

Bolsover District Council

Executive

9th October 2017

B@Home Update

Report of the Leader and Portfolio Holder – Strategic Planning and Regeneration

Purpose of the Report

- To provide a progress update on the southern batch of sites, agreed at the January 2017 Executive.
- To seek approval for further HCA AHP funding bids
- To provide a general update on the B@Home Programme
- To seek funding for further developments in Shirebrook, Clowne and Bolsover.

1 Report Details

- 1.1 As members of Executive will be aware, a programme of residential development (B@Home) is being brought forward by Housing Services and Property and Estates, supported by a Development Fund to cover the costs of feasibility work.
- 1.2 There have been two core strands to this project. Firstly, the project team have been working to identify suitable land assets (both HRA and General Fund) for residential development. Secondly, opportunities on land outside of the Council's ownership, which meet the strategic housing growth aims, are also being considered in terms of their strategic fit and ability to deliver best value.
- 1.3 To date, the following progress has been made:

HRA Development -

- 3 developments completed (Rogers Avenue, Blackwell Hotel, Fir Close)
- 2 developments under construction (Hilltop and Derwent Drive)
- 1 development with planning permission (Recreation close, Clowne)
- 6 sites awaiting planning decision (Ash Close, Elm Close, Lime Close, Beech Grove, Leamington Drive, St Michaels Drive)
- 3 sites in the feasibility stage (Highcliffe Avenue, The Paddock, Recreation Close (Additional to above), Clowne)

The above sites deliver a total of 93 new Council Houses at a total cost of approximately £12m. Of the £12, £1.5m grant funding support from the Homes & Communities Agency has been secured with further bids of approximately £550,550 are being prepared. Officers are currently working on identifying an additional pipeline of sites for development, which will be the subject of a future report to members.

Sites at South Normanton & Pinxton (Southern Batch)

- 1.4 In January 2017, Executive approved the development of a Southern Batch of development sites based upon housing needs in the area and land availability.
- 1.5 Following detailed feasibility work on each site above and consultation with housing and planning colleagues regarding design the above sites have the capacity to deliver the following:

Site	No. of Units	House Type Mix	Site Status	Costs
Ash Close, Pinxton	6	2 x 4 bed houses	Planning	£409,734
		2 x 2 bed houses		£276,658
		2 x 1 bed houses		£245,140
Elm Close, Pinxton	5	5 x 2 bed houses	Planning	£691,645
Lime Close, Pinxton	3	3x 2 bed houses	Planning	£414,987
Beech Grove, S.Normanton	2	1 x 3B6P Bungalow	Planning	£194,361
		1 X 2B3P Bungalow		£106,811
Leamington Drive, S.Normanton	3	2 x 2B3P bungalows	Planning	£213,622
		1 x 3B6P Bungalow		£194,361
St Micheals Drive, S.Normanton	2	2x 2B3P bungalows	Planning	£213,622
Total	21			£2,960,941
Contingency (10%)				£296,094
QS Fees (0.54%)				£15,989
Principal Designer Fees (0.45%)				£13,324
Total Funding Required				£3,286,348

The indicative site layout plans to support the above can be found in Appendix A – Site Plans. All of the above is subject planning approval.

1.6 Key observations:

- The costs are based on a total development cost per meter of £1751 which is an average cost on the previous B@Home sites.
- The house types include two fully adapted bungalows for two families with an immediate need, the delivery of which will be prioritised.
- The house types also include larger 4 bedroom properties which is a house type not currently provided for in our housing stock.
- All of the above homes will be built to meet the following standards; Lifetime Homes, Secure By Design, National Minimum Space Standard in addition to being energy efficient and designed to the principals of Built for Life 12.
- It should be noted that due to site constraints, particularly on Leamington Drive, that 21 units are proposed on these sites rather than 22 forecast in the January Executive report. This is still subject to planning approval.
- Based upon the HCA grant contributions to date on the B@Home Programme and following discussions with the HCA regarding the above, it is likely (subject to HCA approval) that the HCA grant in the region of £460,00 could be secured to support these developments.
- The total funding forecast above is within £3,363,000 budget allocated (by £76,652) due to more cost certainty based upon the known size of the units and that only 21 properties can be feasibly delivered, subject to planning on the sites identified.

B@Home Financial Update

- 1.7 To date, BDC have committed, through a number of reports, funds to deliver 90 new Council Houses over 12 sites with a budget of £11.8m. With the aid of HCA funding, BDC are forecast to deliver 93 homes for £11.3m. This represents an increase of 3 additional homes with a potential budget saving and therefore reduced borrowing of £0.5m. It is hoped further budget savings can be secured by further grant funding bids over the next couple of months. All of the above is demonstrated in the table below:

Committee	Funding	Sites	No. of units	Actual No. units	Forecast cost	HCA Funding	BDC Forecast Cost
April 15 - Council	3,883,100	Rogers Avenue, Blackwell Hotel, Fire Close, Derwent Drive, Recreation Close	33	35	4,699,491	680000	£4,019,491
June 16 - Council	4,600,000	Hilltop	35	37	4,857,861	877500	£3,980,361
Feb - Council	3,363,000	Ash Close, Elm Close, Lime Close, Beech Grove, Leamington Drive, St Michaels Drive	22	21	3,286,348	Not yet bid for	£3,286,348
Total	11,846,100		90	93	12,843,700	£1,557,500	£11,286,200

NB: The direct delivery of 93 units will attract in the region of £372,000 New Homes Bonus, calculated at £1k per annum for 4 Yrs.

- 1.8 In addition to the financial update above, broader benefits of B@Home include:
- Social & Economic Outcomes
 - Awards (Project of The Year at the Building Communities Awards 2017, Considerate Construction and
- 1.9 In addition to existing financial commitments outlined above, this report seeks further funding to support the future delivery of the B@Home Programme. The further funding is proposed to deliver an additional 6 homes and maximise potential cost savings through clustering with existing development sites. The proposed funding is broken down as follows:

Site	No. of Units	House Type Mix	Site Status	Costs
Highcliffe Avenue, Shirebrook	1	1 x 4B7P Detached House	Feasibility	£204,867
The Paddock, Bolsover	4	4 x 2B3P Flat	Feasibility	£490,280
Recreation Close, Clowne	1	1 x 3B6P Bungalow	Feasibility	£194,361
Total				£889,508
Contingency (10%)				£88,951
QS Fees (0.54%)				£4,803
Principal Designer Fees (0.45%)				£4,003
Total Funding Required				£987,265

NB: Delivery of the above is subject to successfully obtaining planning permission.

Highcliffe Avenue – This site is adjacent to the Hilltop development site meaning that cost saving can be achieved in developing the site within the period that the contractor is on site at Hilltop. The saving are generated through sharing facilities, supervisors, etc.

The Paddock – Bolsover is an area of the District without any B@Home deliver to date and the homes on The Paddock are very popular and additional units will address an existing need in the locality.

Recreation Close, Clowne – You will note that two bungalows are already proposed on the former garage site on recreation road. As it is such a small development with no other proposed sites locally, the cost of the units would be disproportionate to the bigger developments. Adding an additional plot on land directly opposite the former garage site both increases the size of the development offsetting some of the costs for facilities and supervision over three homes, rather than two and addresses a need for a fully adaptable bungalow which is ideally located next to community facilities.

The above sites are currently in the feasibility stage with a Planning submission forecast before Christmas. The cost estimate of £987,000 is based upon average costs from existing B@Home sites. If Executive are minded to support the funding of the developments, the recommendation would be subject to a positive viability appraisal prior to entering any agreement. As with the other B@Home sites, HCA grant funding will be sought for these developments, estimated in the region of £132,000.

Indicative layouts for the sites can be found in Appendix B or the report.

2 Conclusions and Reasons for Recommendation

- 2.1 To deliver the councils corporate target of building a minimum of 100 new Council properties by March 2019, it is recommended that Executive utilise existing HRA commitments to the delivery the 93 units as outlined in paragraph 1.7 in addition to further HRA resource to deliver an additional 6 units as outlined in paragraph 1.9, funded through HRA headroom borrowing. This will take the total units funded to 99, which is strongly on course for delivering the corporate target through the B@Home programme alone.
- 2.2 In addition to the new homes, wider economic and social benefits are continued to be delivered through the B@Home Programme such as:
 - 1,473 Young people engaged in the programme
 - 63% local spend within 20 miles
 - 97% local spend within 40 miles
 - 2 Supply chain engagement events delivered, encouraging local spend and employment and skills opportunities
 - 4 employment opportunities created
- 2.3 In 2010, DCLG published 'Valuing the benefits of Regeneration' which researched the benefits of different types of regeneration. This includes the calculation of benefit cost ratios (BCR). BCRs provide a ratio of the full costs of regeneration against the value of the full societal and economic benefits. BCRs were based on a systematic review of evaluation evidence of prior regeneration programmes.

The findings were that new build housing activity had a benefit cost ratios of 1:1.7 (that is for £1 of investment there are wider economic and societal benefits of £1.70)

In addition, findings from the HCA's Affordable Homes Programme (2011-2015) suggests that the BCR for new build schemes supported by the Affordable Homes Programme is 1:3 (that is for £1 of investment there are wider economic and societal benefits of £3)

(Source: <https://www.yourhousinggroup.co.uk/media/1133/regeneration-revival-cih-summary.pdf>)

Based upon the £12m investment to date in the B@Home Programme, the wider value of economic and societal benefits to the community are anticipated to be in the region of £20m to £36m.

3 Consultation and Equality Impact

- 3.1 There are no equality implications arising directly from this report.
- 3.2 As with all decisions relation to the Council's assets, consultation has taken place with Asset Management Group and the proposed developments are supported.

4 Alternative Options and Reasons for Rejection

- 4.1 Executive could choose not to support the development of these sites and aim to deliver its corporate plan target utilising alternative sites. However, the chosen sites meet the recognised housing demand within the district and should these schemes not be progressed this demand will remain, in addition delays could impact on the delivery of the council's 100 homes target.

5 Implications

5 Finance and Risk Implications

- 5.1 An urgent need has been identified for adapted family accommodation in the south of the district. If this need is not met it could lead to reputational damage as well as financial penalties if it is decided we have not met our obligations.
- 5.2 It needs to be recognised that, as with all feasibility and viability work, there is the possibility that a constraint to the development on one or all of the sites is identified which cannot be addressed whilst maintaining the viability of the site. To mitigate this, some of the more limited feasibility work has been undertaken where possible to identify any potential constraints. While on the basis of work undertaken to date Officers are not aware of any major issues it does need to be recognised that such issues could be identified as a result of the further work which this report is recommending be progressed.
- 5.3 Members will note that the cost per unit for this batch may appear to be more that previous schemes, however, officers have been prudent and have used robust cost forecasts from previous schemes, in conjunction with feasibility works, taken account of property types and site restraints to forecast scheme costs, the costs are only ever forecasts and subject to change. To mitigate this risk a 10% contingency has been applied to the budget to allow for variations and abnormal costs.

- 5.4 As HRA properties, there is the risk that the property will be subject to a Right To Buy application. The cost floor ceiling, where the sale value can't exceed the cost invested in the property will be protect the Council's investment for 15 years for new homes subject to Right to Buy, bringing rules for councils into line with those for Housing Associations and protecting initial investment in the housing.
- 5.5 As the scheme is being funded by Prudential borrowing this will have an impact on the HRA headroom. The debt ceiling for Bolsover is £112,350,000. As at the 31.03.2017 the actual headroom was £23,787,644. The estimated headroom as at the 31.03.2021 is £15,500,531 based on approved budgets. If approved, this scheme will reduce this to £14,513,531. The HRA will need to make a contribution of approximately £32,900 per year over a 30 year period to repay the prudential borrowing

5.2 **Legal Implications including Data Protection**

Contract documentation will need to be drafted for each of the sites delivered.

5.3 **Human Resources Implications**

None

6 **Recommendations**

- 6.1 That Executive acknowledge the progress update on the B@Home Programme and support the utilisation of existing budgets to deliver in accordance with the table set out in paragraph 1.7.
- 6.2 That Executive support further HCA AHP funding bids for B@Home sites outlined in the report.
- 6.3 That Executive supports a report being presented to Council seeking the investment of £987k, funded through HRA headroom borrowing, to deliver new council housing in accordance with the table set out in paragraph 1.9.
- 6.4 Subject to funds being approved by Council, that Executive delegate powers to the Assistant Director Property & Estates to enter the construction contracts to support the above recommendations, subject to a positive financial appraisal following the conclusion of feasibility works.

7 **Decision Information**

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><i>BDC:</i> <i>Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/></p> <p><i>NEDDC:</i> <i>Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/></p>	No
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<input checked="" type="checkbox"/> Please indicate which threshold applies	
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	Corporate Plan - deliver a minimum of 100 new Council properties by March 2019

8 Document Information

Appendix No	Title
A	Indicative Site Plans – Southern Batch
B	Indicative Site Plans – Additional Sites
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
Matt Broughton – Commercial Property & Developments Manager	2210

Report Reference –

Appendix A – Site Plans

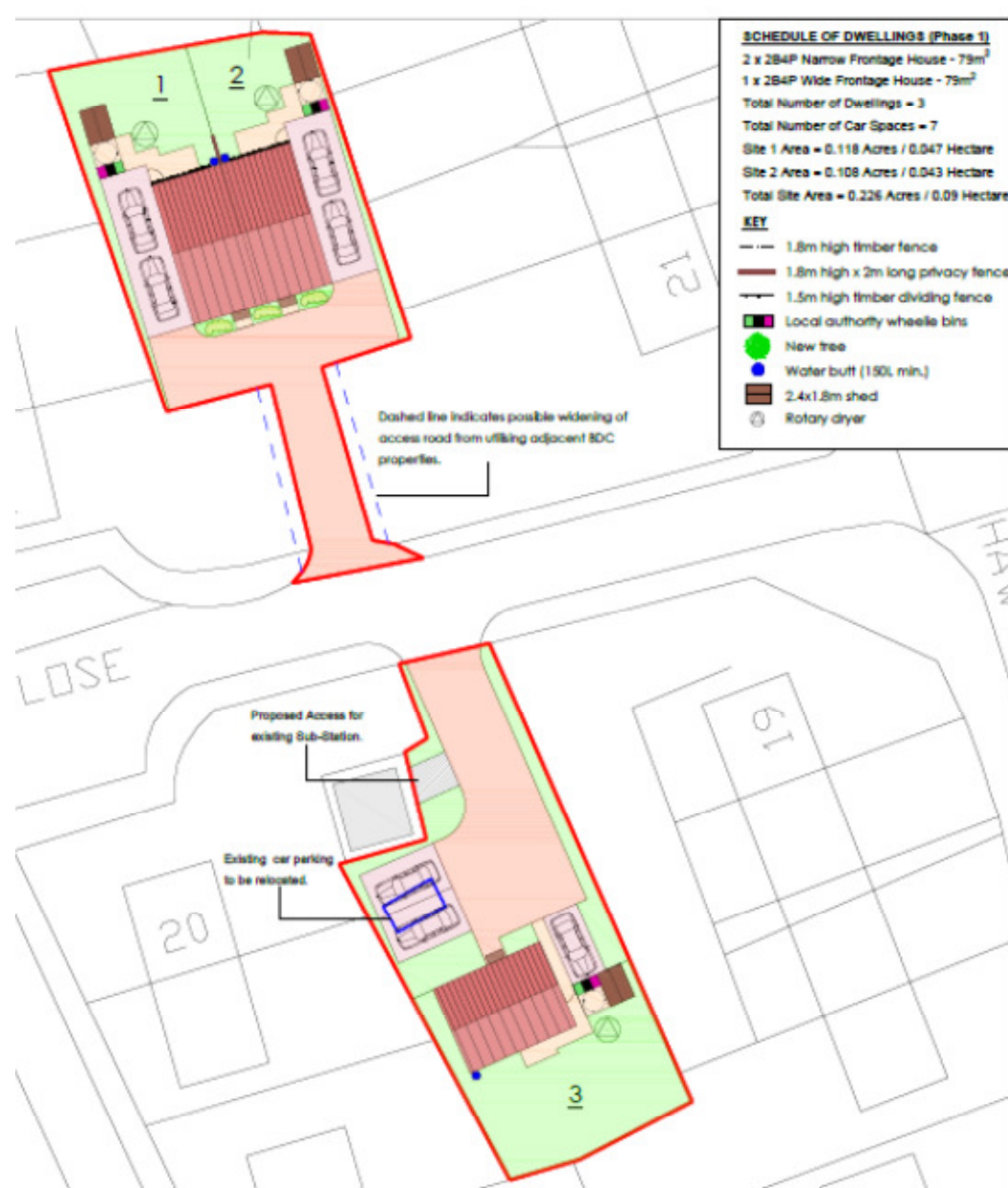
Ash Close:



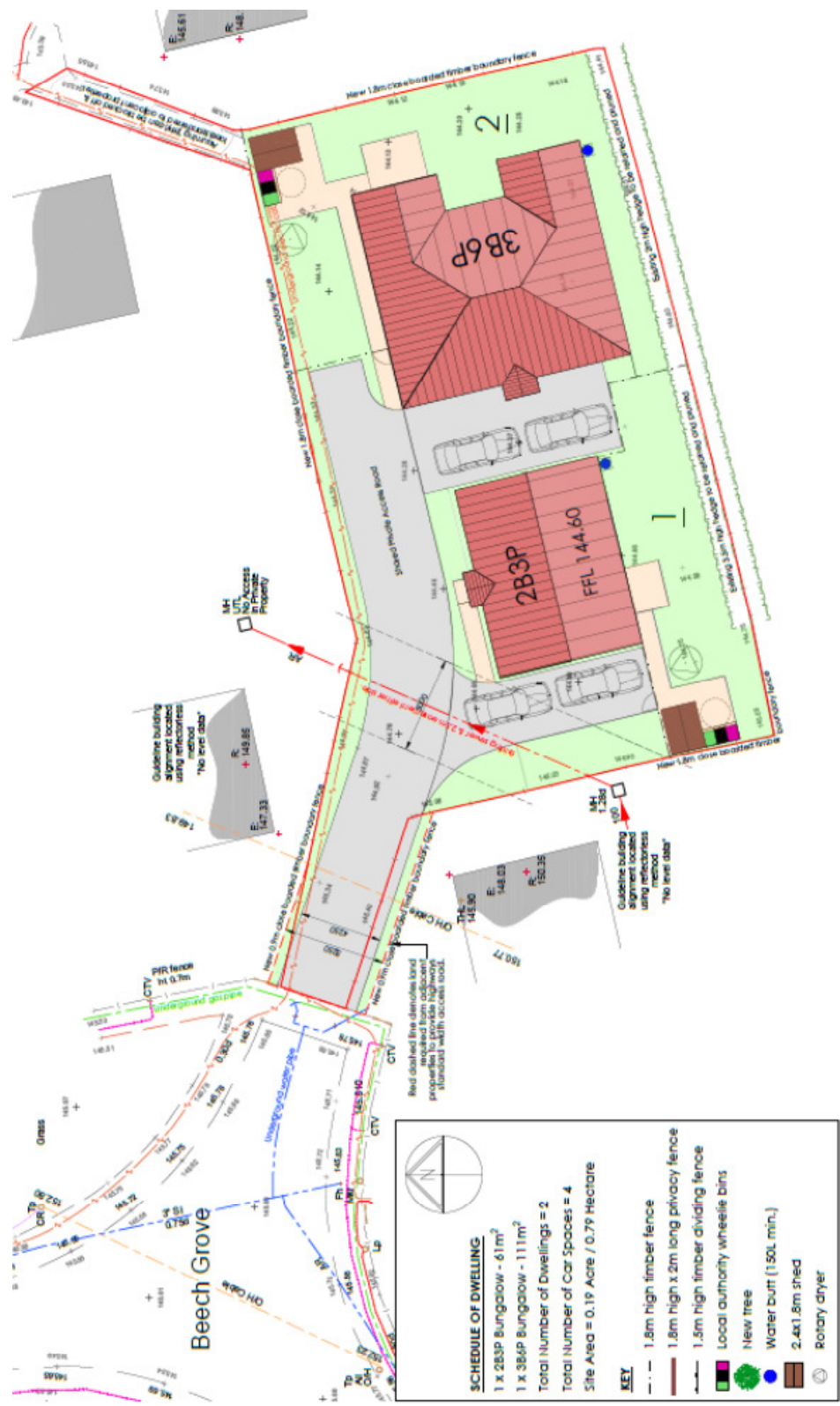
Elm Close:



Lime Close:



Beech Grove:



Leamington Drive:

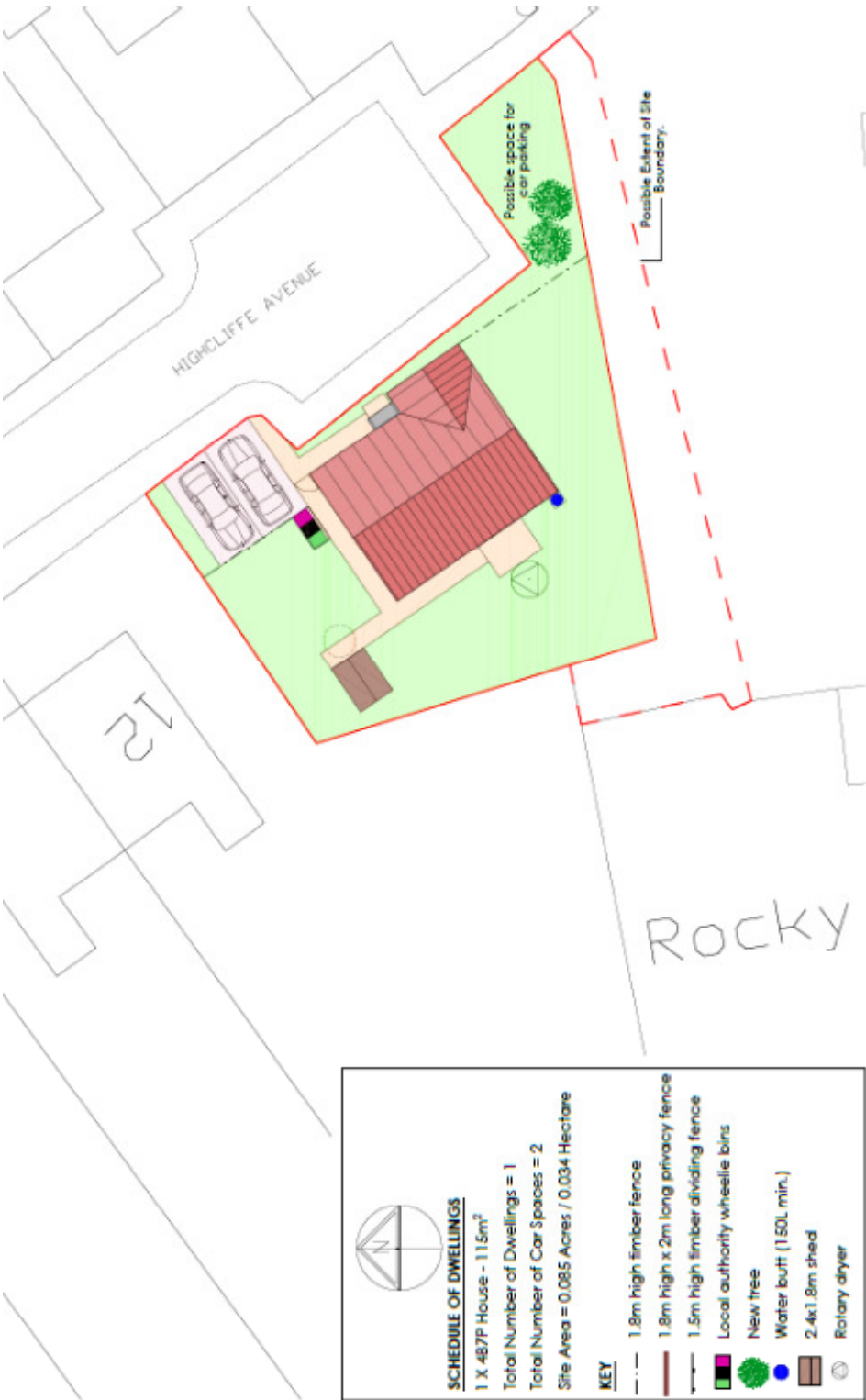


St. Michaels Drive:



Appendix B – Additional Site Plans

Highcliffe Avenue:



Recreation Close:

