

Bolsover District Council

Meeting of the Executive on 31st July 2023

**BOLSOVER HOMES SCHEME –
WOBURN CLOSE CLUSTER, PRESTART COSTS**

Report of the Portfolio Holder for Housing

Classification	This report is public
Report By	Katie Walters Head of Property Services
Contact Officer	As above

PURPOSE/SUMMARY OF REPORT

To seek approval to use the Housing Revenue Account (HRA) budget 'New Build Evaluations' to carry out demolition work at the Woburn Close Cluster scheme.

REPORT DETAILS

1. Background

Bolsover Homes

- 1.1 As Members of Executive will be aware the previous programme of residential developments across the district, B@Home, ended in 2019. To build on this success a new framework, Bolsover Homes was brought forward by the Development Directorate to meet social housing need and deliver the aims and objectives of the Council. Following the demise of the framework contractor – Robert Woodhead Construction, a Bolsover District Council (“BDC”) wholly owned company was formed – Dragonfly Development Limited (“DDL”).
- 1.2 DDL has directly employed staff into its New Builds department in the roles of Operations Manager, Preconstruction Manager, Project Manager, Quantity Surveyor, Site Manager, Quality Manager and Business Support Officer. Whiteley Eaves continue to undertake the professional roles of External Quantity Surveyor, Principal Designer and Managing Agent and William Saunders Partnership continue as architects.
- 1.3 A design team has been formed consisting of Members, Architects, Principal Designer, and officers from BDC Housing and the DDL New Builds team to assess the available sites, demand, and timescales to bring a programme of suitable developments forward.
- 1.4 In order to allocate finance and give clear information regarding future schemes, and to compliment the Bolsover Homes Council Report approved by Council

July 2020, a brochure was compiled and shared with all Members to illustrate the pipeline of Bolsover Homes schemes. The schemes ranged from the Whitwell cluster which had planning permission to other sites that had not been looked at in any detail. The document outlined the standards the properties were to be built to and gave estimated costs to deliver the schemes in the document.

- 1.5 Having reviewed the documents the Council agreed to allocate capital funds of £36.2m to deliver Bolsover Homes schemes but stipulated that a report was required to be brought for each scheme to the Executive when planning permission has been awarded, viability study presented, external value statement received, and costs agreed. Only once agreed could contracts for scheme/s be entered into.

Members have already approved 91 properties in Whitwell, Whaley Thorns and Shirebrook some of which are completed, and others are currently under construction. Part of BDC's ambition is to redevelop the affordable housing scheme at Woburn Close, Blackwell.

2. Details of Proposal or Information

- 2.1 The independent living scheme (ILS) and bungalows at Woburn Close, Blackwell are beyond their useful economic lives and will need to be demolished. There is still demand in the area for affordable housing and it is intended that a new ILS with 20 self-contained flats is developed on the site together with a mix of 23 houses and bungalows with a further 2 properties being built at a nearby disused parking area at Pendean Close.
- 2.2 To date the bungalows have been vacated in readiness for the demolition. This has attracted anti-social behaviour including break-ins at the bungalows. The ILS remains partially occupied by residents who intend to move to the newly developed ILS.
- 2.3 Executive approval to proceed has not been requested yet as the total build costs are still being estimated. The delay is due to changes that have to be considered following the exclusion of the development of a new community centre on the site. It is intended that the request for approval will be made at the next Executive on 11 September 2023 where a fully costed viability appraisal will be submitted.
- 2.4 To date, planning permission has been obtained for Woburn Close and it is hoped to start on site in March 2024, subject to further approval from the Executive, with completion of all properties approximately two and a half years thereafter. Delaying the start on site date could increase overall costs as labour and material prices in the market as well as borrowing costs have been rising, although there are early indications that this could stabilise, it is not clear how quickly this will filter through to the property market.
- 2.5 In order to meet the target start date Phase 1 demolition of the bungalows will have to take place before September 2023 due to the recommendations in the ecology report which states that works to bungalows 13 and 14 must commence during the active season for bats (April to September) to avoid any potential disturbance to hibernating bats. If this date cannot be met demolition of the

bungalows will not be able to take place until April 2024 and this will push the start on site date to June 2024. In pushing back the start date council tax on empty properties would have to be paid for a longer period as well as exposing BDC to longer liability for anti-social behaviour.

2.6 As the demolition works are likely to take place regardless of whether an Executive decision to proceed with development is obtained, there is not likely to be any potential abortive costs in relation to demolition.

2.7 The costs for Phase 1 of the demolition works are outlined below:

Demolition Order for Phase 1	£ 86,736.24
Total	£ 86,736.24

2.8 Linked to the intended start date of March 2024 are the statutory agreements and pre commencement conditions that must be put in place and met before development works can start on site e.g. road stopping up orders. It is not known how long it will take to get such agreements in place, but they can take up to 9 months to complete. If the statutory and pre-commencement conditions work is not started now this could push back the start on site date to June 2024. However, if Executive approve the development of the scheme in September, we will commence work on this element immediately to reduce the risk of the start date being pushed back to June.

2.9 For information, the costs for obtaining statutory agreements and pre commencement compliance is outlined below

Structural design to building regs	£ 43,500.00
Civils design to building regs	£ 18,500.00
Remediation Strategy	£ 976.50
Remediation Validation	£ 1,050.00
Statement of Land Suitability	£ 976.50
Drainage Verification Report	£ 1,750.00
Total	£ 66,753.00

2.10 Commencing the statutory and pre-commencement works now would facilitate starting on site in March 2024 but could mean that the associated costs of £66,753 are abortive, if the Executive decide not to proceed with the development.

2.11 A further dependency on the March 2024 start date is the detailed design works which are needed to enhance the planning drawings which will inform subcontractors of their exact building requirements.

2.12 If the statutory and pre-commencement conditions work is not started now this could push back the start on site date to June 2024. However, if Executive approve the development of the scheme in September, we will commence work on this element immediately to reduce the risk of the start date being pushed back to June.

2.13 For information, the costs for the architectural detailed design works are

Architectural detailed design work (this includes for Building Regs submission and approval)	£84,580
Total	£84,580

2.14 Commencing the Architectural works now would facilitate starting on site in March 2024 but could mean that the associated costs of £84,580 are abortive, if the Executive decide not to proceed with the development.

Financial Details

2.15 As mentioned in paragraphs 1.4 and 1.5, Council received a report called 'Bolsover Homes Funding' in July 2020. This report sought approval to put in place capital funding to deliver the Bolsover Homes 4-year social house building framework contract. Members approved up to £36.2m of capital funding to deliver the contract, to be financed by borrowing.

2.16 Demolition costs, pre-commencement costs and detailed design works are all classed as revenue expenditure unless they are part of the construction of properties, and the two actions are carried out simultaneously.

2.17 In this case, as described throughout the report, there will be a delay until construction starts. Therefore, following the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, these costs totalling £238,069.24 will be classed as revenue and as such cannot be funded from the previously approved Bolsover Homes capital budget.

2.18 As discussed in paragraphs 2.10 and 2.14, there is a risk that the pre-commencement costs and architectural detailed design costs, totalling £151,333 would be spent unnecessarily if Executive later fails to approve the future request for funding because the fully costed appraisal shows the scheme to be not financially viable.

2.19 Within the HRA there is a budget to pay for works such as these revenue costs. There is currently enough remaining budget to cover the whole £238,069.24 as detailed in 2.17. However, the current financial position of the HRA budget means it is very unlikely that these budgets can be increased before 31st March 2024. This would therefore leave a budget of only £122,215 for any further demolition work for the rest of the financial year, if all the costs were to be approved. Only carrying out part of the work would obviously free up more of the budget up for other purposes.

3. Reasons for Recommendation

3.1 This expenditure has been endorsed by DDL.

- To avoid delay relating to demolition ecology issues in starting on site.
- To save council tax on empty properties.
- To prevent anti-social behaviour.
- To replenish the BDC housing stock as soon as possible.

4 Alternative Options and Reasons for Rejection

- 4.1 Executive could choose not to support the request for funds, but this could delay the start on site, increase antisocial behaviour which could have associated reputational and financial costs, increase empty property council tax liability, and could increase total costs if prices in the construction market increase over the time delay period.

RECOMMENDATION(S)

That £86,736.24 is approved for the demolition of the bungalows at Woburn Close, Blackwell to start immediately, using the HRA budget for New Scheme Evaluations (H019).

Approved by Councillor Sandra Peake, Portfolio Holder for Housing

IMPLICATIONS.

Finance and Risk: Yes No

Details: Please refer to the 'Financial Details' section of the report at paragraphs 2.15 – 2.19 for this information.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details: There are no specific legal implications associated with the demolition of the bungalows – the bungalows are empty and are attracting anti-social behaviour and could pose a risk to the public if left vacant and falling further into disrepair.

To avoid falling foul of the ecology report and the Wildlife and Countryside Act 1981 and associated Regulations, any demolition must take place before September (or after April 2024) to avoid risks to wildlife, particularly bats, which are protected. Planning permission is already in place for the site's development.

There are no data protection issues arising from this matter.

On behalf of the Solicitor to the Council

Environment: Yes No

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details: Demolishing these properties will improve the environment by taking away the attraction for antisocial behaviour.

If the Executive decide to proceed with the development of the site, by way of a future decision, the newly built properties will be much more fuel efficient than the existing.

Staffing: Yes No

Details:

On behalf of the Head of Paid Service

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>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	<p>Yes</p>
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	<p>Yes</p>

<p>District Wards Significantly Affected</p>	<p>Blackwell</p>
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Details:</p>

<p>Links to Council Ambition: Customers, Economy and Environment.</p>
<p>Council Ambition – deliver a minimum of 150 new Council properties by March 2024 ECO-07</p>

DOCUMENT INFORMATION	
Appendix No	Title

<p>Background Papers</p>
<p><i>(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 Executive, you must provide copies of the background papers).</i></p>