



*making our region more prosperous, sustainable and fairer,
helping our people and businesses to create and seize opportunities*

Combined County Authority Board		
Date	17 June 2024 – Annual General Meeting	
Report Title	Brownfield Housing Fund: Selection of Schemes	
Accountable EMCCA Board Member	Mayor Claire Ward	
Accountable Chief Officer	Mark Rogers, Interim Chief Executive	
Accountable Employee	Barry Cummins, Land and Housing Lead	
Report has been considered by	Informal Board	
Key decision	No	
Public Report	Yes	
Voting Arrangements	A: simple majority including the Mayor	
Recommendation(s) for action or decision:		
The Combined County Authority is recommended to:		
A	Delegate authority to approve the preferred selection of schemes for the Combined County Authority to meet its Brownfield Housing Fund timetable obligations to DLUHC to the Mayor, in consultation with the four constituent council Lead Members.	

1. Purpose

- 1.1 This report seeks delegated authority for the Mayor in consultation with the four constituent council Lead Members to approve the preferred selection of schemes for the Combined County Authority to meet its Brownfield Housing Fund timetable obligations to DLUHC.

2. Background

- 2.1 The East Midlands Combined County Authority (EMCCA) and Homes England (HE) are working in partnership to unlock the delivery of stalled residential sites, to create high-quality homes and thriving, sustainable places.
- 2.2 EMCCA has secured a devolved allocation of £16.8m of Brownfield Housing Fund (BHF) investment from Central Government to support the delivery of housing on brownfield sites across the East

Midlands. The aim is to directly unlock the delivery of between 1,000-1,400 new high-quality homes across the East Midlands region. Housing delivery must commence and BHF monies must be spent by 31 March 2026. £16.8m has been committed through the Brownfield Housing Fund to EMCCA to deliver over two years with all payments being complete in 25/26 as shown in spend profile below:

Year	Year One – 2020/21	Year Two – 2021/22	Year Three – 2022/23	Year Four – 2023/24	Year Five – 2024/25	Year Six – 2025/26
Capital Spend	£0	£0	£0	£0	£8,414,744	£8,414,744

3. Requested Delegation

- 3.1 The Combined County Authority is seeking to develop a pipeline of brownfield site housing schemes which can justify a financial case for public sector grant funding support to unlock housing delivery. To inform this pipeline the Combined County Authority issued a call for schemes.

Call for Schemes

- 3.2 Expressions of Interest and a Prospectus were issued at a formal launch of the fund on 19 April 2024 with two workshops held on 22 April 2024 for interested stakeholders. The bidding window was closed on 10 May 2024.
- 3.3 The response to the scheme has been very positive with 50 individual submissions having an aggregate value of circa £76m supporting circa 9000 units. Evaluation of the submissions is currently under way and given the complexity of some of the schemes this process cannot be concluded in time to meet the deadline for papers to have the preferred scheme recommendations to be considered at this Board meeting.
- 3.4 The next steps following evaluation and nomination of the successful candidates will be to commence the preparation completion and exchange of funding agreements with EMCCA in support of the financial allocations. Funding support is conditional on commencement of start on site and the latest date for this to happen to claim outputs this year is 31 March 2025.
- 3.5 Given the following Board is scheduled for September 2024, a delegation is sought for Mayor in consultation with constituent lead members to approve the preferred selection of schemes for EMCCA to meet its Brownfield Housing Fund timetable obligations to DLUHC.
- 3.6 Approved schemes will be reported to next meeting in September.

What can Brownfield Housing Fund grant support?

- 3.7 The funding is principally designed for capital expenditure and can fund a range of interventions that unlock the development of housing on brownfield land which would otherwise not happen.
- 3.8 Eligible capital expenditure could include:
- Offsite infrastructure (if directly linked to the delivery of the dwellings)
 - Site remediation and demolition to prepare sites
 - On site infrastructure
 - Direct delivery of new homes
 - Site acquisition and land assembly
 - Placemaking infrastructure such as public realm, place making interventions
 - Capacity to support any of the capital delivery activity detailed above, where it is directly attributable to the creation or maintenance of a capital asset

3.9 It is focused on capital grant funding although EMCCA is happy to explore options for other types of intervention (such as repayable grant/loan support) where more applicable.

What are the key eligibility criteria?

- 3.10 To meet the criteria for the fund, eligible schemes must:
- Be on **brownfield** land within the East Midlands Combined Authority Boundary. The NPPF defines 'brownfield' and we will also support sites on local Brownfield Registers and those clearly designated as brownfield sites in Local Plans.
 - Demonstrate that housing is being **unlocked** (i.e. a strong additionality case they could not be delivered in the absence of BHF).
 - Be able to spend any BHF funding on a defrayed basis by **March 2026** and commence construction by then.
 - Be Subsidy Control compliant.
 - Achieve a minimum **Benefit Cost Ratio (BCR) of 1** in accordance with HMT Green Book principles.
 - Deliver a **minimum of 5 new homes**.
 - Demonstrate evidence that the **site is allocated or planning permissions/consents** have or are being applied for/secured.
 - Demonstrate evidence of **site/land ownership** or landowner consent of any land required to deliver the project.
 - Evidence **market failure** and demonstrate a clear rationale why the scheme would not otherwise be delivered.
 - Alignment with the EMCCA Strategic Objectives.

The application and decision-making process

- 3.11 Given the timeframes, the focus of this call is on deliverable schemes that can progress at pace. All applications will be appraised using HM Treasury Green Book principles and will need to demonstrate alignment to these.
- 3.12 The deadline for receipt of completed applications was 10 May 2024. Applications are reviewed against the scheme eligibility and deliverability criteria as defined above in addition to stating how they might align with or support the broad objectives set out in the EMCCA Strategic Framework (approved by EMCCA Board on 20 March).
- 3.13 The schemes are currently being reviewed by our formally appointed external agents, Cushman and Wakefield, throughout May and early June 2024 and will be assessed against compliance with the fund criteria, EMCCA strategic fit, realism of assumptions made, and overall timetable and deliverability of outputs specified.
- 3.14 Recommendations will then be made in respect of those schemes that provide the optimal balance of criteria satisfaction and deliverability to meet the requirements to commence activity in the timetable associated with the grant of the Fund both in 2024/25 and 2025/26. This may or may not have a bias in either year in terms of spend and outputs.
- 3.15 A list of ranked selections and recommendations will be presented to the Mayor for endorsement and approval, in consultation with the four constituent council lead members. It is intended, following the conclusion of this process that successful applicants will be notified in late June / early July to enable the commencement and preparation of individual Full Business Cases needed for all submissions.
- 3.16 To enable this process, delegated authority to approve the preferred selection of schemes for the Combined County Authority to meet its Brownfield Housing Fund timetable obligations to DLUHC is required. It is requested that this delegated authority be provided to the Mayor, in consultation with the four constituent council Lead Members.

3.17 Subsequent Full Business Cases will be submitted to the Combined County Authority for final Board approval under the current scheme of delegations, as and when they are ready to enable grant to be drawn down. The timetable will vary for each scheme depending upon the individual circumstances of the site.

4. Next Steps

4.1 EMCCA will be required to provide a quarterly Monitoring Report to the Department for Levelling Up Homes and Communities, following scheme selections, to demonstrate progress against key milestones and adherence to fund principles, and an annual statement.

4.2 The quarterly report will include:

- Spend against the allocated profile at a programme level
- General delivery update against the programme plan – where applicable this will include risks, by exception, and any mitigating action being or to be taken.

4.3 EMCCA will shortly commence work on a suite of templates and draft Standard Agreements required support grant allocations, reflecting the necessary overage, default and security provisions required to mitigate any risks.

5. Appendices

5.1 There are no appendices to this report.

6. Implications

Financial Implications

6.1 All costs incurred in relation to the schemes approved will fall within the funding envelope of £16,828,488 already approved and will be closely monitored. In relation to the applicants of the BHF, all activity and expenditure, up to the order being passed by Government, is undertaken at the applicant's risk.

Legal Implications

6.2 A formal funding agreement will be put in place for each approved project. The funding agreements will be developed to address any potential legal issues arising. All shortlisted projects will be required to submit a UK Subsidy Control Assessment before receiving funding to ensure compliance.

Other Significant Implications

6.3 No other significant implications have been identified.

Background Papers

6.4 Not applicable