



**AGENDA ITEM:
SUMMARY**

Report for:	Cabinet
Date of meeting:	July 2015
PART:	II
If Part II, reason:	The Part II report contains information relating to the financial and business affairs of the Council and third party company/organisation. (LGA 1972, Part V, Schedule 12A paragraph 3)

Title of report:	HOUSING DEVELOPMENT UPDATE
Contact:	Councillor Margaret Griffiths Julia Hedger, Group Manager Strategic Housing
Purpose of report:	To provide an update to Cabinet on the progress of the Council's Housing Development Programme and to seek financial approval where required.
Recommendation	That Cabinet recommend to Council the following amendments to budgets: <ol style="list-style-type: none"> 1. That approval be given to increase the build cost budget for Able House by £800k and the consultant budget by £60k 2. That a demolition budget of £160k and consultancy budget of £150k be approved for the Martindale School site. 3. That approval be given to increase the site acquisition budget for the Martindale School site by £164k. 4. That a consultancy budget of £60k be approved for Swing Gate lane.
Corporate objectives:	Affordable Housing
Implications:	<u>Financial</u> A detailed breakdown of estimated costs per scheme is included in this report. <u>Value for Money</u>
'Value For Money Implications'	This will be achieved through a successful procurement programme.

Risk Implications	Risk Assessment completed within the New Build Project Initiation Document (PID).
Equalities Implications	Equality Impact Assessment completed within the New Build PID/Housing Strategy
Health And Safety Implications	Our schemes will have in place a CDM Coordinator as required under the Construction Design and Management Regulations. These regulations have recently changed so with schemes running past 6 th October 2015 we will have appointed a Principal Designer. Our Contractors are required to comply with our H&S policy along with Considerate Constructors requirements.
Monitoring Officer/S.151 Officer Comments	<p>Deputy Monitoring Officer: No comments to add to the report.</p> <p>Deputy S.151 Officer</p> <p>These supplementary estimates will be drawn from the Housing Revenue Account capital balances. The budget for 2015/16, approved in February 2015, included a forecast of closing capital balances of £7.464m. These recommendations will reduce this forecast balance to £6.070m.</p> <p>These recommendations are affordable within the Councils current 30 year business plan. However, Members should note that the Government's Emergency Budget, announced on 8 July 2015, could have significant implications for the HRA. The impacts of these announcements are being reviewed and will be presented as part of the update to the HRA Business Plan in September 2015.</p> <p>The Housing Development Team is in the process of implementing a more robust system of cost estimation prior to submitting requests for budget approvals in the future. This aims to ensure that Members are presented with more accurate estimates when initially asked to approve a scheme rather than a receiving a series of reports with significantly increasing budget requirements.</p>
Consultees:	Mark Gaynor, Corporate Director Housing & Regeneration Elliott Brooks, Assistant Director Housing Services David Barrett, Interim Housing Development Manager Yaqubul Islam, Housing Accountant
Background papers:	HRA Business Plan September 2014
Glossary of acronyms and any other abbreviations used in this report:	<i>HRA – Housing Revenue Account</i> <i>PID – Project Initiation Document</i> <i>HCA - Homes and Communities Agency</i>

1. Introduction

1.1 Dacorum Borough Council's Development Strategy - New Council Homes 2013-2020 '**Building for the Future**' was approved by Cabinet in December 2013 and sets out the Council's ambitious plans for the Council New Build Programme. The Strategy commits the Council to deliver 400 homes by 2020.

1.2 This report provides an update to Cabinet on the progress of the current planned development programme which will result in approximately 400 new Council built properties either being delivered or on site by 2018/19. It also seeks approval for expenditure to take the next phase of development forward.

2. Current Programme Update

The Elms, Redbourn Road, Hemel Hempstead, HP2 7AZ

41 bedrooms with en-suite bathroom and other communal facilities

2.1 The building reached practical completed at the end of March, with final finishes completing in April 2015. The first occupants moved into the Elms in May 2015. DENS are managing the building very well with no major issues.

Farm Place, Berkhamsted, HP4 3AU

26 unit development, 12x1 bedroom flats, 8x2 bedroom flats, 6x3 bedroom houses.

2.2 The scheme was completed at the end of June and residents moved in early July 2015. A formal opening event was held 6th July 2015 to celebrate the completion of the first 3 new Council developments.

St Peters Court, The Nokes, Hemel Hempstead,

9x2 bedroom flats

2.3 The scheme was completed in April 2015 and residents moved in early May. We have appointed the Architect to provide ongoing monitoring of the performance of the building which will include accessing energy usage, indoor environmental conditions and occupancy comfort.

London Road, Apsley

36 residential and 2 retail units, 9x1 bedroom flats, 24x2 bedroom flats

2.4 The scheme has experienced delays due to an electricity substation and live cables on the site as previously reported. The ground works started on site in January 2015, and the scheme is forecast for completion by April 2016 and good progress is now being made on site.

2.5 Estimated Timescales:

- Practical completion – April 2016

Queen Street, Tring

5 unit development, 1x3 bedroom house, 4x2 bedroom flats

2.6 Planning permission was obtained in February 2015 for the development of five units. The Council appointed Modplan as the main contractor in July, and building work will commence in October 2015. The scheme is forecast for completion in August 2016.

2.7 Estimated Timescales:

- Contractor appointed – July 2015
- Start on site –October 2015
- Practical completion –August 2016

Stationers Place, Apsley, Hemel Hempstead

2.8 The Council received pre-application advice for a scheme of 33 units last year. The architect has re-designed the scheme based on accessing the site off London Road rather than Stationers Place. This was because we have been unable to secure a right of way down Stationers Place. The changes to the design have resulted in a reduction of units to 31. The Council appointed John Lester Partnerships as employer's agent in January 2015.

2.9 A build cost budget of £3.575m and a consultancy budget of £100k were approved by Cabinet in January 2015.

2.10 Estimated Timescales:

- Submit a further pre application to Planning – July 2015
- Submit a planning application – August 2015
- Start on site – April 2016
- Practical completion – Winter 2017

Able House, Figtree Hill, Hemel Hempstead

2.11 Planning permission for a 14 unit development was granted in June 2015. John Lester Partnerships were appointed as employer's agent in January 2015 and the Council will be working with John Lester Partnerships to prepare the tender documents for the appointment of the main contractor. The Council are currently preparing to demolish the existing building on site.

2.12 An early estimated build cost budget of £1.5m was approved in January 2015. This budget was based on an indicative average build cost of £100k per unit which has since had to be revised upwards. For the reasons set out in Paragraph 2.13 the project requires approval for an additional £800k to increase the build cost budget to £2.3m.

2.13 Build costs have increased significantly since the Council first started their New Build Programme in 2011. The build costs have increased as a result of the backdrop of a rising market. Information collated from the market and from the Council schemes on site have resulted in a revision to the build cost budget for Able House. The process has been updated to ensure approval for the revised base assumption for future projects has been factored into the HRA Business Plan and then refined approval will be sought through the pre-tender estimate.

2.14 A detailed pre-tender estimate completed by the employers agent, estimates the build cost at £2m. In addition, the demolition costs of £110k and a contingency sum of £200k has been allocated to the build cost budget. The budget will be tested when the Council go out to tender for the main contractor.

2.15 A consultancy budget of £40k has already been approved. An additional £60K is required for the additional requirement for ongoing consultancy support for Party Wall Awards, Principle Designer Services and Employers Agent fees.

2.16 Estimated Timescales:

- Start on site – November 2015
- Practical completion – November 2016

It is recommended that Cabinet approve the additional build cost budget of £800,000 and an additional consultant budget of £60k for Able House

Wood House, Maylands Avenue

2.17 The Council appointed RG&P as architects in February 2015. The architects are in the process of developing designs for the scheme to submit to planning. The development will provide around 74 units – potential 45% shared ownership and 55% social rented. John Lester Partnerships were appointed as employer's agent in January 2015.

2.18 A consultancy budget of £250k was approved by Cabinet in January 2015.

2.19 Estimated Timescales:

- Submit a planning application– Summer 2015
- Start on site – Spring 2016
- Practical completion – Winter 2017

Martindale School, Boxted Road, Hemel Hempstead, HP1 2QS

2.20 The Council purchased the site from Hertfordshire County Council in May 2015. The scheme received outline planning permission for 43 units in February 2015. The Council are currently out to tender for an architect to develop the scheme designs and submit a full planning application. The number of units to be provided on the site and the tenure mix is still to be determined.

2.21 Cabinet approved the acquisition of Martindale School for £4.090m in December 2013. This budget did not incorporate stamp duty and therefore an additional £164k is required.

2.22 A consultancy budget of £150k is required for the appointment of an Architect and an Employer's Agent. This budget will also be used to carry out site investigations.

2.23 Martindale School has not been occupied for several years and the building is in poor condition. In order to mitigate health and safety issues the Council are looking to demolish the existing buildings as soon as possible. A demolition budget of £160k is therefore required.

2.24 Estimated Timescales:

- Appoint an architect – Summer 2015
- Demolish existing buildings – Summer 2015
- Start on site – Autumn 2016
- Practical completion – Spring 2018

It is recommended Cabinet approve a demolition budget of £160k and a Consultancy budget of £150k for Martindale.

It is recommended Cabinet approve the additional site acquisition budget of £164k.

Swing Gate Lane

2.25 Planning permission for an 11 unit development was granted in June 2015. The Council are currently in the process of purchasing the site from a private developer.

2.26 A site acquisition budget of £650k was approved by Cabinet in January 2015.

2.27 A consultancy budget of £60k is required for the appointment of an employers agent and for further site investigations.

2.28 Estimated Timescales:

- Appoint an employers agent – Summer 2015

- Start on site – Spring 2016
- Practical completion – Spring 2017

It is recommended Cabinet approve a Consultancy budget of £60k for Swing Gate Lane.

3. Financial implications

3.1 The table below shows the financial projections based on the previously approved budgets in February 2015.

	2014/15	2015/16			2016/17	
	Consultancy £'000	Land acquisition £'000	Consultancy £'000	Build/ Demolition £'000	Consultancy £'000	Build/ Demolition £'000
Able House	30	0	10	700	£0	800
Martindale	0	3,940	0	0	0	0
Stationers Place	40	0	60	0	0	3,575
Wood house	78	0	86	0	86	0
Swing gate lane	0	650	0	0	0	0

3.2 The table below shows the financial projections based on the previously approved budgets and additional budget requested in this report.

	2014/15	2015/16			2016/17	
	Consultancy £'000	Land acquisition £'000	Consultancy £'000	Build/ Demolition £'000	Consultancy £'000	Build/ Demolition £'000
Able House	30	0	65	700	5	1,600
Martindale	0	4,104	75	160	75	0
Stationers Place	40	0	60	0	0	3,575
Wood house	78	0	86	0	86	0
Swing gate lane	0	650	18	0	42	0