

Report title: Funding for Weir House, Whitby Road, Bristol BS4 4AR

Wards affected: Brislington West

Strategic Director: Barra Mac Ruairi

Report Author: Tim Southall

RECOMMENDATION for the Mayor’s approval:

A grant of £750,000 for 30 flats be made to Merlin HA from Commuted Sums for a development at Weir House, Whitby Road

Key background / detail:

a. Purpose of report:

To seek the Mayor’s approval to making a grant available to Merlin HA to enable them to complete a build contract with the developer by no later than end of July 2015.

b. Key details:

1. Proposed scheme meets Mayoral and corporate plan priority to “significantly increase affordable housing provision” and will secure an opportunity for nominations to 30 affordable rented flats which will be available in September 2015.
2. Proposed scheme meets the Council greatest housing need for one and two bedroom homes, for households impacted by changes to Universal Credit and housing benefit limits.
3. The developer has stated that they will withdraw their workforce unless Merlin sign build contract by 31st July 2015. This date has been extended from an earlier deadline now that Merlin have entered into contract conditional on securing BCC funds. Merlin HA are not in position to proceed and complete the contract without written reassurance that Council will provide grant of £750,000 for the 30 flats.
4. There are currently £2.236m commuted sums funds available for affordable housing provision in the city. Developers expect the Council to use these financial contributions, secured through s106 agreements, for affordable housing provision in an expeditious manner.

AGENDA ITEM 7

BRISTOL CITY COUNCIL CABINET 6th July 2015

REPORT TITLE: **Funding for Weir House, Whitby Road, Bristol BS4 4AR**

Ward(s) Brislington West

Strategic Director: Barra Mac Ruairi / Strategic Director Place

Report author: Tim Southall / Housing Development Manager

Contact telephone no. 0117 3525138.
& e-mail address: tim.southall@bristol.gov.uk

Purpose of the report:

To seek the Mayor's approval to making a grant available to Merlin Housing Association (Merlin) to enable them to complete on a build contract with the developer by no later than the end of July 2015.

RECOMMENDATION for the Mayor's approval:

To provide a grant of £750,000 for 30 flats to Merlin Housing Association from Commuted Sums for a development at Weir House, Whitby Road

The proposal:

1. The Council agreed to work with Merlin in September 2014 to provide a range of one and two bedroom accommodation throughout the city as they were offering the most cost effective grant proposals. Merlin advised the Council in May 2015 that their negotiations to acquire Speedwell Swimming Pool had broken down and that they were now pursuing a refurbishment scheme of thirty affordable rent flats on a nearly completed scheme at Weir House, Whitby Road.
2. Merlin informed the Council in May 2015 that they had been offered the opportunity, subject to the Council being able to confirm by the end of June (now extended to 31st July) that £750,000 grant will be available, to enable Merlin to exchange contracts with the developer. The developer who is currently refurbishing the former office development at their own risk has advised Council officers that they will not be able to keep their workforce on site unless some form of written assurance is given by the Council. Release of this grant would enable Merlin to complete and let all the flats by end of September 2015.
3. Merlin have confirmed that they will provide 13 x one and 17 x two bedroom flats for affordable rent. The Service Director of Housing Delivery has confirmed one and two bedroom flats are the greatest housing need in the city; particularly for households impacted by changes to Universal Credit and housing benefit limits. He further

considers that with Weir House being reasonably close to the city centre, this will be attractive to people needing one and two bedroom flats on Homes Choice Bristol.

4. There are currently £2.236m commuted sums funds available for affordable housing provision in the city. Developers expect the Council to use these financial contributions, secured through s106 agreements, for affordable housing provision in an expeditious manner. It is confirmed that there are adequate funds available for the Council to make a grant payment of £750,000 to Merlin. The grant payment equates to £26,750 for a two bedroom flat and £22,000 for a one bedroom flat which represents excellent value for money.
5. The proposed scheme meets the Mayoral and corporate plan priority to “significantly increase affordable housing provision” and will secure an opportunity for nominations to 30 affordable rented flats which will be available in September 2015.

Consultation and scrutiny input:

- Mayor, Assistant Mayors Place and Neighbourhoods at Mayors Briefing on 24th June 2015 – Mayor and Assistant Mayors supportive - agreed it needs to go to Cabinet on 6th July. Sought advice on flood risk – supplied direct.
- Assistant Mayor Place at Assistant Mayors Briefing 15th June 2015 – encouraged officers to investigate every way to progress this important housing scheme
- *Councillor Bolton Chair of Place Scrutiny Commission – to be undertaken w/c 29th June*
- *Local Councillors: Councillors Means and Greaves – to be undertaken w/c 29th June*
- Barra Mac Ruairi – Strategic Director Place – approved in principle subject to completing all the necessary consultations
- Tian Ze Hao – Finance Business Partner Place – agreed most appropriate funds to meet grant requirement is Commuted Sums
- *Peter Gillett – Service Director – Finance – meeting on 2nd July*
- Sinead Willis – Contract and Procurement Manager – advised on route to enable an early key decision could be made by Strategic Director and then approved by retrospective approval.
- Shahzia Daya- Service Manager and Deputy Monitoring Officer - advice on treating this Cabinet paper as an exception

Other options considered:

Considered whether Merlin would agree to a release of grant payments in two phases so that initial phase could be agreed by Strategic Director under delegated powers. This was not acceptable to Merlin as the scheme is a single phase refurbishment project where all the flats being built are at an advanced stage of completion.

Risk management / assessment:

| FIGURE 1 | | | | | | | |
|---|---|--|-------------|--|--------------------------------------|-------------|--------------|
| The risks associated with the implementation of the (subject) decision : | | | | | | | |
| No. | RISK Threat to achievement of the key objectives of the report | INHERENT RISK (Before controls) | | RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation). | CURRENT RISK (After controls) | | RISK OWNER |
| | | Impact | Probability | | Impact | Probability | |
| 1 | Housing Association fail to deliver scheme | High | Medium | Work with with BCC Legal team to put together an appropriate Funding agreement | Med | Low | Tim Southall |

FIGURE 2**The risks associated with not implementing the (subject) decision:**

| No. | RISK | INHERENT RISK | | RISK CONTROL MEASURES | CURRENT RISK | | RISK OWNER |
|-----|--|-------------------|-------------|--|------------------|-------------|--------------|
| | | (Before controls) | | | (After controls) | | |
| | | Impact | Probability | | Impact | Probability | |
| 1 | Threat to achievement of the key objectives of the report 30 less affordable one and two bedroom flats not delivered – 30 households affected | High | High | Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation). Provide alternative funding for alternative scheme able to deliver 30 flats before March 2016 | Med | Medium | Tim Southall |

Public sector equality duties:

The property will advance equality of low income households in need of one and two bedroom accommodation and benefits from 3 level access single storey dwellings that could be made available to tenants with physical disabilities – subject to an occupational health assessment. The urgency of this decision has meant that there has not been time to undertake a full Equality Impact Assessment

Eco impact assessment

The proposal will deliver 30 flats in a refurbished office building. The flats at property will meet the equivalent to Code for Sustainable Homes Level 4

Resource and legal implications:**Finance****a. Financial (revenue) implications:**

Not applicable

b. Financial (capital) implications:

The proposed £750,000 grant can be met from overall £2.236m of commuted sums secured through s106 agreements specifically for affordable housing provision in the city

Advice given by Tian Ze Hao / Finance Business Partner - Place
Date 11th June 2015

Comments from the Corporate Capital Programme Board:

Supported in principle by Place Leadership Team – who suggested it needed to be a Mayoral decision taken at Cabinet.

c. Legal implications:

“Whenever the Council grants a benefit to an organisation, it must ensure the benefit does not constitute state aid, or that it falls under one of the applicable State aid exemptions. One of the available exemptions is where a service of general economic interest is being provided in exchange for the grant. Provided the obligations imposed on Merlin constitute a service of economic interest, and a deed of entrustment is entered into, this arrangement will be low risk in relation to State aid.

Further, provided the arrangement constitutes a grant agreement, rather than a contract, the agreement will not need to be procured in accordance with the EU public procurement regime, and this risk in relation to a challenge under the EU public procurement regime will

be low.”

Advice given by Sinead Willis / Contracts and Procurement Solicitor
Date 25th June 2015

d. Land / property implications:

Not applicable

e. Human resources implications:

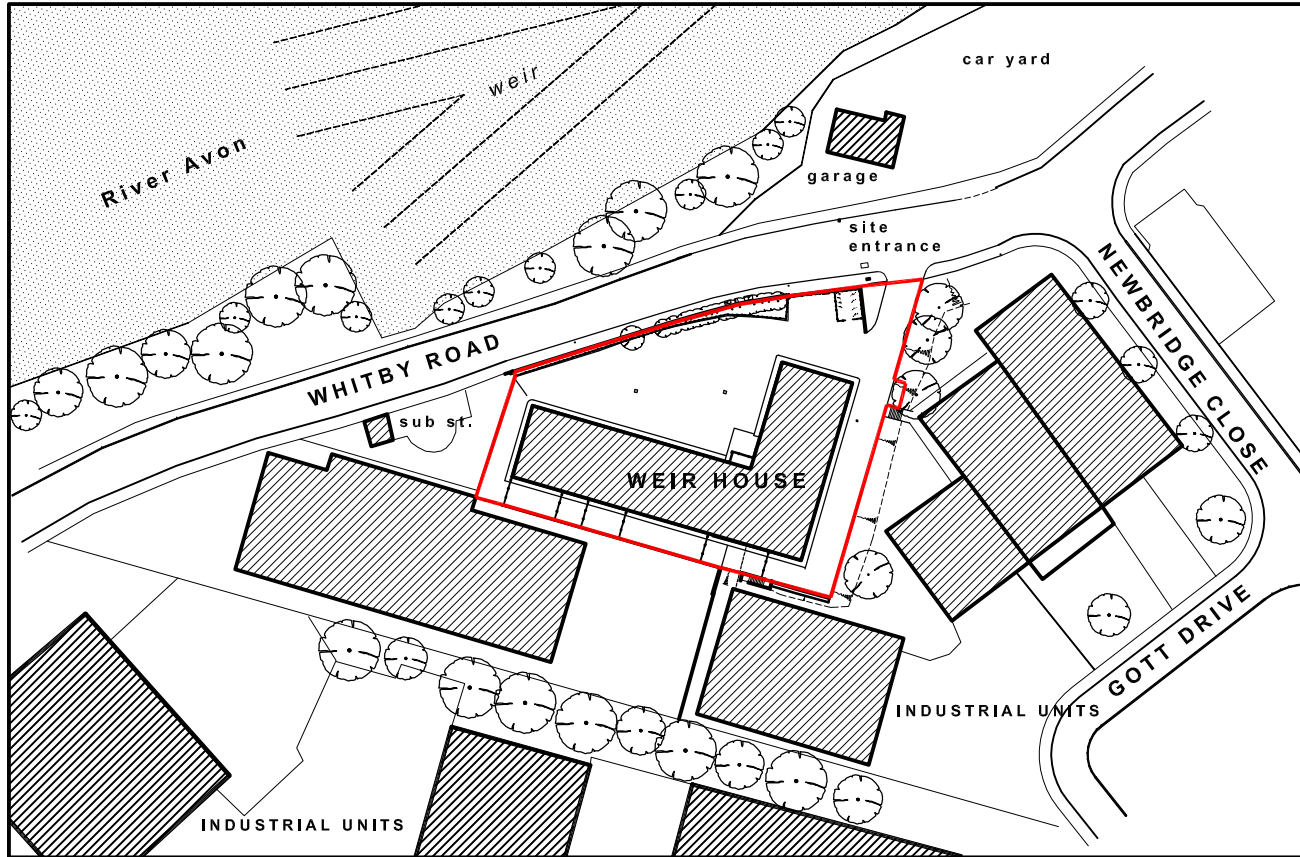
Not applicable

Appendices:

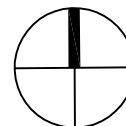
Related plans

Access to information (background papers):

None



LOCATION PLAN



Job
Weir House
St Phillips, Bristol
 Drawing Title
Location Plan

Scale
1:1250 @ A4
 Date
Decemberr 2014

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Date Inset Checked Rev.



Drawn
MLFT
 Checked
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Job No. Drawing No. Rev.

2311 P 101

ADJACENT WAREHOUSE BUILDING

ADJACENT SERVICE YARD

ADJACENT WAREHOUSE BUILDING

ESCAPE ACCESS FROM ADJACENT PROPERTY

1.8m timber close board fence between terrace areas

1.8m hit and miss timber fence to site boundary

SUBSTATION ADJACENT

timber access gates to substation land

GRASSED BANK TO ADJACENT PROPERTY

existing vehicle parking

ENTRANCE units 4-30

ENTRANCE units 1-3

amended parking layout to suit fire tender access

new vehicle guarding with hit and miss timber fence to perimeter of car park frontage (extent of new perimeter fence in blue)

ESCAPE ACCESS FROM ADJACENT PROPERTY

fire tender access point to 18m of dry riser inlet

max 18m reversing distance to turning point for fire tender

existing refuse enclosure retained for recycling containers

1.65 high hit and miss timber refuse store enclosure

WHITBY ROAD

SITE LAYOUT

18/12/2014 Refuse store added, unit 2 garden area reduced MLFT A
Date Initial Checked Rev.

Job
**Weir House
St Phillips, Bristol**
Drawing Title
SITE LAYOUT



Scale
1:200 @ A3
Date
December 2014

Drawn
MLFT
Checked
PCW

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Job No. Drawing No. Rev.
2311 P 102

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