms and conditions do not put the Council at unacceptable financial, reputational or contractual risk.

3. Identification of Options

- 3.1 Accept the grant funding offer, terms and conditions.
- 3.2 Decline the grant funding offer, terms and conditions.

4. Evaluation of Options

- 4.1 Accept the grant funding - This is the recommended option. The business case is predicated on the receipt of the Homes England grant funding and there is a risk to the viability of the project without this funding stream. The grant transaction is between two government bodies with a shared desired outcome. The risk of dispute in such circumstances is severely reduced.
- 4.2 Decline the grant funding - This is not recommended since the consequence would be to forego £1.16 million and risk compromising the viability of the scheme.

5. Resource Implications

- 5.1 The financial appraisal of the project assumes receipt of the grant as a key element of the project viability.

6. Corporate Implications

- 6.1 Comment from the Section 151 Officer: Finance have been consulted on this report and have no further comments to add. (HL)
- 6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

- 6.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.
- 6.3 Other Officers (as appropriate): None.
7. **Appendices**
None.
8. **Background Papers**
Redevelopment of William Muge and Snelgrove sites - Cabinet report of 1 October 2018.

Contact Officer: Martin Leggatt