

Bolsover District Council

Executive

1 December 2014

Development Fund Update

Report of Cllr A Tomlinson, Deputy Leader

This report is public

Purpose of the Report

- To obtain delegated authority for the Executive Director of Operations to appoint the winning bidder from the EEM Tender Evaluation within existing budgets.
- To note that Meadow Lane Depot is likely be demolished and brought forward as a residential development.
- To agree an allocation of £25,000 of Efficiency Grant to fund the demolition of buildings on the Meadow Lane site.

1 Report Details

- 1.1 In February 2014, Executive approved a 'Development Fund' of £70,000 to procure consultancy support to bring forward predominantly residential schemes on Council owned land (General Fund) to contribute to the council Growth Agenda and housing needs of the District. In addition to this, the Assistant Director of Community Safety and Housing (Bolsover only) brought forward a wider proposal to Executive on the 16 June 2014 to bring forward HRA Development on Council land. A recommendation supported in the report was allocating £100,000 from the HRA Development Reserve in order to progress scheme viability work.
- 1.2 Property and Estates, Housing and Strategic Housing have been working together in recent months to bring forward a robust programme of developments to enable the Council to deliver new housing across the District. In the main, the work to date has been focused on procuring the appropriate consultants/contractors to support the programme of developments over a 4 year period.
- 1.3 To date, two Council owned sites Rogers Avenue, Creswell (HRA) and Meadow Lane Depot, South Normanton (General Fund) have been the focus of the consultancy work. Initial feasibility works has been undertaken on both sites and following agreement of Asset Management Group (AMG) further works commissioned on both sites are as follows:
- Rogers Avenue – Indicative layouts, topographical surveys, and detailed design on access arrangements has been commissioned to support the development of a tender pack which will enable BDC to run an effective tender process through Efficiency East Midlands (EEM) New Build Framework. At this initial stage it is anticipated that the Rogers Avenue site will accommodate seven two bedroom

dwellings which meet the Code for sustainable homes level 4, Lifetime homes standard, Built for Life 12 and Secure by design.

- Meadow Lane Depot – The preparation of an outline planning consent is underway which is anticipated to gain consent for a 3 bedroom residential development for 6 properties. The anticipated land value based upon local demand and recent sales activity would be in the region of £200,000. The existing use value of Meadow Lane Depot is £84,500 therefore, if the anticipated land value is achieved and taking into account the costs of feasibility/Outline consent (£16,500) we would expect this process to have added circa £100,000 to the receipt received on disposal.

Forecast sale value	£200,000
Existing value	-£84,500
Feasibility to Outline Planning Fees	-£16,500
Total uplift in site value	=£99,000

It has also been recommended through AMG, that BDC consider demolition of Meadow Lane Depot to ‘de-risk’ the site and make it more attractive to any developer. The cost of this is likely to be in the region of £25,000. The Residual valuation (Assessment to forecast the sale value) is on the basis of a cleared site with demolition costs included therefore, this cost is already considered when forecasting the ‘Total uplift in site value’ in the table above.

- 1.4 It is the aspiration of members to commence the development of Council Housing at the earliest opportunity. With this in mind, the above information will be used to develop a tender package for the Rogers Avenue site with Efficiency East Midlands (EEM), New Build Developer (EEM0032) Framework. This Framework is for the provision of a new build developer and is an efficient route to procuring this type of work.

The Framework commenced on June 1, 2012 and expires May 31, 2016 and was awarded to;

- Frank Haslam Milan
- Geda Construction LLP
- Kier Partnership Homes
- Robert Woodhead Ltd
- Wates Construction Ltd
- William Davies Ltd
- Westleigh Developments Ltd

EEM a Local Authority owned company which has established some key targets against which the progress of the consortium of 22 members can be measured and where appropriate the consortium will further develop these as a means of ensuring and measuring progress towards their eventual delivery. These are:

- Deliver cost reductions across the membership of at least 7%.
- Deliver Employment & Skills measures and targets in alignment with HCA guidance for any new supply or works procurement.

- To develop benchmarking that adds value to the membership supported by peer reviews for compliance.
- To develop a network that supports shared services between members enabling 'back office' efficiencies to be realised.
- To secure funding and be the lead organisation in developing documentation available to all the East Midlands Councils reducing duplication and expenditure on legal advice.
- Engage with other regional consortium to share best practice and documentation to reduce procurement costs by 25%.
- To use employment and skills plans in all tenders encouraging suppliers and contractors to support local communities through targeted employment or providing work placements.

1.5 It is the aspiration of members to commence the development of Council Housing through this route at the earliest opportunity. With this in mind a programme for the site has been development in Appendix A.

1.6 Whilst this section focuses on the tender of construction works for Rogers Avenue, Creswell, Officers are working with EEM to establish if the tender could also allow for other BDC new build sites be brought forward through the same tender. This would speed up the delivery time from feasibility to completion on future sites by removing 10 weeks from the programme for the tender process. In doing this Officers and EEM need to ensure appropriate controls are in place to ensure best value and enable good performance management.

2 Conclusions and Reasons for Recommendation

2.1 In consideration of all of the above and in particular the members aspiration to commence the development of new build Council Housing schemes at the earliest opportunity, this report aims to provide a sufficient update to members as to the progress being made on this scheme and seek delegated powers to enable the preferred bidder, as determined through the EEM tender evaluation, to be appointed at the earliest opportunity.

3 Consultation and Equality Impact

3.1 Consultation has taken place on the proposals outlined in this report with members of AMG. No public consultation has taken place on either of the sites mentioned in the report as this will form part of any Planning Process (Outline or detail).

4 Alternative Options and Reasons for Rejection

4.1 The other option is to stop further work on the 2 sites and retain them in the Council's portfolio. This is not considered to be a realistic option as the Council is looking to provide more new social housing and these sites should achieve this objective. An alternative way of dealing with the sites would be to sell them as they are without extra work to make them more marketable. This is not considered an option as this would mean the Council was not getting the best price possible for the sites.

5 **Implications**

5.1 **Finance and Risk Implications**

These are set out within the body of the report.

5.2 **Legal Implications including Data Protection**

The Council is obliged to obtain the best price possible for any sites it disposes of. The work outlined in this report is part of ensuring this is the case.

There will be a requirement for legal agreements to be drawn up on both sites as the work progresses on the 2 sites.

5.3 **Human Resources Implications**

There are no HR implications arising directly from this report.

6 **Recommendations**

6.1 To delegate authority to the Executive Director of Operations in consultation with the Deputy Leader to appoint the winning bidder from the EEM Tender Evaluation within existing budgets to build new Council housing on Rogers Avenue, Creswell or any other projects brought through the same tender process.

6.2 To approve the demolition and open market disposal of Meadow Lane Depot, South Normanton.

6.3 To allocate £25,000 of Efficiency Grant to fund the demolition of Meadow Lane Depot in order to secure best value from the site.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	
Links to Corporate Plan priorities or Policy Framework	Growth Strategy

8 Document Information

Appendix No	Title
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number

Report Reference –