

WEST NORTHAMPTONSHIRE COUNCIL

CABINET

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Clr Adam Brown, Portfolio Holder for Culture, Leisure and Housing

Report Title	Acquisition of the University of Northampton's Avenue Campus
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List of Appendices

Appendix A: NBC Cabinet Report December 2020

Appendix B: NBC Cabinet Report January 2021

Appendix C: NBC Cabinet Report February 2021

Appendix D: Summary of Financial Modelling **CONFIDENTIAL**

1. Purpose of Report

- 1.1. This report provides an update on the proposed acquisition of the University of Northampton's Avenue Campus in St George's Avenue, Northampton and seeks delegated authority from the Cabinet to progress the purchase as described in this report.

2. Executive Summary

- 2.1 In December 2020 Northampton Borough Council approved the acquisition of the Avenue Campus site including the Newton Building for the development of up to 170 new affordable homes. Subsequent reports in January and February 2021 sought approval following due diligence to complete the acquisition.
- 2.2 The Northampton Borough Council report presented to its cabinet on the 17 February 2021 noted that, if acquisition could not be concluded by 1 April 2021, this work would need to be concluded by the new West Northamptonshire Council through its processes and relevant officers.
- 2.3 Having not been concluded by the 1 April 2021, work on the acquisition subsequently passed to officers of West Northamptonshire Council and additional due diligence has been completed. This report therefore seeks cabinet approval for the completion of the purchase of the Avenue Campus site for the development of up to 170 new affordable homes. The acquisition will not however include the Newton Building.

3. Recommendations

- 3.1 It is recommended that the Cabinet of West Northamptonshire Council;
 1. Delegates to the Executive Director for Place, Economy and the Environment, in consultation with the Cabinet Portfolio Holder for Finance and Cabinet Portfolio Holder for Culture, Leisure and Housing, the completion of the acquisition of the University of Northampton's Avenue Campus in St George's Avenue, Northampton Avenue Campus excluding the Newton Building to enable development to be taken forward as described in this report;
- 3.2 Reason for Recommendations:
 - To enable the council to fulfil its statutory housing functions.
 - Increase the supply of affordable housing to meet local housing needs

4. Report Background

- 4.1 The attached NBC Cabinet reports provide significant detail pertaining to the acquisition of the Avenue Campus and the Newton Building (see Appendices A, B & C)
- 4.2 The Avenue Campus is located on St George's Avenue, opposite The Racecourse public park as shown in the aerial photo below.



- 4.3 As the University has now relocated most of its functions to its new Waterside Campus, the Avenue Campus is surplus to its requirements and, following a marketing campaign, the University has agreed to sell the Avenue Campus (including the Newton Building) to the Northampton Borough Council.
- 4.4 On 16 December 2020, Northampton Borough Council Cabinet approved the purchase of The Avenue Campus (subject to satisfactory due diligence) through the Housing Revenue Account in order to increase the supply of affordable housing.
- 4.5 In November 2020, the Council's Planning Committee made a resolution to grant planning (subject to satisfactory completion of a s.106 agreement) in respect of the University of Northampton's hybrid planning application for up to 170 new homes, including:
- Full planning consent for the part demolition, conversion and extension of the Maidwell Building to provide 58 new homes; and
 - Outline planning consent for the demolition and conversion of the remaining buildings on the site (excluding the Newton Building which was not part of the application) and the erection of new buildings to provide residential accommodation of up to 112 homes.
- 4.6 When NBC Cabinet considered the purchase on 16 December 2020, it was agreed that NBC Cabinet would receive further reports that set out proposals for the future use of the Newton Building (a Grade II listed building) and the redevelopment of the Avenue Campus site to provide affordable housing.
- 4.7 On 20 January 2021, Cabinet noted Northampton Partnership Homes' intention to relocate from the Westbridge Depot site to the Newton Building, subject to agreement with the Council on the terms of the lease.
- 4.8 On 17 February 2021, NBC Cabinet considered the proposals for the redevelopment of the Avenue Campus site. NBC Cabinet agreed 'in principle', the redevelopment of the Avenue Campus site within the Housing Revenue Account to provide up to 170 affordable homes, subject to satisfactory due diligence and planning approval of the reserved matters application for 112 homes. NBC's Cabinet delegated authority to senior NBC officers to:
- approve the new affordable housing scheme, subject to planning approval, due diligence and following the outcome of the Council's application for funding from Homes England;
 - determine the rent levels and services charges for the new affordable homes;

- work with Northampton Partnership Homes to develop a Local Lettings Policy that determines how the homes are allocated

As outlined earlier, the Cabinet also noted that if the development and approval of this affordable housing scheme could not be completed by 1 April 2021, then the work would need to be concluded by West Northamptonshire Council.

Current status regarding planning approvals

- 4.9 As outlined above, the February 2021 Cabinet Report to the Northampton Borough Council, noted that the proposed development of the Avenue Campus site was still subject to a pending Reserved Matters Planning Application and applications pursuant to Section 73 of the Town and Country Planning Act 1990.
- 4.10 The Reserved Matters Planning Application will set out the detail in relation to the outline consent including landscaping, road layouts and parking.
- 4.11 The Section 73 application which relates to the Maidwell Building will provide necessary amendments for the scheme to be delivered, for example installation of fire sprinkler system.
- 4.12 Both a Reserved Matters Planning Application and Section 73 Applications are presently in progress, made on behalf of the Council by Northampton Partnership Homes. A pre-planning application meeting has taken place and following feedback NPH are further developing proposals. Council officers will continue to work with NPH to monitor and consider the progress of the re-development scheme, as amended by the aforementioned applications. Cabinet will receive further reports in relation to this site including updates on the planning status, progress made with the current applications and any significant issues that need to be considered.

Current status regarding Due Diligence

- 4.13 *Legal* - A number of conveyancing and legal checks are currently under way and matters being investigated and resolved as part of the council's legal due diligence obligations. Officers are meeting on a weekly basis to review the progress against the checks which form part of the conveyancing process to ensure all significant transactional elements are resolved prior to acquisition of the site. Consultation on the legal due diligence will be completed with the Cabinet Portfolio for Culture, Leisure and Housing.
- 4.14 *Technical* – NPH have completed a review of the hybrid planning application and associated documentation to inform the feasibility of:
- Converting the Basset Lowke Halls of Residence into apartments
 - Developing new build housing
 - Implementing (or adapting as necessary) the detailed consent for the Maidwell Building
 - Implementing (or adapting as necessary) the proposals for site-wide road and footpath layouts and infrastructure
- NPH has undertaken this review with a multi-disciplinary consultant team including disciplines in architecture, civil and structural engineering, asbestos, planning, M & E, fire and acoustics. A summary of the findings of this work has been provided to council officers and further explored in the weekly project team meetings currently taking place regarding this scheme.
- 4.15 *Financial* – Financial information relating to the scheme and financial due diligence completed in relation to the scheme is outlined at 6.1. In addition to the information provided at 6.1 it should

be noted that there is a potential liability to pay Stamp Duty Land Tax (SDLT). At the time of this report officers of the Council are considering specialist external legal advice on SDLT relation to the extent of SDLT the Council will be liable to pay in connection with the proposed acquisition, which must be paid by the Council within 14 days of completion of the acquisition. The maximum amount that the council would be liable for has been built into the business case/development appraisal.

Homes England Funding

- 4.16 An application for Homes England grant funding has been submitted and is currently under consideration. The outcome of this submission is not expected prior to the acquisition of the site. The financial due diligence has modelled the scenario of progressing the development with no Homes England funding (see Appendix D).

5. Issues and Choices

- 5.1 Since the last NBC Cabinet report, WNC and NPH officers have progressed the planning approval, submitted a bid for Homes England funding and completed or in the process of completing the normal checks associated with an acquisition of a site of this size and type. WNC Cabinet needs to consider with this additional information and the further work that has been completed since 17 February 2021 whether West Northamptonshire Council are content to proceed with the acquisition of the Avenue Campus site.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 There are two main financial issues to address coming out of this report.

1. The decision not to purchase the Newton Building
2. The affordability of the purchase and development of the University Campus

The report will address each of these points in turn.

1. The Decision not to purchase the Newton Building

- 6.1.2 The original assumption in the NBC Cabinet report was that the Newton Building was required for Office Accommodation and provision for the acquisition was included in the HRA Capital Programme.
- 6.1.3 WNC officers are clear that if there was a requirement for the Newton Building to be used for office accommodation then there is not the ability to charge the acquisition to the HRA. It would have to be a general fund purchase.
- 6.1.4 There is no budget in the general fund capital programme to support the acquisition of the Newton Building and therefore if there was the desire to purchase the Newton Building then an additional capital budget would need to be approved by full council before being able to proceed.

- 6.1.5 However, this point is largely academic as there is a more fundamental issue in that officers do not believe there is currently any need for further office accommodation to be held by the Council as it has sufficient office accommodation with its existing estate to accommodate all office accommodation needs.
- 6.1.6 Therefore, it would not be good use of public funds to acquire further office accommodation when there is currently no requirement for it and this approach cannot be supported. As a result, the advice is that the acquisition of Newton Building by the Council should not proceed.

2. The affordability of the purchase and development of the University Campus (excluding the Newton Building)

6.1.7 In the previous business case it was assumed that a certain level of Homes England funding would be received. The expectation is that we will still receive a level of funding but to be prudent we have recalculated the business case and estimated the impact on the HRA in 2021-22 to see if the development is still viable under different scenarios of Homes England funding. Appendix D provides full detail of the funding models that include best and worst case scenarios.

6.2 Legal

6.2.1 As noted above at paragraph 2.1 the former Northampton Borough Council Cabinet resolved in December 2020 to approve the acquisition of Avenue Campus, and delegated to officers identified in the December Cabinet Report the authority to complete the acquisition subject to the appropriate due diligence being undertaken and then only if satisfied with the results of same to complete the acquisition.

6.2.2 In addition, Cabinet resolved to receive further reports in connection with the proposed acquisition.

6.2.3 As noted above since that time, the nature of the proposed acquisition has changed. However, a number of conveyancing checks are currently under way and matters being resolved as part of the council’s legal due diligence obligations.

6.2.4 Cabinet is therefore asked to approve the acquisition of Avenue Campus, and delegated to officers identified in the Report the authority to complete the acquisition subject to the appropriate due diligence being undertaken and then only if satisfied with the results of same to complete the acquisition.

6.3 Risk

Risk	Mitigation	Residual Risk
Reserved Matters Application and/or Section 73 Applications are not approved.	Engage in pre-planning process to inform the applications and amendments can be considered to address Local Planning Authority requirements.	Green

Relevant due diligence work not completed in a timely manner.	Multi-disciplinary weekly project meetings taking place to manage the acquisition.	Green
Homes England funding not secured.	Financial due diligence has modelled the scenario of no Homes England funding and the impact of this has been considered.	Green
Unexpected issues or costs arise after acquisition.	Multi-disciplinary team of council and NPH staff including legal, assets, finance and housing officers meeting frequently using a robust project management framework to monitor and manage the NPH development programme.	Green

6.3.1 Risk(s) associated with not undertaking the proposal

Risk	Mitigation	Residual Risk
Prominent site within Northampton town not developed.	UoN would consider their options to sell the site and progress development.	Green
170 new affordable homes not delivered to meet local housing need.	WNC officers to pursue other options to increase the delivery of new affordable homes e.g. potential of alternative sites to develop council housing; enabling delivery through the council's two large scale voluntary transfer partner organisations; maximise the delivery of affordable housing through the planning system.	Amber

6.4 Consultation

6.4.1 WNC officers and NPH have worked together to produce this report and are working collaboratively to progress the development of new affordable housing on this site.

6.5 Consideration by Overview and Scrutiny

6.5.1 The Overview and Scrutiny Committee have not considered this report and its recommendations.

6.6 Climate Impact

6.6.1 No additional comments from earlier NBC Cabinet reports.

6.7 Community Impact

6.7.1 No additional comments from earlier NBC Cabinet reports.

7. Background Papers

7.1 None