Land off High Street,
Shafton,
Barnsley

Ref. 2021/0336

21 November 2024

Dear Matthew Smith,
Group Leader of Development Management, Barnsley Metropolitan Borough Council

Re: S106 variation request Ref. 2021/0336

Introduction
The Guinness Partnership are currently on-site in partnership with contractor Countryside progressing the development site at High St, Shafton for the delivery of an 100% Affordable scheme.

Countryside obtained planning approval for 40 dwellings in 2021, which included a Section 106 provision of 4nr affordable units/10% of the overall scheme (plots 4, 5, 39 and 40), where 3 are to be let at an Affordable Rent and 1 is to be sold as Shared Ownership.

The Guinness Partnership are requesting approval for a variation to the Section 106 agreement to remove the Affordable housing requirement, allowing the scheme to be wholly grant funded under The Guinness Partnership's Strategic Partnership with Homes England and to remove any tenure restrictions. The scheme will be delivered as 100% Affordable Rent. Further information on why this is essential to allow for a viable, much needed affordable scheme to be delivered is explained in detail below.

Scheme background
Countryside purchased the site and obtained planning permission in 2021 with the intention of delivering a market sale scheme. Since obtaining planning permission, the economic environment has significantly changed. The current market conditions (high build costs, slowing sales rates) are stalling development schemes across the country. Countryside Partnerships have taken the decision as a company to not develop any sites that do not include a minimum of 50% pre-sold homes to an RP/PRS provider, to help with their initial cash outlay and ability to deliver viable development schemes.

The Guinness Partnership have a strong working relationship with Countryside, currently working together on several sites nationwide, and have expressed an interest in delivering the scheme as 100% affordable. Building as many high-quality affordable homes as possible is central to The Guinness Partnership's vision. Guinness have a target to build 5,500 new homes by 2024 and 12,500 homes by 2030, and they are a Strategic Partner of Homes England which enables the acceleration of the development of affordable homes. The Guinness Partnership have a strong presence in the Barnsley Metropolitan Borough with ownership and management of circa 500 homes and Barnsley is a priority area in their Development Footprint Strategy which focuses on the delivery of affordable homes for key LA partners.

Options investigated:
Market sale with 10% affordable provision (as per the planning approval 2021/0336)
As noted above, the current market conditions means that this scheme would not be delivered as a Market Sale scheme by Countryside in the short/medium term. Further, Countryside have had little interest in the 10% affordable homes (4 homes) due to the low numbers available on one site.

50% Market Sale / 50% Affordable
This option has been discounted as, to make a scheme viable for Countryside (and other larger developers) to sell open market sale properties, there is generally a minimum requirement of 40 homes, otherwise the sales and marketing costs become prohibitive to delivering a viable scheme.

100% PRS
This option has been discounted as, in order for a PRS provider to get the economies of scale required in a relatively new market area they would only consider schemes of 50+ homes. Further, the affordable policy requirement restriction of delivering 10% would be prohibitive to delivering a viable scheme.

50% Affordable Rent / 50% Shared Ownership
This option has been robustly appraised and discounted by The Guinness Partnership. The Guinness Partnership's Sales and Marketing team have assessed the location and to ensure affordability and charitable aims are met, Shared Ownership sales would not be viable. There is also a lack of evidence to support Shared Ownership sales in this location.

100% Affordable Rent – Current Proposal
An 100% Affordable Rented scheme is deemed to be the most viable option to deliver this shovel-ready site. This scheme will form part of The Guinness Partnership's Strategic Partnership with Homes England, of which grant funding has been secured. However, a variation of the Section 106 is required to remove the affordable housing requirement (and tenure restriction), which would in turn allow 100% of homes to be grant funded ensuring a viable scheme is delivered. The scheme has been approved as 100% affordable by TGP's Project Review Group and Board (subject to the variation of the S106 to allow all homes to be grant funded) and can make a physical start on site in October 2023, delivering all 40 homes before the completion of SP1 in March 2025.

Affordable Housing Need
The Guinness Partnership are confident that this scheme will assist in meeting a gap in the current housing market and help deliver the Council's shortfall of affordable housing of 190 households each year (SHMA, 2021).

Table ES1 of the SHMA report 2021 shows that the property type with the highest proportion of affordable need, specifically for North Barnsley and Royston, is 1 and 2-bedroom houses (23%), 3-bedroom houses (48%) and 1 or 2-bedroom bungalows (29%).

Table ES1 Affordable dwelling type and number of bedrooms required as a proportion (%) of GROSS affordable need									
Dwelling type/size	Sub area								BARNSLEY TOTAL
	Bolton, Goldthorpe and Thurnscoe	Darton and Barugh	Hoyland, Wombwell and Darfield	North Barnsley and Royston	Penistone and Dodworth	Rural East	Rural West	South Barnsley and Worsbrough	
1 and 2-bedroom house	0.0	30.4	16.6	23.0	72.9	20.9	50.1	71.1	38.3
3-bedroom house	90.2	12.8	54.3	48.0	2.9	0.0	0.0	14.7	29.5
4 or more-bedroom house	0.0	0.0	0.0	0.0	0.0	0.0	46.8	0.0	0.8
1-bedroom flat	0.0	41.9	0.0	0.0	4.0	0.0	3.1	9.0	7.6
2 and 3-bedroom flat	0.0	1.4	12.7	0.0	13.6	43.3	0.0	1.5	10.0
1 or 2-bedroom bungalow	9.8	9.2	14.3	29.0	6.0	18.7	0.0	3.7	11.4
3 or more-bedroom bungalow	0.0	4.4	2.1	0.0	0.5	17.1	0.0	0.0	2.5
Other (eg. older persons specialist accommodation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total gross need	213	147	586	187	153	152	65	170	1,672
Total net need	66	8	314	-48	62	10	-29	-194	190

Source: 2020 household survey

The Guinness Partnership's scheme with Countryside will meet a specific need, delivering a mix of 2-bedroom bungalows, 2, 3 and 4-bedroom houses for Affordable Rent.

Scheme Viability

Scheme Costs and Income

The total scheme costs equate to £8.3m. The total scheme cost covers land acquisition, plot build costs, external works, post-planning fees, legal fees and contingencies.
The scheme currently includes Homes England Social Housing Grant funding of £1.6m, which will be received through The Guinness Partnership Strategic Programme (Wave 1a).
The Affordable Rent homes within the scheme will start to earn a rental income from 4-6 weeks post-completion. The income per affordable rent home averages out to £159 per week. This is based on charging Affordable Rent as per the NPPF definition, not capped to the Local Housing Allowance.

*Affordable housing for rent**:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent**, or is at least 20% below local market rents (including service charges where applicable**); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*
NPPF Annex 2 Glossary.

The 40-year NPV of the Affordable Rent homes is -£38k per home. The build costs per Affordable Rent home compared to the rental income means that this tenure type will never payback.

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Total scheme costs	£8.3m
Income	
Homes England Grant	£1.6m
Affordable Rent income (40 years)	£4m
	= £5.6m
Difference	-£2.7m

The scheme makes a total loss of -£2.7m which is unviable to deliver. However, varying the S106 would allow a further £300k of Homes England grant funding to claimed and allocated to the delivery of this scheme. The remaining loss would be financed by The Guinness Partnership to allow the scheme to be delivered, TGPL's Board have provided approval for this scheme to progress subject to the additional grant income.

Consultation
The Guinness Partnership consulted with Alison Dalton, Group Leader of Strategic Housing and Growth, Barnsley Metropolitan Borough Council, in November 2023. Support was given by Alison, on behalf of the Strategic Housing Team, (on 10th November 2023 by email) to the variation of the S106 agreement to remove the 10% Affordable Housing provision, in lieu of the whole site being delivered as Affordable by The Guinness Partnership in collaboration with Homes England.

National and Local Planning Policy
The principles of the development remain the same and as such, a variation of the S106 to remove the 10% Affordable Housing provision, in lieu of the whole site being delivered as Affordable, would not impact upon the scheme meeting the required planning policy as set out in the Officers Report. With the Strategic Housing team's support, an 100% Affordable development scheme should be considered a huge planning benefit, providing in excess of the Council's policy and significantly contributing to the Council's shortfall in affordable housing delivery.

The Guinness Partnership kindly ask that you progress this variation request through to the Planning Board determination as soon as is feasible, to allow for the variation to be actioned and to allow The Guinness Partnership to let the 4no homes to those most in need from the Council's housing waiting list.

If you would like to discuss the contents of this request, please do not hesitate to contact Aimee Hutton, Land and Partnerships Manager (North), at Aimee.Hutton@guinness.org.uk / 07540057838.

With kind regards,

Angela Garrard BA (Hons), MRICS, CIHCM
Director of Development – North