



CABINET REPORT

Report Title	Purchase of the University of Northampton's Avenue Campus, including the Newton Building
---------------------	---

AGENDA STATUS: PUBLIC

Expected date of decision:	16 December 2020
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Housing and Wellbeing
Accountable Cabinet Member:	Councillor Stephen Hibbert
Ward(s)	Kingsley

1. Purpose

- 1.1 The purpose of this report is to ask Cabinet to approve the acquisition of the University of Northampton's Avenue Campus (including the Newton Building) in St George's Avenue, and to ratify Northampton Partnership Homes' 'in principle' bid to acquire the Campus (including the Newton Building), through the Housing Revenue Account, in order to develop the site for affordable housing.

2. Recommendations

- 2.1 It is **recommended** that Cabinet:
- a) Approves the acquisition of the University of Northampton's Avenue Campus (including the Newton Building) in St George's Avenue (edged in red in the Site Plan on Appendix A, attached to this report), at a cost described in Exempt Appendix B, through the Housing Revenue Account, in order to increase the supply of affordable housing;

- b) Ratifies the 'in principle' bid that Northampton Partnership Homes has made, on the Council's behalf, at a cost described in Exempt Appendix B, for the acquisition of the University of Northampton's Avenue Campus (including the Newton Building) in St George's Avenue;
- c) Delegates to the Borough Secretary, in consultation with the Director of Housing and Wellbeing, the Chief Finance Officer, the Cabinet Member for Finance and the Cabinet Member for Housing and Wellbeing, authority to secure specialist external legal advice in relation to the proposed acquisition and to agree the provision of professional legal fees in the sum of £25,000 in connection with the proposed transaction, but excluding Stamp Duty Land Tax (if applicable);
- d) Delegates to the Director of Housing and Wellbeing, in consultation with the Chief Finance Officer, the Borough Secretary, the Cabinet Member for Finance and the Cabinet Member for Housing and Wellbeing, to undertake appropriate due diligence and, if then satisfied with the results of this exercise, to acquire the University of Northampton's Avenue Campus and Newton Building; and
- e) Agrees to receive further reports on the housing proposals for the Avenue Campus site (including the tenure, funding and phasing of the new homes) and the use of the Newton Building, for consideration and approval.

3. Issues and Choices

3.1 Report background

- 3.1.1 The University of Northampton's Avenue Campus is located in St George's Avenue, opposite The Racecourse public park.
- 3.1.2 Since relocating most of its primary functions to its new Waterside Campus in Summer 2018, the University has been using the Avenue Campus for ancillary functions only and is due to vacate the site (edged in yellow on the aerial photograph, below) by the end of 2020:



3.1.3 In 2016, the University of Northampton (UoN) submitted a hybrid planning application for the development of up to 170 new homes, including:

- An outline application for the demolition and conversion of the existing UoN buildings (excluding the Grade II listed Newton Building) and the construction of new buildings in order to provide up to 112 homes; and
- A full application for the part demolition, conversion and extension of the Maidwell Building in order to provide 58 new homes.

3.1.4 In November 2020, UoN’s hybrid planning application was approved, in principle, on the basis of the following outline site masterplan for up to 170 homes and subject to the signing of the S106 Legal Agreement:



3.1.5 Detailed planning consent has been secured to create 58 apartments in the existing Maidwell Building (pictured below) through part demolition and new build and part refurbishment (front pavilions):



3.1.6 In June 2020, UoN commenced a marketing campaign to sell its Avenue Campus and, on behalf of the Council, Northampton Partnership Homes (NPH) submitted a bid to purchase the site during a competitive bidding process.

- 3.1.7 The bid was submitted in principle and is subject to ratification by Cabinet, so individual elements of the scheme will be developed separately.
- 3.1.8 The purpose of the Council's bid was to redevelop the site for much needed affordable housing, including affordable rented housing that will be let to housing applicants on the Housing Register. The bid was successful.

3.2 Issues

Funding for affordable rented housing

- 3.2.1 NPH and the Council's Finance Team have considered the options available to ensure that it is financially viable for the Council to deliver 170 homes on the site through the Housing Revenue Account.
- 3.2.2 As the planning consent that has been given does not include any affordable housing due to viability, subsidy will be needed to make it viable for the Council and NPH to deliver affordable housing on the Avenue Campus site.
- 3.2.3 The provision of affordable housing can be achieved by securing grant funding from Homes England or using Right to Buy receipts from the sale of council homes and by developing a scheme with a mixture of affordable tenures that may include a proportion of shared ownership homes to meet specific needs, such as the housing needs of key workers.
- 3.2.4 These recommendations will be included in the follow-up report to Cabinet on the housing proposals for the Avenue Campus site, including the tenure, funding and phasing of the new homes.

3.3 Choices (Options)

Option 1 (recommended)

- 3.3.1 Cabinet can choose to approve the purchase of the Avenue Campus and the Newton Building. This option is recommended because the site offers the Council and NPH an excellent opportunity to increase the supply of affordable homes in a sustainable location.

Option 2 (not recommended)

- 3.3.2 Cabinet can choose to do nothing. This option is not recommended because the site offers the Council and NPH an excellent opportunity to increase Northampton's supply of affordable rented accommodation – in a sustainable location – and help to reduce, directly and indirectly, the use and cost of temporary accommodation.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The purchase and redevelopment of the Avenue Campus as affordable rented housing for households on the Housing Register will help the Council to meet its policy objectives of maximising the supply of affordable housing and reducing, directly and indirectly the use and cost of temporary accommodation.

4.1.2 It supports the three strategic priorities in the Corporate Plan 2019 –2021:

- A stronger economy;
- Resilient communities; and
- Exceptional services to be proud of.

4.2 Resources and Risk

4.2.1 NPH instructed a local valuer to provide an independent RICS ('Red Book') valuation of the Avenue Campus (including the Newton Building) in order to inform the Council's bid. The valuation is attached as Exempt Appendix C.

4.2.2 The terms of the valuer's appointment include provision to ensure that the Council – and not just NPH – is able to rely fully on the advice given.

4.2.3 The financial viability of the acquisition and development of Avenue Campus has been appraised by NPH and reviewed by the Council's external advisers, GL Hearn (Capita) using the ALMO Appraisal Model (see Exempt Appendix B) which takes into account:

- The total scheme costs;
- Any subsidy provided by Homes England, the proceeds from the sale of council homes and the inclusion of shared ownership in a mixed tenure scheme that is subsidised by Homes England or Right to Buy receipts;
- Interest on borrowing;
- Management and maintenance costs; and
- Rent levels.

4.2.4 Once the subsidy position has been confirmed and the proposed mix of affordable tenures and house types has been finalised, an updated Financial Appraisal will be completed and attached to the follow-up report to Cabinet.

4.2.5 In common with other schemes, the schemes that are proposed for the Avenue Campus site will be tested through sensitivity analysis in order to demonstrate that they are viable by assessing the Net Present Value (NPV), the Internal Rate of Return (IRR) and the Payback Period.

4.2.6 Based on the analysis of the site usage model and assumed subsidy receipt, it is considered to be a viable site and the bid for the site is supported

4.3 Legal

4.3.1 Pursuant to the Section 1 of the Localism Act 2011 the Council has the power to do anything that individuals generally of full capacity may do. The scope of the General Power of Competence provided by Section 1 of the Localism Act 2011 confers on the Council the power to exercise, such a power or otherwise for the benefit of the Council, its area or persons resident or present in its area.

4.3.2 It is noted at paragraph 2.1.(e) that Cabinet is to receive a number of further Cabinet Reports in connection with the above proposal, should approval for the proposed acquisition be granted. The provision of a comprehensive business case would allow Cabinet to properly exercise its discretion as part of the decision-making process.

4.3.3 As a number of significant and impactful issues relating to the future development of Avenue Campus for affordable housing remain to be determined and resolved, Cabinet should be aware that it is currently not in a position to determine the extent of the risk that the Council may be exposed to should there be a shortfall between the amount of grant funding secured and the amount of investment required from the Council to make the proposed affordable housing viable. The aforementioned comments are not to detract from the value the Council may gain from the increase in available affordable housing in Northampton, but to highlight to risk the Cabinet is exposed to in considering the proposal without the benefit of key information.

4.3.4 It is noted at paragraph 3.1.4 that planning approval for a scheme that was put forward by the University of Northampton was planning permission in principle, the nature of this approval simply means that the approval establishes that the site is suitable for residential development. Such approval does not include the second stage which is the technical detail of consent, when the specific development proposals are assessed. However, as a significant amount of work will be required to develop a proposed scheme for the Avenue Campus is still required, Cabinet will not get the opportunity to consider the Council's planning scheme and the funding of same, which is key information at this point in time until it receives a further Cabinet Report, on these matters, in due course.

4.3.5 It is important, as part of the decision-making process, that Cabinet fully appreciates and understands how the dynamics of the proposed schemes will work in practice between the Council and NPH and the establishment of a multi-disciplinary group is to be recommended to help deliver the Council's objectives as outlined herein if acquisition of the above proposal is approved.

4.3.6 It is noted that if the proposed acquisition is approved, that a number of subsequent Cabinet Reports will follow for Cabinet to consider in connection with Avenue Campus. Such Cabinet Reports should in accordance with the requirements of good governance contain such information as necessary to ensure that Cabinet can properly exercise its discretion in accordance with the principles of good decision making.

4.3.7 Cabinet, as part of the decision-making process has a duty to consider and co-operate with the West Northamptonshire Unitary Council.

4.4 Equality and Health

4.4.1 The action proposed in this report will help to improve the housing conditions and life chances of people with protected characteristics, including people with disabilities and families with children. They will therefore have a positive impact on Equality and Diversity.

4.4.2 Maximising the supply of new homes is part of the Council's commitment to improving communities and our town as a place to live.

4.4.3 When developing the Local Lettings Policy, the Council will have due regard to its Public Sector Duty and will continue to work to tackle discrimination and inequality and help to create a fairer society.

4.5 Consultees (Internal and External)

4.5.1 The Senior Management Teams of the Council and NPH have worked together on the proposed purchase and redevelopment of the Avenue Campus.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The action proposed in this report will help meet 5 of the priorities in the Council's Corporate Plan 2019 - 2021:

- More homes, better homes
- Shaping place and driving growth
- Creating a thriving and vibrant town
- Spending your money wisely
- Putting the customer first

4.7 Environmental Implications (including climate change issues)

4.7.1 As part of the design development, NPH will endeavour to minimise the environmental impact of the scheme in construction and through the choice of materials and a waste and recycling plan with the contractor.

4.8 Other Implications

4.8.1 There are no other implications.

5. Background Papers

6. Appendices

Appendix A: Site Plan of the Avenue Campus & Newton Building (edged in red)
Appendix B: Exempt Appendix (Financial Information and Appraisal)
Appendix C: Exempt Appendix (RICS Valuation of the Avenue Campus Site)

7. Next Steps

7.1 If Cabinet approves the purchase of the Avenue Campus (including the Newton Building) the next steps are expected to be as follows:

Date	Activity
December 2020 – March 2021	Exchange of contracts and completion of freehold acquisition
December 2020	Appointment of the Design Team
December 2020 – March 2021	Evaluation of the options for residential development (These will be included in a follow-up report to Cabinet)

Phil Harris
Director of Housing and Wellbeing