

# CAPITAL INVESTMENT BUSINESS CASE UPDATE



## Kings Tamerton Energiesprong Housing Project

### PURPOSE OF BUSINESS CASE UPDATE

To add £330,000 of S106 monies allocated to this housing project to the Capital Programme.

### BRIEF DESCRIPTION OF PROJECT

This project aims to utilise a council owned site off Coombe Way, Kings Tamerton to deliver up to 70 net-zero carbon homes including at least 40 affordable community-led homes, under the Plan for Homes initiative. It is also a flagship scheme for innovation under the Climate Emergency Action Plan (CEAP) and part of the Eco Homes Programme which is in the Leader's Delivery Plan, aiming to pioneer a new approach to the delivery of low carbon homes known as Energiesprong and incorporating Modern Methods of Construction (MMC). It aims to provide a replicable and scalable model, creating the catalyst for a future pipeline of net-zero carbon homes across the city. £600,000 of Land Release Fund grant has been secured towards this project and is already in the capital programme.

### PROGRESS UPDATE

The outline planning application was approved by Planning Committee on 9 December 2021, subject to signing a S106 and the decision was issued on 8 July 2022. The delay was due to ongoing negotiations regarding the land sale contract which needed to be exchanged before PEC Homes could sign the S106.

A tender process is currently being carried out by PEC Homes to appoint a contractor to deliver the first phase of the project. It is anticipated the Reserved Matters application will be made late 2022, allowing a start on site next year. This is slightly later than stated in the original Business Case as the planning application was called in to Planning Committee and there was also a need for detailed viability work to assess the ability of the development to contribute towards various planning obligations. It was also necessary for contracts for the sale of the land to be exchanged prior to signing the S106 agreement which delayed matters due to lack of resource in the legal team.

The £330,000 that this paper proposes should be added to the Capital Programme has been secured by way of a signed spend certificate from the S106 funds paid as a planning obligation by the developer of the Energy from Waste plant. The funds will be used to help achieve low carbon measures in line with the requirements of the S106 agreement.

### KEY RISKS:

- Failure to secure reserved matters planning permission.
- Inability to secure sufficient additional funding for the proposed redevelopment.

**MILESTONES AND DATES:** *(delivery timescales) CURRENT PROGRAMME*

Stage	Timing
Completion of Stage 2 Design Competition	Sept 2022
Target Reserved Matters application	Dec 2022
Start on site	June 2023

**NEXT STEPS**

PEC's procurement process involves three potential contractors taking part in a design competition. Once the winner is decided they will be appointed and will submit Reserved Matters applications. When consent is given the sale of the land can be completed and works can start on site once pre-commencement conditions have been discharged. This is likely to be in mid-2023.

**FINANCIAL IMPLICATIONS**

£330,000 S106 money has already been allocated to this project and is secured by way of a signed S106 spend certificate.

Once allocated to the capital programme these funds will be added to the £600,000 grant already secured for the purpose of meeting some of the development costs associated with this project. This will create a total subsidy available to the project of £930,000 that will be spent in line with the terms of the funding agreements that accompany the two sources of money.

It is the Council's intention to passport these funds directly to PEC Homes, in arrears, and for them to commission the required works via their main contractor once grant agreements are completed.

**RECOMMENDATION**

It is recommended that the Leader of the Council:

- Approves the Business Case
- Allocates £330,000 for the project into the Capital Programme funded from S106 capital funding
- Approves the transfer of the funds in accordance with the grant agreement