

Notice of:	EXECUTIVE
Decision Number:	EX18/2023
Relevant Officers:	Antony Lockley, Director of Strategy and Assistant Chief Executive Steve Thompson, Director of Resources
Relevant Cabinet Member	Councillor Ivan Taylor, Deputy Leader of the Council and Cabinet Member for Partnerships and Performance
Date of Meeting:	27 February 2023

FOXHALL VILLAGE, BLACKPOOL – COMPLETION OF WEST DEVELOPMENT SITE

1.0 Purpose of the report:

1.1 To acknowledge a number of delivery options that have been fully investigated in relation to the completion of housing on the West site at Foxhall Village (also known as the Rigby Road development, land bounded by Seaside Way/ Rigby Road/ Tyldesley Road/ Princess Street). To seek approval for Officers to pursue the Preferred Option.

2.0 Recommendation(s):

2.1 To approve the preferred option (Option 4) in relation to completion of housing on the West site at Foxhall Village in partnership with Great Places Housing Group (GPHG). To grant delegated authority to the Director of Strategy and Assistant Chief Executive or the Director of Resources (where appropriate, in finalising the terms of the arrangement subject to the parameters set out in Appendix 5a to the Executive report.

2.2 To approve the Council’s commitment to complete the remaining enabling / supporting works in relation to completion of drainage and roads (see details in Appendix 5a to the Executive report).

2.3 To grant delegated authority to the Head of Legal to authorise the drafting and agreement of the relevant Heads of Terms and completion of the Development Agreement/Lease with Great Places Housing Group. This in turn will enable Great Places Housing Group to deliver 88 new affordable units on Foxhall Village West site.

3.0 Reasons for recommendation(s):

3.1 To ensure the completion of the Foxhall Village West site development. This will ensure delivery in respect of the Council's long-standing commitment and considerable investment in the transformational redevelopment of this area of Inner Blackpool. It will provide a further 88 new affordable rent homes to meet local housing need that will be managed and maintained by a well-established Registered Provider of housing who have both existing interests in units on the Foxhall Village estate and across the wider town.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Other alternative options to be considered:

4.1 Appendix 5a sets out the range of delivery options considered, highlighting the range of benefits and disadvantages of each. Due to the historic context of this development it should be noted that every delivery scenario contains significant viability and delivery challenges to ensure the west site is completed for affordable housing.

5.0 Council priority:

5.1 The relevant Council priority is: "Communities: Creating stronger communities and increasing resilience".

6.0 Background information

6.1 This report relates to the completion of housing on the West site and in delivering on the Council's commitments to the occupied parts of the site.

6.2 The Council has a long-standing commitment to the Rigby Road development site (now known as Foxhall Village) which goes far beyond retaining the freehold interest in the land. From inception, the Council has provided considerable resources (financial and staff) to enabling and supporting the delivery of this large and complex project split over two sites totaling 7.83ha. Dating back many years the site of the scheme had been earmarked for transformational redevelopment and in 2011 the Council committed to its redevelopment for housing.

- 6.3 Over the period since 2011 the Council Executive has approved activity, including:
- Site assembly, land remediation and developer procurement route (EX3/2011);
 - Selection of a Preferred Developer following OJEU compliant procurement process (EX17/2013); and,
 - Authority to make a Compulsory Purchase Order to acquire interests in enable proposed development to proceed, relating to the Phase 3 land (Tyldesley Road/ Princess Street/ Blundell Street/ Rigby Road)- (EX23/2014).
- 6.4 In supporting the development process the Council enabled the preferred developer (Hollinwood Homes/ Marcus Worthington Ltd) to design an overarching masterplan for comprehensive redevelopment, creating 'Foxhall Village'. The masterplan set out provision of up to 410 new homes, a commercial unit, car parking, landscaping and public open space across two parcels of land, separated by Seaside Way and known as the east and west sites. A total of 202 new homes were completed and occupied prior to the developer entering administration in 2019. The new homes have successfully met local need through the provision of new high-quality units across a range of tenures, including owner occupier, affordable rent and shared ownership.
- 6.5 The Council is not however the only interested party in the delivery of the scheme, the other key partners involved to-date include:
- Great Places Housing Group (GPHG) - own 79 homes on the scheme (spread across the east and west sites) and are committed to a further 40 homes in the stalled phase 3 site (note: GPHG was granted an underlease which provides them with a secured leasehold interest in the land);
 - Heylo Housing - have a legal interest in 29 of the units through shared ownership provision; and,
 - Homes England (and under the organisation's previous guises) - are a key strategic partner and have been heavily involved in the scheme from its inception and remain supportive of project delivery.
- 6.6 The scheme contractor and developer, Marcus Worthington and Company Limited / Hollinwood Homes Ltd unexpectedly entered Administration on the 14 October 2019. All works on site ceased and the scheme reverted to the control of the formally appointed Administrators Price Waterhouse Cooper (PwC). At the point that works ceased, there were a number of key matters being dealt with by the developer, alongside some elements of surface water systems and land decontamination being delivered by the Council.

- 6.7 In response to the Administration, the Council immediately engaged with the administrator with a view to understanding the likelihood of construction recommencing and enabling the completion of existing outstanding works to the occupied parts of Foxhall Village. There were a number of options open to the administrator with regards to the site including selling the development opportunity as a going concern, completing works itself on behalf of the creditors or negotiating the surrender of the leases and reversion of control over the land to the superior landlord, Blackpool Council. The main consideration for the administrator being to determine if there is opportunity to recover funds in order to reimburse creditors. The complexities have meant that the administrator exhausted the options to dispose and subsequently agreed to surrender the leases. The control of the land was returned to the Council in September 2021 with all leases associated with Hollinwood Homes being surrendered and the Development Agreement being terminated.
- 6.8 In the intervening period, the Council has stepped in to secure the site in the interests of public safety. The Council has continued to support the scheme following the Developer entering Administration, with efforts focused on recovery of the scheme, identifying a viable delivery route and ensuring the remaining development on the West site (formerly Phase 1 and Phase 3) is completed.
- 6.9 The Council has throughout the project acknowledged the relationship with Great Places Housing Group. By mutual agreement the two parties have agreed to work together in an open and transparent way to identify delivery options and ultimately seek to agree a delivery strategy. To formally support this, an Exclusivity Agreement was completed in late 2020 and has subsequently been extended by mutual agreement, now to an end date of 31 March 2023. Great Places Housing Group has an interest in 79 completed and occupied units at Foxhall Village. These are spread across the East and West sites and are covered by a local lettings policy, experience low levels of turnover and are extremely popular with their customers. They also hold an interest in 40 of the units within the stalled phase 3 site.
- 6.10 Appendix 5a sets out the detail of several options that have been fully considered during the scheme recovery process, including the key benefits and associated risks / disadvantages of each option. In summary the options considered in relation to delivery of the remaining land on the West site are:
- Option 1 – Do nothing;
 - Option 2 – Full Council development (borrowing from Housing Revenue Account);
 - Option 3- Great Places Housing Group Development, Council buy-back of some units (using borrowing from Housing Revenue Account); and,
 - Option 4 - Full development by Great Places Housing Group
 - Option 5- Market sale of the site.
- 6.11 The Council does not consider doing nothing to be acceptable (option 1), and there is no market interest in acquiring the site from the local authority for development as housing owing to development costs (option 5). The scheme is outside of acceptable risk and financial

tolerances to be developed in part or fully via Housing Revenue Account investment (option 2 and 3). Great Places Housing Group is able to lever funding including higher grant rates to support a case for development. Therefore, approval to pursue delivery under Option 4 with Great Places Housing Group is recommended.

6.12 Does the information submitted include any exempt information? Yes

7.0 List of Appendices:

7.1 Appendix 5a – Foxhall Village West Site Delivery Options

Appendix 5a is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered on balance that the public interest would be not served by publishing information at this stage.

8.0 Financial considerations:

8.1 The Council has promoted the development of Foxhall Village for a number of years as a capital project. A grant funding agreement exists between Blackpool Council and Homes England to support the delivery of new homes.

8.2 Income from plot sales associated with the Hollinwood Homes scheme ceased at the point at which the developer passed into administration (October 2019). The opportunity to realise income from the development is limited due to the partial start on site of construction works, difficult market conditions and high abnormal costs of completing the works. The Council will therefore seek to recover losses incurred through capital receipts realised on other schemes.

8.3 The project is already funding works to support the adoption of the drainage system. Existing highways completion is anticipated to be supported by an ongoing claim against insurance, subject to elements of drainage and street lighting, amongst others, having been resolved. A stalled development will not contribute to the long term goals for the area and long-term stagnation will place additional burden on the Council to secure and maintain the site.

9.0 Legal considerations:

9.1 The West site land is within Council ownership.

9.2 Great Places Housing Association has a secured legal leasehold interest in 40 units on the Phase 3 west site land through the grant of a Lease with Hollinwood Homes.

9.3 The recommended approval will give delegated authority to enable the drafting and completion of a new development agreement and lease with Great Places Housing Association.

10.0 Risk management considerations:

10.1 The main risk to the Council exists in relation to doing nothing with the site, that it will stand empty and partially constructed for an undetermined period of time. Risk of undermining the regeneration efforts in the area. Risk in relation to not completing development on the land acquire under Compulsory Purchase Order. Continued uncertainty for local residents in respect of the land.

10.2 In not completing the west site development at Foxhall Village, via the outlined preferred option, there is risk to overall deliverability due to a range of risk factors including procurement, legal and cost – further details are outlined in Appendix 5a to the Executive report.

11.0 Equalities considerations:

11.1 The completion of new homes at Foxhall Village West has been designed to provide the affordable homes that are most needed in the area.

11.2 The mix of units seeks to fill gaps in the availability of social housing in the area, providing new 2, 3 and 4 bed units for families of different sizes. The new homes will be let in line with an allocation policy to be agreed between the parties and which would be subject to an equalities impact assessment.

12.0 Sustainability, climate change and environmental considerations:

12.1 Completing the remaining units on the West site will support social sustainability in providing a further 88 new affordable homes for Blackpool residents. The new homes will meet the requirements of the relevant Building Regulations. If Option 4 is pursued, the construction works will be delivered by a local contractor (subject to contract) and supporting supply chain.

13.0 Internal/external consultation undertaken:

13.1 The Ward Councillors and the relevant Cabinet Members have been contacted.

14.0 Background papers:

14.1 None.

15.0 Key decision information:

- 15.1 Is this a key decision? Yes
- 15.2 If so, Forward Plan reference number: 21/2022
- 15.3 If a key decision, is the decision required in less than five days? No
- 15.4 If **yes**, please describe the reason for urgency:

16.0 Call-in information:

- 16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No
- 16.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 17 February 2023 Date approved:

18.0 Declarations of interest (if applicable):

- 18.1 Councillor Brookes and Councillor Hobson both declared prejudicial interests. The nature of the interest being that they were both non-Executive directors of Blackpool Housing Company Limited who would manage the construction and development of the scheme in all of the options under consideration and non-Executive directors of Blackpool Coastal Housing Limited who under a number of the alternative options would manage the properties once let on behalf of the Council.

19.0 Summary of Discussion:

- 19.1 Mr Antony Lockley, Director of Strategy, presented the report. Mr Lockley briefly explained the history behind the site and the ongoing issues since the original developer had entered administration. Mr Lockley emphasised that it remained clear that development could not stalled indefinitely. Mr Lockley highlighted that the close working relationship between

Homes England and Great Places Housing Group meant that under that option the risks to the Council and its partners would be better managed.

20.0 Executive decision:

20.1 The Executive resolved as follows:

1. To agree that Appendix 5a to the Executive report, the Financial Considerations is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as it includes detailed costings that enable the scheme to be viable. The publication of such information could prejudice continuing and future negotiations.
2. To approve the preferred option (Option 4) in relation to completion of housing on the West site at Foxhall Village in partnership with Great Places Housing Group (GPHG). To grant delegated authority to the Director of Strategy and Assistant Chief Executive or the Director of Resources (where appropriate, in finalising the terms of the arrangement subject to the parameters set out in Appendix 5a to the Executive report.
3. To approve the Council's commitment to complete the remaining enabling / supporting works in relation to completion of drainage and roads (see details in Appendix 5a to the Executive report).
4. To grant delegated authority to the Head of Legal to authorise the drafting and agreement of the relevant Heads of Terms and completion of the Development Agreement/Lease with Great Places Housing Group. This in turn will enable Great Places Housing Group to deliver 88 new affordable units on Foxhall Village West site.

21.0 Date of Decision:

21.1 27 February 2023

22.0 Reason(s) for decision:

22.1 To ensure the completion of the Foxhall Village West site development. This will ensure delivery in respect of the Council's long-standing commitment and considerable investment in the transformational redevelopment of this area of Inner Blackpool. It will provide a further 88 new affordable rent homes to meet local housing need that will be managed and maintained by a well-established Registered Provider of housing who have both existing interests in units on the Foxhall Village estate and across the wider town.

23.0 Date Decision published:

23.1 28 February 2023

24.0 Alternative Options Considered and Rejected:

24.1 The Executive noted Appendix 5a set out the range of delivery options considered, highlighting the range of benefits and disadvantages of each. The Executive noted that the significant viability and delivery challenges of the alternative options and concluded that only option 4 would present an acceptable balance

25.0 Executive Members in attendance:

25.1 Councillor L Williams, in the Chair
Councillors Campbell, Farrell, Hugo, Smith and Taylor

(Councillors Brookes and Hobson having declared prejudicial interests left the meeting during consideration of the item.)

26.0 Call-in:

26.1

27.0 Notes:

27.1 The following non-Executive members were in attendance: Councillors Hunter, Owen and Stansfield