



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>17<sup>th</sup> October 2017</b>
<b>Part:</b>	<b>Part 1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Council New Build Programme Update</b>
Contact:	Margaret Griffiths, Portfolio Holder for Housing Elliott Brooks, Assistant Director (Housing) David Barrett, Group Manager (Housing Development)
Purpose of report:	To provide a full update on the Council New Build Programme
Recommendations	That Cabinet:  <ol style="list-style-type: none"> <li>1. Notes progress of the Council New Build Programme.</li> <li>2. Agrees that the shared ownership element of the Wood House development be changed to social rent, and that there be a reprofiling of planned capital expenditure to accommodate resultant changes to the cashflow.</li> <li>3. Approves an additional grant funding payment for affordable housing development in the Borough of £32,767.00 to Watford Community Housing Trust for a development known as Goldcroft garage site, Hemel Hempstead bring the total funding for this project up to £845,000.00.</li> </ol>
Corporate Objectives:	Delivering Affordable Housing
Implications:	<u>Financial</u>  The overall development budget is reviewed strategically as part of the annual review of the Housing Revenue Account Business Plan. Each individual scheme following contract award is subject to close financial monitoring with any variances agreed formally through a change control process.
'Value For Money Implications'	

	<p><u>Value for Money</u></p> <p>This has been achieved through successful procurement of each scheme and regular cost scrutiny</p>
Risk Implications	<p>Risk Assessment completed within the New Build Project Initiation Document (PID) and updated on Corvu on a monthly basis.</p> <p>A risk assessment is completed for each site by the Employers Agent and reviewed monthly from the award of the contract.</p>
Equalities Implications	<p>Equality Impact Assessment completed as part of the Development Strategy – Building for the Future.</p>
Health And Safety Implications	<p>Each new build scheme has in place a Principal Designer as required under the Construction Design and Management Regulations. Contractors are required to comply with the Council's H&amp;S policy along with Considerate Constructors requirements. In addition we collect monthly contractor safety performance data along with undertaking an independent H&amp;S audit of construction activities on each live site all of which is issued to our Corporate H&amp;S team.</p>
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>Under the scheme introduced in 2012 investment in new affordable housing can be made by the Council itself or through grant funding registered providers. Part of the recommendation proposes funding developments by Watford Community Housing Trust. Officers should ensure that the grant is covered by the standard grant agreement which has recently been agreed to ensure that the Council's position is protected and to enable it to meet audit requirements.</p> <p><b>S.151 Officer</b></p> <p>The Housing Business Plan is able to accommodate the financial implications of the recommendations within this report.</p>
Consultees:	<p>Mark Gaynor, Corporate Director (Housing &amp; Regeneration) Elliott Brooks, Assistant Director (Housing) Keshika Naido – Housing Accountant Andrew Linden, Team Leader, Commissioning, Procurement &amp; Compliance</p>
Background papers:	<p>HRA Business Plan September 2016/17</p>
Glossary of acronyms and any other abbreviations used in this report:	<p>ACM - Aluminium Composite Material EA - Environment Agency</p>

## 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 Council completed the first three new build developments in Summer 2015, with a further two developments completed in Summer 2016.
- 1.2 This report is to provide a full update on the current development programme. Note a selection of photos and drawings are attached to the back of the report.

## 2. Able House, Figtree Hill, Hemel Hempstead

- 2.1 The Council received planning permission to develop 14 new homes at Able House, Figtree Hill in June 2015. This involved the demolition of the former office block and is on a site in the heart of the Old Town. The development includes 10x1 bed flats and 4x2 bed flats.
- 2.2 In November 2015 Cabinet approved the award of the building contract to the successful bidder Taylor French. The project started on site in April 2016 and was successfully handed over in June of this year. Residents moved in shortly after and the feedback has been positive.
- 2.3 After the terrible fire at Grenfell Tower and the major concern expressed nationally about fire safety and cladding in high rise blocks of flats the Council assessed the fire risk across all of its flat blocks. Able House incorporates approximately 15% of its façade as cladding and is the Council's only block of flats with this being Aluminium Composite Material (ACM). Although not required, and there being no risk to tenants, the Council erred on the side of safety and had the cladding tested.
- 2.4 As with all other ACM cladding samples sent for testing nationally, the cladding on Able House did not pass the newly introduced safety test. On receiving the results we immediately contacted Hertfordshire Fire Service who carried out a comprehensive inspection of the building. Following the inspection the Fire Service classed Able House as low risk. This was due to the fire safety measures in place as well as the limited nature of the cladding.
- 2.5 Nevertheless, in conjunction with the Portfolio Holder for Housing it was decided as a precautionary measure to remove the ACM cladding from Able House. The sections of the building where it has been removed have now been replaced with a suitable render system in a contrasting colour.
- 2.6 The building is now in its defects period and we will continue to monitor its performance.

## 3. Wood House, Maylands Avenue, Hemel Hempstead.

- 3.1** Situated in the Heart of Maylands this project forms an important part of the regeneration of the overall area. This project comprises a 79 unit development, 42x1 bedroom flats, 37x2 bedroom. The scheme achieved planning permission in March 2016. The development will provide 79 social rented units.
- 3.2** Initially it was proposed that 50% of the new homes would be offered as Shared Ownership with the generated receipts returning to the Housing Revenue Account to fund future development. After consideration and discussions with experts in the marketing and disposal of shared ownership the proposal is being re-considered and re-modelling of the Business Plan is being undertaken to understand the impact of all properties being developed for social rent. Initial work indicates that the overall HRA business plan should be able to accommodate this and a final decision will be taken in consultation with the Portfolio Holder for Housing in October. By reverting to social rented units this change would increase the supply of new homes to those greatest in need.
- 3.3** At the Cabinet meeting in November 2015 it was agreed the ground floor units of the development would be used for an extension of the Maylands Business Centre and provide office space for new businesses.
- 3.4** Jarvis Contracting Ltd was awarded the build contract and commenced on site in March 2017 with completion anticipated during November 2018.
- 3.5** The project is progressing well on site and the construction of the concrete frame is up to third floor level. We have a live webcam of the site available through the Councils website.
- 3.6** In the light of the Grenfell Tower fire a comprehensive review of the fire strategy took place and we revised the specification of some elements the construction including introducing non-combustible insulation into the external wall construction.
- 3.7** Although at this time there is no regulatory requirement to install sprinklers because the dwellings are less than 18 metres in height we took a decision to commission a design for a full sprinkler system. Our intention is either to install a full system whilst on site now or alternatively install only part of the system enabling us at a later date to retrofit a full system should legislation dictated in the future. Although we have not completed our assessment at the time of writing it is looking like our preferred option is to complete a full installation during this construction which our Contractor can accommodate at present with a minor effect on programme.
- 3.8** Additional ground investigations were required prior to commencing on site including breaking out a third hidden concrete slab and further unforeseen obstructions. This resulted in revising the foundation design which in turn added an increase cost to the project.
- 3.9** The project is currently on programme; however with the additional spend on groundworks, changes to the external wall construction and

the potential introduction of sprinklers our project contingency sum is under pressure.

- 3.10 In September we accommodated Firefighters from Herts Fire and Rescue Service tackled a simulated rescue from our crane on site which proved to be a successful event and a great example of Partnership working.

#### **4. Swing Gate Lane**

- 4.1 This development will deliver 11 new Council homes - 6X1 bedroom flats, 3X2 bedroom flats and 2X2 bedroom houses. Planning permission for the scheme was granted in June 2015. The Council purchased the site from a private developer in May 2016. The project has been split into 2 phases, the new build consisting of 9 units and the refurbishment of 3 existing dwellings converted to 2 units.
- 4.2 Osbourne Homes Ltd have been appointed to construct the new build element and started on site in August 2017 with completion due during summer 2018.
- 4.3 The Contractor has demolished some existing buildings and is close to finishing groundworks and the foundations all after dealing with a small well that was discovered on site.
- 4.4 We are currently seeking tenders for an Architect to produce a full detailed design for the refurbishment element. This will help us to navigate some of the challenges around the properties being in a conservation area and having a Listed Building status. Once the design is completed we will then seek tenders for the construction with the aim of being on site early 2018.

#### **5. Stationers Place, London Road, Apsley**

- 5.1 This is a 31 flat development which will deliver 10x1 bedroom flats & 21x2 bedroom flats for social rent.
- 5.2 Full planning permission was granted in March 2016. Member approval was obtained to go out to tender and the contract was awarded to Jarvis Contracting Ltd under a Design & Build contract. Jarvis started pre commencement investigations and were originally due to be on site early this Summer, however we have a couple of issues to resolve prior to being in a position to start work.
- 5.3 Under planning conditions the Environment Agency (EA) required the culvert that runs under the rear of our land to be opened up and naturalised "de culverted" however, in liaising with the EA and our Contractors engineers it became apparent that the EA required much more than just a naturalised bank for the culvert. Subsequently to meet the EA's requirements would be unworkable and we are liaising with them to look at alternative solutions.
- 5.4 In addition earlier liaison with the statutory authorities gave us comfort that the various mains supplies across the site could be diverted around the proposed construction, although the gas authority has now

discovered that their supply is a shared connection and are therefore currently investigating how this can be relocated. A response is expected within the next month.

- 5.5 These highlighted issues will need fully resolving before we can establish whether the scheme needs to be significantly altered and a realistic start on site date established.

**6. Martindale School, Boxted Road, Hemel Hempstead.**

- 6.1 The Council purchased the site from Hertfordshire County Council in May 2015. The scheme had already received outline planning permission for 43 units in February 2015.
- 6.2 After two public consultations a planning application was submitted in August 2017 for consideration and comprised 65 new homes: 33 proposed for outright sale – 17x2 bedroom houses and 16x3 bedroom houses and then 32 new Council homes for social rent – 19 flats (14x1 bedroom & 5x 2 bedrooms) plus 5x3 bedroom houses and 8x2 bedroom houses.
- 6.3 We are currently preparing detailed tender documentation to seek a suitable Contractor to build out the scheme. Due to the value an Official Journal of the European Community (OJEU) compliant tender process is required. This will take approximately 6 months and should see a recommendation to appoint a Contractor be presented April 2018.
- 6.4 Subject to a successful planning application we envisage being in a position to start on site August 2018.

**7. Westerdale and Northend garage sites, Hemel Hempstead.**

- 7.1 The Council has identified 2 garage sites as part of the garage asset strategy for redevelopment, using General Fund resources, for new temporary accommodation housing. They are to be redeveloped in tandem to deliver 6x2 bedroom flats at Westerdale and 4x2 bedroom flats and 2x1 bedroom flats at Northend. The properties would provide an ongoing revenue stream as well as being a valuable flexible asset.
- 7.2 After a public consultation the schemes will be submitted for planning approval during early October 2017. In the meantime we are working up specifications to be in a position to obtain construction costs for subsequent approval.
- 7.3 We are targeting construction starting on site during the Summer 2018 subject to a successful planning application.

**8. Pipeline schemes**

- 8.1 At the last Cabinet approval was given to purchase a garage site in Burns Drive which came with a planning approval for 6 flats. Unfortunately the seller has withdrawn his offer so we are unable to pursue this further.

- 8.2** We are looking at some further sites and undertaking some early feasibility work to assess viability of potential schemes. These are predominately on land we already own and further updates will follow once we have carried out some concept development.

**9. Grant Funding**

- 9.1** The Council signed up to an agreement with the Department for Communities and Local Government, following the government's major increase in the level of potential discount for Right to Buy, which allowed the Council to use the receipts to part fund new affordable homes – the one for one replacement scheme.

- 9.2** The funding has some restrictions:

- It can only cover 30% of the total costs of the development (meaning that the Council or Housing Association has to have available the 70% match)
- It cannot be used on the cost of land where this is already in the Council or Housing Association's ownership (thus omitting around 25-30% of costs that it can be applied to)
- It cannot be used on any schemes that are either affordable homes within a s106 agreement or which have received Homes and Communities Agency funding (thus ruling out around 50% of Housing Association affordable homes delivery)
- It must be spent within three years of receipt

- 9.3** Initially the intention was to use the entirety of these receipts to help fund the Council's own new build programme. Following decisions made by the Government in the Welfare Reform and Work Act 2016, one being a reduction in Council rents by 1% per year for four years, there has been a significant reduction in the available resources within the Housing Revenue Account to directly fund new Council homes.

- 9.4** Funding not spent within the three year window dictated by the government must be returned however the one for one regulations allow for it to be spent on delivery of additional affordable homes by Housing Associations. It is proposed to avoid having to pay money back. The Council works closely with Housing Associations in the area to fund suitable affordable housing developments which can then be allocated to local people. This is in addition to the spending on the Council's own new build programme.

- 9.5** The level of Right to Buy sales has grown very quickly and has remained at around 100 per year for the past 3 years – this generates a level of receipt that the Housing Revenue Account is unable to match fund in order to spend it all within the three years. The rules of the scheme mean that it can only be used to cover 30% of overall costs and the level of receipts is so high that we will have to return some of the receipt. The importance of working with Housing Associations has grown as have the grant levels to distribute. For this reason it is felt that a more formal agreement on schemes moving forward should be captured in a form of agreement that facilitates the

development of the new homes whilst protecting the Council from interest costs should the grant agreed not be spent in time, transferring this risk to the Housing Association.

**9.6** Working in partnership with Housing Associations we are looking to avoid any money going back to Government and therefore continue to actively seek opportunities to support affordable housing schemes in the borough. The Council has in place regular monitoring meetings on both a monthly and quarterly basis involving senior officers from Housing and Finance all to ensure there is a robust programme for allocating the receipts that have been accepted by the Council.

**10. Watford Community Housing Trust (WCHT) – Goldcroft Garage Site – additional funding of £32,767.00.**

**10.1** WCHT have submitted a revised application for £845,000 in grant funding for the provision of 11 flats (2 x One Bed & 9 x Two Bed) for Affordable Housing. WCHT propose that this grant is spent on purchasing the site no later than Q2 2017/18 (£270,000) and construction completing by Q4 2018/19 (Stage payments totalling £575,000)

**10.2** At last month's Cabinet meeting approval was given to fund their initial application in the sum of £812,233.00. A fresh application has now been submitted requesting a total of £845,000.00. Approval is required to make an additional payment of £32,767.00.

**11. Recommendation**

**11.1** That a grant agreement be made with Watford Housing Community Trust for Goldcroft garage site for an additional payment of £32,767.00 to be drawn from one for one receipts. This would bring the total of grant funding approved for this scheme to £845,000.00.