

Estate Buildings: Residential Development Update and Delivery approach

Meeting:	Cabinet
Date:	10 th June
Cabinet Member (if applicable)	Graham Turner
Key Decision Eligible for Call In	Yes – published 2 nd May 2025 Yes
<p>Purpose of Report</p> <p>To provide an update on Estate Buildings and seek approval for a proposed delivery approach with a development partner</p>	
<p>Recommendations</p> <ul style="list-style-type: none"> • Cabinet to approve the proposed delivery approach for Estate Buildings • Cabinet to give their approval to dispose of the site at ‘less than best consideration’ to the preferred partner when appointed in accordance with the General Disposal Consent (England) 2003. • Cabinet delegate authority to the Executive Director, Place, in consultation with the Service Director, Legal, Governance and Commissioning and Cabinet Member, Finance and Regeneration, to negotiate and agree the terms of disposal for the site with the preferred development partner (“Preferred Partner”); and determine the appropriate level of discount for the site following a comprehensive assessment of the appointed partner’s development viability appraisal reflecting the housing mix which receives planning consent (which may likely be market housing only but could include some affordable housing). • Cabinet delegate authority to the Service Director, Legal, Governance and Commissioning to enter into and execute any agreement and other ancillary documents necessary to dispose of the site to the Preferred Partner for housing reflecting the housing mix which receives planning consent. <p>Reasons for Recommendations</p> <ul style="list-style-type: none"> • This will aid the development of this landmark building which is in a strategic location at the start of the Station to Stadium gateway in Huddersfield town centre, supporting the delivery of the Huddersfield Blueprint. • It will bring in resource and expertise from the private sector by appointing an organisation who is experienced in conversion of listed buildings. • There is a need for 1,730 new homes to be built each year in Kirklees and homes within the town centre can provide residents access to jobs both in the town centre and via the rail links to Leeds and Manchester. In turn, people living in the town centre support the leisure and retail offer within the town centre. 	
<p>Resource Implications:</p> <ul style="list-style-type: none"> • The competitive sale process and the delivery of the Estate Buildings will be managed by the Housing Growth and Regeneration team. 	

- This work will be delivered with staffing support from Procurement, Risk and Legal Services.
- This is being supplied from within existing resources.
- Previously the Council and Historic England worked in partnership to deliver the Kirklees' Heritage Action Zone (HAZ) programme, of which Estate Buildings forms part. This included £1,92 million external funding from Historic England, £7.95 million from the Council capital programme and an additional £1.365 million of external funding from the Getting Building Fund. Nearly £5 million of this was spent delivering essential repairs to Estate Buildings and restoring its heritage features to make the buildings safe, watertight, and investment ready. This work complete at end of 2023.
- Cabinet recently approved the expenditure of £1.25m of external grant funding from One Public Estate (OPE) which is to be spent on enabling works which will reduce costs for a future developer, making the building more marketable and attractive to potential investors. £60,000 of West Yorkshire Combined Authority (WYCA) Housing Revenue Funding was secured to cover revenue costs associated with OPE funded works. This work is due to start imminently.
- No Council capital or revenue is required to deliver the project. However, the council will continue to be responsible for any ongoing management and maintenance responsibilities for the building until it is transferred to the Preferred Partner once the development is complete.

Date signed off by <u>Executive Director</u> & name	David Shepherd
Is it also signed off by the Service Director for Finance?	Kevin Mulvaney Send to this officer on every occasion*
Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?	Samantha Lawton Send to this officer on every occasion*

Electoral wards affected: Newsome

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes – there is no personal data in this report.

1. Executive Summary

- Estate Buildings is a landmark Grade II* listed building in Huddersfield, strategically located near the train station and the George Hotel.
- Part of the Blueprint vision for the regeneration of Huddersfield town centre is to increase the number of people living in the town centre.
- Estate Buildings has been identified as a Council asset to provide a high-quality housing product that will appeal to a new and different market from those currently living in the town centre.
- Due to its heritage value, the cost of development will be significant and there will be a viability gap which will need to be filled with external funding to bring this site forward.

- Cabinet previously gave approval for the Council to enter into an exclusivity agreement with Thirteen Group, a Homes England Strategic Partner. However, Thirteen Group has since withdrawn from this agreement and the Council is left without a delivery partner.
- Thirteen’s withdrawal from the scheme was due to a changed appetite for risk, reflected in the Registered Provider sector as a whole. Registered Providers currently have limited risk appetite and are not willing to take the risk on refurbishment projects.
- Since their withdrawal, an assessment of all disposal options has been undertaken.
- The recommended approach is to conduct a competitive sale exercise to appoint a delivery partner.
- The reason for this recommendation is that it allows the Council to retain a level of control over the pace and quality of the development, whilst also benefitting from the resources and funding of a private sector delivery partner.
- The proposed disposal approach will support the transfer of an asset out of Council ownership, and into the private sector, and contribute to savings by reducing the costs associated with holding this asset.
- It will also generate up to an additional c. £95,000 of Council tax per annum once complete (based on an assumed development of 53 units on a B valuation banding).
- Evaluation criteria for submissions will place an emphasis on high-quality design as well as on housing mix and sustainability of the scheme.
- Due to the significant viability gap associated with bringing this site forward, it is likely that the Council will be required to dispose of the site at ‘less than best consideration’.
- The extent of the viability gap will not be known until we have engaged with the market via this competitive sale exercise.

2. Information required to take a decision

Background

The Huddersfield Blueprint is a ten-year vision to create a thriving, modern-day town centre. The vision for Huddersfield is that it will be a busy, family-friendly town centre that stays open for longer with a unique culture, arts and leisure offer and a variety of thriving businesses. The scale of investment and transformation, including high quality, innovative culture, arts and leisure offers will improve the attractiveness of the town centre as a place to live, providing new opportunities for residential development. In turn, new residents and new residential spending will help to sustain culture, arts and leisure developments within the town centre.

There is a need for 1,730 new homes to be built each year in Kirklees and homes within the town centre can help local people easily access jobs and support enjoyable lifestyles. The Blueprint vision for Huddersfield town centre living is:

“To create a vibrant community in Huddersfield Town Centre, attractive to young professionals, with strong connections to neighbouring cities and the Pennines.”

The Huddersfield Town Centre Living Plan has been developed to set out the vision, objectives, opportunities and actions to encourage more people to live in the town centre and contribute to the wider aspirations of the Huddersfield Blueprint. See appendix 1.

It has been previously agreed by Cabinet that proposals for residential development in Huddersfield Town Centre would focus on Council owned assets. In July 2022, Cabinet gave approval for the Council to enter into an eighteen-month exclusivity agreement with Thirteen Group, a Registered Provider, at the end of which they would have the option to purchase both Somerset Buildings and Estate Buildings at market value.

The Council worked closely with Thirteen throughout this period and progress was regularly reported to Housing Growth Board and Huddersfield Blueprint Board. However, Thirteen Group withdrew from their exclusivity agreement with the Council due to the significant viability gaps associated with both buildings, which would need to be filled with external funding, and the risk of development costs increasing further during the construction process. This is reflective of a wider trend within the Registered Provider market of a reduced risk appetite for conversion work, particularly for listed buildings, due to the rising costs associated with their existing stock, and tackling issues with damp/mould, cladding and retrofitting to meet new environmental standards.

Since Thirteen Group withdrew from the exclusivity agreement, work has been undertaken to analyse all the potential delivery options for Estate Buildings.

Thirteen Group's design and appraisal work showed more significant viability challenges with Somerset Buildings due to lower unit numbers and more complex fire safety issues and therefore, a decision has been made to focus only on the disposal of Estate Buildings at this time.

The proposed approach is to conduct a competitive sale exercise to obtain a delivery partner. The appointed delivery partner will bring resources and expertise to support the Council in delivering its housing growth ambition. Such partnerships, led by the Housing Growth team, already exist and are working effectively to deliver affordable and low carbon homes on five sites across the district as part of the Registered Providers programme. The Council has also recently successfully appointed a Homes England Strategic Provider through a similar exercise to develop Fenay Lane, Almondbury.

The focus will be on the delivery of high-quality homes which raise the standard of development within the town centre. Evaluation criteria for submissions will place an emphasis on high-quality design as well as on housing mix and sustainability of the scheme. Submissions will also be evaluated on the extent to which they maximise social value, such as utilisation of local supply chain and offer of apprenticeships.

The Council will seek proposals which deliver both market and affordable homes. However, given the viability challenges associated with this building and the application of Vacant Building Credit which is a national planning policy that reduces the affordable housing provision on vacant brownfield land, there is likely to be no or little affordable housing included within the final scheme.

The Council previously converted part of Estate Buildings for 15 apartments for council tenants to rent, through its Empty Clusters Programme. Through this competitive sale, the rest of the building will be brought forward creating a sustainable and mixed development.

Once appointed, the Preferred Partner will enter into an option agreement with the Council. During this time the Preferred Partner will use all reasonable endeavours to secure satisfactory planning permission and listed building consent for the Development as well as secure the necessary funding to meet any viability gap.

Once the option has been exercised, the Council will grant a building lease to the Preferred Partner for the duration of the construction period. Upon completion of the development, the freehold of the building will be acquired by the Preferred Partner.

Due to the significant viability gap associated with bringing this site forward, it is likely that the Council will be required to dispose of the site at 'less than best consideration'. The General Disposal Content (England) 2003 allows the Council to dispose of land at an undervalue not exceeding £2 million where the disposal will help secure the promotion or improvement of the

economic, social or environmental well-being of an area. The provision of high quality, sustainable housing which will meet the aims of the Huddersfield Blueprint is considered to fall within this definition.

Cost Breakdown

Whilst heritage buildings provide an opportunity for residential development, they also come with significant costs which make them challenging to develop, particularly in areas like Huddersfield town centre where the market for residential development is untested.

The extent of the viability gap will not be known until we have engaged with the market via this competitive sale exercise. However, all modelling undertaken to date has indicated that there will be a significant gap which will need to be filled with external funding.

The Council continues to explore all funding opportunities to minimise this gap. Work previously undertaken has been funded by money allocated to the Heritage Action Zone (HAZ) surrounding St George’s Square to make Estate Buildings wind and watertight and minimise further degradation of his significant historical building.

Cabinet also recently approved the expenditure of £1.25m of external grant funding from One Public Estate (OPE) which is to be spent on enabling works which will reduce costs for a future developer, making the building more marketable and attractive to potential investors. £60,000 of West Yorkshire Combined Authority (WYCA) Housing Revenue Funding was secured to cover revenue costs associated with OPE funded works.

There is no budget allocated for further work on this site. The council also is looking to reduce its ongoing management and maintenance of its Assets base. In 23/24 Financial Year, Estate Building cost the council c. £29,000 spent on gas, electric, intruder and fire alarms, rodent control among other things. The proposed disposal route provides the opportunity to bring in a well-resourced delivery partner to deliver homes on the site.

Timescales

The proposed next steps are as follows:

Prepare competitive sale pack	May – June 2025
Soft market testing	June 2025
Finalise competitive sale pack and supporting documents	July 2025
Competitive sale “Tender” period	August - November 2025
Period for clarifying interviews	Nov / December 2025
Evaluation	Jan / February 2026
Appointment of Preferred Partner	February 2026

It is a condition of the OPE funding that once the enabling works are complete, the Council must be in a contract to deliver homes by 31st March 2028 otherwise some or all of the grant may have to be repaid.

Expected impact / outcomes, benefits and risks (how they will be managed)

Impact and Outcomes

Benefits

- There is a need for 1,730 new homes to be built each year in Kirklees. Delivery of Estate Buildings will make a meaningful contribution to this annual requirement in a high demand, town centre location.
- Utilising existing buildings provides an opportunity for the Council to use its own assets to create a high-quality housing product in the town centre and provide an exemplar to the wider development market of the quality which can be achieved using Huddersfield's heritage assets.
- Estate Buildings would appeal to a new and different market from those currently living in the town centre, such as graduates from the University wishing to remain in this area.
- This will bring a currently degrading and historically significant building back into use and enhance the public realm outside of the train station, one of the six key regeneration areas identified in the Huddersfield Blueprint.
- Estate Buildings vacancy represents a financial and reputational liability for the Council which has a negative impact on perceptions of the town centre given its prominent position. Partnering with the private sector will speed up the pace of delivery.
- In addition, as part of the construction process, the benefits of the local supply chain and opportunities for apprenticeships and training will be maximised at every opportunity.
- This project will also complement other public sector funding streams in the town centre including Levelling Up Funding, West Yorkshire Combined Authority Funding, Historic England Funding and the Trans Pennine Route Update.

Risks and Mitigations:

- **Sufficient funding cannot be secured** – Development costs will be significant. The delivery partner will initially enter into a 24-month option period with the Council during which time both parties will work together to secure the necessary funding. There is a risk that sufficient funding cannot be secured in time to be able to progress the scheme.
Mitigation – The Council and the Preferred Partner working in partnership will use all reasonable endeavours to ensure all funding opportunities are explored, including applying for funding together. The Council is already utilising £1.25 million of OPE funding to help reduce any funding gap.
- **Limited or no market interest** – The residential market in Huddersfield is relatively untested. This development will set a new standard and provide an exemplar of what can be achieved. There is, however, a risk that market interest may be limited as the relatively small size, and town (as opposed to city) location does reduce the market.
Mitigation – Market engagement with developers has already been undertaken and there are interested parties. Further soft market testing will also be undertaken before the opportunity is advertised to confirm that our requirements and proposed disposal approach is acceptable to the private sector.

- **Delivery partner withdraws** – There is a risk that the Preferred Partner will withdraw during or at the end of the option period leaving the Council with a listed building that it has ongoing maintenance and management costs for without any budget and without a delivery partner. This will significantly delay delivery and possibly result in the Council not meeting the funding deadlines associated with the OPE grant. In this event, OPE could require us to repay some or all of the monies.

Mitigation - The exercise of the option is conditional upon gaining all necessary approvals, including Planning Permission and Listed Building Consent, securing sufficient funding to meet any viability gap and on securing the delivery partner's internal approvals. Other than this, it will be made clear that the Preferred Partner is expected to complete the development. The Housing Growth team will support the Preferred Partner during the option period wherever possible to work with Planning to secure the necessary permissions and reduce the risk of them withdrawing.

- **Homes are built or managed to a poor standard** – If homes are built to a poor standard or are managed poorly by the landlord / management company once complete, this could result in reputational damage to the Council and will have negative impact on perceptions of Huddersfield town centre as a place to live.

Mitigation – The proposed disposal approach will allow the Council to retain some level of control over the design and quality of the buildings. The submissions from competitive sale exercise will be evaluated partly on the quality of the proposed schemes, with emphasis being placed on homes that exceed Nationally Described Space Standards and celebrate the heritage features of the building.

- **Delivery partner stops operating or is unable to proceed for financial reasons** – If delivery partner goes into liquidation or has significant financial challenges that mean it cannot complete the development, Estate Buildings will continue to be vacant and degrade over time. The Council will be left with a building that it has ongoing maintenance and management responsibilities for, with no budget allocated to this.

Mitigation – Rigorous due diligence will be done during competitive sale exercise to ensure that the Preferred Partner has sufficient financial standing and capability to undertake the project throughout its lifetime. The recommended disposal approach proposes that the Council enters into a building lease with the delivery partner. In the event of unforeseen circumstances that mean the delivery partner cannot proceed, the lease can be forfeited and the Council retains control of the building. A decision on how to proceed can then be made.

- **Sustainability**

The conversion of Estate Buildings will bring a currently vacant building back into active use. Reuse of existing assets on brownfield land to facilitate housing growth is more environmentally sustainable than new build, by reusing existing materials, maximising land efficiency and alleviating urban sprawl.

Due to its location, Estate Buildings will create a sustainable community where residents will be within walking distance of town centre facilities and well-connected to employment opportunities via the train and bus, reducing car dependency.

Proposed schemes which will be submitted as part of the competitive sale exercise will be evaluated based on their sustainability, the extent to which they improve the energy efficiency of the building and reduce fuel poverty for its residents.

Services and agencies involved

The redevelopment of Estate Buildings is being led by the Housing Growth and Regeneration team. The preparation of the specification, tendering and evaluation of bids will be led by the Housing Growth and Regeneration team with support from Procurement colleagues. Legal Services will also assist with the disposal to the Preferred Partner and with the preparation of a legal pack.

The Housing Growth and Regeneration team also works closely with the Town Centres team on the delivery of this project as part of the wider Huddersfield Blueprint.

3. Implications for the Council

3.1 Council Plan

Local economic growth, working with regional and national partners – The proposed disposal approach will make the most of partnership working by appointing a private sector organisation with the resources and expertise to ensure the building's conversion is complete to a high standard whilst preserving its heritage features.

The building's redevelopment will create skilled jobs during the construction period and provide the opportunity to train local people in the specialist construction methods required when working with heritage assets. The Council will seek to maximise benefits to the local supply chain and opportunities for apprenticeships and training at every opportunity.

Once complete, Estate Buildings will boost the desirability of Huddersfield's housing market and attract further inward investment. Estate Buildings will diversify the people living in the town centre, increase footfall and generate greater income for local businesses, and support other capital projects around the town centre including Our Cultural Heart.

Thriving people and communities – now and over the longer-term – Estate Buildings will create homes in a sustainable location, close to the railway station and the facilities of the town centre. The homes will be energy efficient and built to a high standard, helping to keep residents safe, warm and minimise fuel poverty.

3.2 Financial Implications

The proposed disposal of Estate Buildings to a suitable delivery partner will help to meet the Council's priorities set out in the Medium-Term Financial Plan, reported to Council in September 2024, and the Council Budget for 2025/26 and 2026/27.

One of the ways that the Council will ensure financial stability over the upcoming years is by growing the Kirklees economy. This is achieved by delivering new housing, making sure its infrastructure attracts further investment and working with partners in sectors to make the most of the boroughs economic potential. The conversion of Estate Buildings will support the regeneration ambitions for Huddersfield Town Centre. Increasing the number of people living in the town centre will help to ensure the success of other key schemes in the Capital Plan, including Cultural Heart and Huddersfield Open Market Regeneration.

Currently, the Council has no allocated budget for the ongoing management and maintenance of Estate Buildings. The proposed disposal approach will support the transfer of an asset out of Council ownership, and to the private sector, and contribute to savings by reducing the costs associated with holding this asset. It will also generate up to an additional c. £95,000 of Council

tax per annum once complete (based on an assumed development of 53 units on a B valuation banding).

Previously the Council and Historic England worked in partnership to deliver the Kirklees' Heritage Action Zone (HAZ) programme, of which Estate Buildings forms part. This included £1.92 million external funding from Historic England, £7.95 million from the Council capital programme and an additional £1.365 million external funding from the Getting Building Fund. Nearly £5 million of this was spent delivering essential repairs to Estate Buildings and restoring its heritage features to make the buildings safe, watertight, and investment ready. This work complete at end of 2023.

Cabinet recently approved £1.25 million of One Public Estate (OPE) Brownfield Land Release Funding to facilitate enabling works. £60,000 of West Yorkshire Combined Authority (WYCA) Housing Revenue Funding was secured to cover revenue costs associated with OPE funded works. This work is due to start imminently.

This funding will help to reduce gap funding required for a future developer. The Housing Growth and Regeneration team continue to explore all external funding opportunities to reduce this gap and make the development more attractive to potential delivery partners, who will also have access to their own funding too.

No Council capital or revenue is required to deliver the project. However, the council will continue to be responsible for any ongoing management and maintenance responsibilities for the building until it is transferred to the Preferred Partner once the development is complete.

There are no financial impacts on wider residents of Kirklees. The focus is to deliver well-designed energy efficient homes. This will result in sustainable places to live, with cost effective active travel and public transport connections along with savings on energy costs for tenants and residents living in the new homes when compared to other, less energy efficient properties.

3.3 Legal Implications

The Council has the legal power to dispose of assets generally under section 123 of the Local Government Act 1972.

The General Disposal Content (England) 2003 allows the Council to dispose of land at an undervalue not exceeding £2 million where the disposal will help secure the promotion or improvement of the economic, social or environmental well-being of an area. The provision of high quality, sustainable housing which will meet the aims of the Huddersfield Blueprint is considered to fall within this definition.

Disposal of land at less than best consideration involves the conferring of an economic advantage on the appointed partner, because the land has an open market value but will be transferred to the successful partner at less than this value due to the reasons set out in this report.

From 31st December 2020, the then existing State Aid law, as it applied to the UK, was repealed and replaced by Subsidy Control, the requirements of which are set out in the UK-EU Trade and Cooperation Agreement and detailed in the Subsidy Control Act 2022. Under State Aid law, aid provided to support certain types of public services are deemed to be "Services in the General Economic Interest" and therefore subject to a far less restrictive regime. The same is true under the new regime of Subsidy Control.

As part of the process of agreeing legal contracts, arrangements will be put in place with the appointed partner to ensure compliance with the Subsidy Control regime, and to ensure repayment of subsidy in the case of any overcompensation.

The Council will comply with its Contract Procedure Rules and Financial Procedure Rules; and the Public Contracts Regulations 2015 and/or the Procurement Act 2023.

3.4 Climate Change and Air Quality

Residential development in our town centres provides an opportunity to repurpose existing vacant buildings, which is more carbon efficient than undertaking new build on greenfield land.

Estate Buildings will also provide homes in a sustainable location, close to the railway station, bus station and within walking distance of town centre's facilities and employment opportunities, reducing residents' reliance on the private car.

The evaluation process of the competitive sale exercise will also place emphasis on achieving energy efficient homes with low running costs for occupiers and tenants.

Other (eg Risk, Integrated Impact Assessment or Human Resources)

The Integrated Impact Assessment (IIA) for Estate Buildings has been published on the Kirklees Council website and can be found via this link: [Integrated Impact Assessments | Kirklees Council](#)

The Integrated Impact Assessment indicates that there will be a neutral impact on communities including people identified as having a protected characteristic under the Equality Act 2010 and satisfies the public sector equality duty imposed on the Council. The IIA also sets out that there will be a neutral impact on the environment.

4. Consultation

In 2024, Cushman and Wakefield were instructed to undertake a feasibility and financial assessment of a range of different disposal and delivery approaches for Estate Buildings. This work included a soft market testing exercise in which several Registered Providers (RPs), developers and contractors who operate within the West Yorkshire region were consulted. This market engagement exercise informed our recommended disposal approach set out in Section 6 of this report.

The outcomes of this feasibility and options analysis work were reported to Housing Growth Board in October 2024. Board agreed with the recommended approach to undertake a competitive process to appoint a development partner in accordance with the Council's Contract Procedure Rules and Financial Procedure Rules.

The recommended approach was presented to Senior Leadership Team for Place Directorate in November 2024. No changes to the proposed approach were requested.

The future development partner of Estate Buildings will submit a detailed pre-application to the Local Planning Authority to ensure any planning matters are fully resolved ahead of submission of the full planning application. This will include consultation with local residents. The results of pre-application consultation will be included in a Statement of Community Involvement to be submitted with the forthcoming planning application.

The future development partner for the site will also be responsible for submitting the planning application and listed building consent for the building, during which consultation with local residents and other stakeholders will again take place in accordance with paragraph 40 of the NPPF.

5. Engagement

Portfolio holders are informed of progress of Estate Buildings via their regular briefing sessions, and specific, strategic issues and decisions in relation to each site are taken to them for a decision.

There is no impact on service delivery, process or policy.

As set out above, more formal consultation and engagement as part of the planning and development process would be initiated when the project progresses further.

6. Options

6.1 Options considered

Following Thirteen Group's withdrawal from the exclusivity agreement, several delivery routes were considered to bring the building forward for housing. These included:

- i) **Open Market Sale (Leasehold Disposal)** – The Council disposes of the leasehold of the building on the open market. Development led entirely by third party who would be responsible for obtaining necessary consents and identifying sufficient funding to undertake the work themselves.
 - Strengths – This option would allow for immediate disposal of building which could increase pace of delivery. It provides opportunity for market led delivery with minimal funding and resource input from the Council after disposal. The Council could transfer liability for maintaining the building from which it currently has no budget for from the point of leasehold disposal. In event of non-delivery or poor performance, a buyback clause could allow the Council to regain ownership of building.
 - Weaknesses – The Council would have very limited control over the pace, design or quality of the development over and above planning policy requirements. There is limited ability to provide public sector funding or support. There is a risk that building is acquired by a developer who constructs poor quality homes which are managed badly with a resultant risk of reputational damage to the Council. There is a risk, given the viability issues, that there is no demand from the market or the building is left undeveloped once acquired leading to further degradation of listed building. There is a risk that the building is developed for a different use which does not meet the town centre living ambitions set out in the Huddersfield Blueprint.
- ii) **Development Partnering (via Competitive Sale)** – The Council undertakes a competitive sale exercise to appoint a developer to bring forward the site. Once appointed, the development partner would enter into an option agreement with the Council during which time they would obtain planning and listed building consents and secure the necessary funding. The development partner would then enter into a building lease with the Council for the duration of the construction period after which the freehold of the building would be transferred to them.
 - Strengths – This option provides more control over delivery than disposal to the market. It brings in expertise and resource from the private sector reducing the resource and cost input required from the Council. The Council

and development partner can work together to access funding to bridge the viability gap. It also reduces the risk exposure to the Council compared with direct delivery.

- Weaknesses – Some cost and resource input are required from the Council. If there was a non-delivery event, the Council would be left responsible for the building. There is a risk that building is acquired by a developer who constructs poor quality homes which are managed badly with a resultant risk of reputational damage to the Council. However, this is less of risk that Option (i) as the Council will have some control over who development partner is. Until the building is transferred to development partner, the Council would continue to have ongoing liability and maintenance costs for the building which it currently has no budget for.

iii) Council direct delivery - The Council appoints a contractor to design and build homes based on the Council’s requirements which are either sold or rented on the open market (with any affordable units being transferred to an RP). The Council would retain freehold ownership of the building. Depending upon the tenure of the properties, it could either appoint an external company to manage the building or manage them itself.

- Strengths – This would give us the greatest input and control over quality and pace of the development. There is an option to either hold on to the asset or sell once the asset is stabilised which could release a capital receipt, subject to viability gap being addressed.
- Weaknesses – This would require a significant amount of cost and resource input from the Council. The Council would also retain responsibility to manage the building itself or appoint an operator.

6.2 Reasons for recommended option

The recommended option is to undertake a competitive sale exercise to appoint a development partner who will enter into a building lease with the Council to bring forward Estate Building for residential use.

As set out in 6.1 above, the reason for this recommendation is that it allows the Council to retain a level of control over the pace and quality of the development, whilst also benefitting from the resources and funding of a private sector delivery partner.

6.3 Next steps and timelines

The proposed next steps are as follows:

Prepare competitive sale pack	May - June 2025
Soft market testing	June 2025
Finalise competitive sale pack and supporting documents	July 2025
Competitive sale “Tender” period	August - November 2025
Period for clarifying interviews	Nov / December 2025

Evaluation	Jan / February 2026
Appointment of Preferred Partner	February 2026

It is a condition of the OPE funding that once the enabling works are complete, the Council must be in a contract to deliver homes by 31st March 2028 otherwise some or all of the grant would have to be repaid.

7. Contact officer

Liz Jefferson
Acting Head of Housing Growth and Regeneration
liz.jefferson@kirklees.gov.uk

8. Background Papers and History of Decisions

Cabinet report 26 July 2022, item 7:

<https://democracy.kirklees.gov.uk/documents/s47252/220714%20cabinet%20report%20Estates%20FINALv2.pdf>

Ad-hoc Scrutiny Panel report, 22nd September 2022, item 8:

[220907Scrutiny report Estate Buildings.pdf](#)

Cabinet report 21 January 2025, item 11:

[250109 Estate Buildings Cabinet report FINAL revA.pdf](#)

Huddersfield Blueprint

[The Huddersfield Blueprint | Kirklees Council](#)

9. Appendices

Appendix 1. Huddersfield Town Centre Living Plan.

10. Service Director responsible

Joanne Bartholomew
Service Director: Place - Development