

HOMES & COMMUNITIES COMMITTEE
20 JANUARY 2020

HOUSING REVENUE ACCOUNT – DEVELOPMENT PROGRAMME UPDATE

1.0 Purpose of Report

1.1 This report provides the Committee with an update on the progress being made with the 5 year Housing Revenue Account (HRA) Development Programme and the Extra Care Scheme in Boughton.

2.0 Background Information

2.1 The delivery of additional affordable homes across the district continues to be a strategic priority for the Council with an objective of the Community Plan being to; '*Accelerate the supply of new homes including associated facilities.*'

2.2 There is an ongoing requirement to develop a mixed provision of affordable homes to meet the requirements of younger people, families with young children and older people across the district's urban and rural communities.

2.3 Set against this the Policy & Finance Committee, at its meeting on 30 June 2016, approved that the Council and Newark & Sherwood Homes (NSH) work in partnership to deliver a 5 year (HRA) development programme to provide an indicative 335 new affordable units across the district, with the Homes & Communities Committee charged with monitoring the delivery of the programme.

2.4 To date, in addition to the 60 units delivered at Gladstone House, Newark (*an extra care scheme*), the first two phases of the development programme have delivered 120 new council homes.

2.5 To inform the development programme the council has a robust evidence base of housing need, with the last 'Newark and Sherwood Housing Market and Needs Assessment' published in 2014. A new Assessment has now been commissioned, in accordance with the Committee's decision at its meeting on 10th June 2019, and is due to be completed by June.

2.6 The 2014 assessment indicated a total net affordable housing need of 677 units per annum and after deducting the annual supply of housing, the shortfall for the following 5 years was 221 homes per annum.

2.7 The Council owns 5,460 units (*31 March 2019*), with 35 homes being sold through the Right to Buy in 2018/19.

2.8 There are currently 3825 applicants on the Council's housing register, which includes transfer applicants.

3.0 Progress – Housing Revenue Account (HRA) Development Programme

- 3.1 Robert Woodhead Ltd are the construction delivery partner for the 5 year HRA development programme following a detailed and successful procurement exercise based upon both price and quality.
- 3.2 NSH are project managing the programme on behalf of the Council and review meetings are held between officers of the Council and Company to monitor delivery of the programme.
- 3.3 The Company adhere to a service specification covering the project management roles and responsibilities set by the Council. The fee charged by the Company is based on per unit delivery, rather than a percentage of the overall programme and reflective of a competitive market rate. The Committee will acknowledge that this relationship will cease once the housing management function comes back to the Council.

Phase One: Completed

- 3.4 Phase one of the development programme delivered 70 units across 26 sites, all of which reached completion by the end of March 2019 and let to applicants on the Housing Register. The 12-month defect period inspections are currently in progress (50% completed) and minimal remedial works have been required.

Phase Two: Site Progression

- 3.5 Construction activity continues with phase two that will provide 50 units over 12 sites and current delivery is within the scheduled programme and to budget. The first 7 sites have been handed over and now going through the allocation process. The table below provides the Committee with the key details of phase two delivery:

Address	Locality	No of Units	Type of Unit	Anticipated Completion
Queens Court	Newark	9	6 x 1 bed apartments 3 x 2 bed flats	Completed December 2019
Meldrum Crescent,	Newark	4	4 x 1 bed apartments	January 2020
Central Avenue	Blidworth	4	2 x 1 bed apartments 2 x 3 bed bungalows	Completed December 2019
Thorpes/Parkes Close	Coddington	4	3 x 2 bed bungalows 1 x 1 bed bungalow	Completed November 2019
Thorpes Close	Coddington	1	1 x 2 bed bungalow	Completed November 2019
Valley View	Coddington	3	3 x 2 bed houses	January 2020
Westhorpe	Southwell	3	1 x 3 bed bungalow 2 x 1 bed bungalows	Completed December 2019
Beech Avenue	Ollerton	2	2 x 2 bed houses	January 2020
Lindsay Avenue	Newark	10	6 x 1 bed apartments 2 x 2 bed apartments 2 x 2 bed houses	March 2020
St Mary's	Newark	7	7 x 2 bed houses	January 2020

Gardens				
Rainworth Water Road	Rainworth	2	2 x 1 bed apartments	Completed November 2019
Thoresby Road	Rainworth	1	1 x 1 bed bungalow	Completed December 2019
Total No of Units		50		

Phase 3: Planning Applications

- 3.6 Work on delivering phase three sites is progressing with a target to develop between 40 to 50 units, predicated on the approved capital budget provision for this phase. Planning permission for 4 sites (8 units) has been secured and 5 sites (11 units) have recently been submitted to planning for approval.
- 3.7 A further 23 sites have been identified with the potential for development and pre-application planning advice is now being sought for these. The on-site commencement for phase three sites will be from late January up until May, with an indicative target date for completion being March 2021.

Phases 4 & 5: Feasibility

- 3.8 Work continues to bring forward sites for phases four and five to both meet the overall target of delivering 335 new Council homes and the contractual arrangements with Robert Woodhead.
- 3.9 Recent work has been undertaken to review the capacity and nature of the remaining HRA sites within the programme to deliver the target set, which currently shows that there is a predicted shortfall of 45 units. The Committee should note this figure is indicative with some HRA sites still subject to initial investigations and gaining planning permission approval.
- 3.10 In the search for additional sites, outside of the HRA, officers have pursued the opportunity to acquire a parcel of land at the former fire station site located off Boundary road, Newark. *(An initial scheme design shows the site can deliver 10 units consisting of 6 x 1 bed apartments and 4 x 2 bed houses.)* Further to a valuation of the site and through a period of negotiation, a price was agreed with the fire authority. This matter has been reported to the Policy & Finance Committee, at its meeting in November 2019, who approved the acquisition of the site.
- 3.11 Officers from the fire authority have advised that the offer they have accepted from the Council is now subject to its formal Committee approval, the meeting of which will be held in January 2020.
- 3.12 The acquisition of this site at the agreed price will be subject to the Council achieving planning consent, along with the satisfactory completion of ground investigations and relevant searches.
- 3.13 The Policy & Finance Committee at its meeting also approved to increase the site acquisition fund to enable the purchase of further sites, within defined parameters, and so meet the predicted shortfall of 45 units.

3.14 A positive working relationship has been established with Robert Woodhead's, with the development programme providing 6 local individuals with training opportunities, supporting 5 local school education events and 3 work experience placements have been provided for local residents. Four site audits have also been carried out by the 'Considerate Constructors Scheme' with positive outcomes.

Boughton - Extra Care Scheme

3.15 At its meeting on 28 June 2018 the Policy & Finance Committee approved the development of an extra care scheme in Boughton, financed through the Housing Revenue Account (HRA) and a Homes England grant of £2.080m.

3.16 Planning consent was secured on 6 December 2018 and further to a procurement exercise North Midland Construction were awarded the contract to deliver the 40 unit extra care scheme, comprising 30 apartments and 10 bungalows. Work commenced on site in October 2019, with an indicative practical completion date of March 2021. The scheme is currently project managed by Newark and Sherwood Homes.

3.17 The Committee will note that Nottinghamshire County Council have previously confirmed that they will be seeking to agree nomination rights to a proportion of the new homes to be created for use as 'housing with care' for its service users.

3.18 Officers of the Company and Council are now in discussions with the County Council to confirm the above arrangements and as with Gladstone House, a Co-operation Agreement will be drawn up. Amongst other things, this will stipulate that the County Council will cover the void rent loss for empty units after a qualifying period, therefore protecting rental income into the HRA Business Plan.

3.19 Similar to the arrangements at Gladstone House those units not nominated to the County Council will be let as general supported housing.

4.0 Scheme Finance

4.1 A recent review of average build cost per unit for phase two has been undertaken and this is represented in the comparison table below for the Committee's consideration:

New Build Total Scheme Cost Comparison Data Source	Average Build cost/m²	Lowest cost /m²	Highest cost/m²
Homes England 2016 to 2021 Shared Ownership and Affordable Homes Programme (<i>East Midlands as @ end of March 2018:</i> https://www.gov.uk/government/publications/shared-ownership-and-affordable-homes-programme-2016-to-2021-summary-end-of-march-2018)	£1,442		
Nottinghamshire: Building Cost Information Service (<i>BCIS June 2019 – Average Prices Results all tenures</i>)	£1,366	£695	£3,117
Council Housing (HRA) 5 Year Development Programme (Phase 2)	£1,082	£807	£1,270

Nottinghamshire Authority Indicative Affordable Housing Programme (1)		£1,500	£2,000
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- 4.2 To date the Council has successfully received Homes England grant funding via the Affordable Homes Programme for 65 units in phase 1, equating to £2.8m and averaging £42k per unit.
- 4.3 The total grant claim in phase two is £1.32m, averaging £38k per units. Phase two has also utilised 1-4-1 Right to Buy Receipts to ensure that the Council does not incur a financial penalty imposed by Government for not spending the receipts; this has resulted in lower average grant rate when compared with phase one.
- 4.4 Both the Council and Company continue to scrutinise the capital finances of this programme to ensure they meet the budgetary requirements set by the Policy & Finance Committee, with any variances and approval for these reported to that Committee.
- 4.5 In terms of continued grant support from Homes England, discussions have been held with officers locally who are keen to receive future bids from the Council to support the ongoing development programme.

Better Care Fund

- 4.6 Through the Better Care Fund the Council has successfully secured £48,315 grant funding, under the heading of 'independent Living', to enable accessible wet rooms to be installed to 10 of the new build Council homes in phase two, along with providing an accessible car park at one of the schemes.

5.0 Equalities Implications

- 5.1 The Council's housing needs evidence base informed the type and tenure of affordable housing to be delivered across the district to meet the needs of all communities, including those with protected characteristics.
- 5.2 The extra care scheme in Boughton will meet evidenced housing, health and social care needs for the older population in Ollerton and Boughton.

6.0 Financial Implications (FIN19-20/3766)

- 6.1 The budget for the 2019/20, which incorporates finalising phase two and the start of phase three, is £8.018m. Spend to date, as at December 2019 is £5.930m.
- 6.2 The current approved budget for the Extra Care scheme at Boughton is £8.937m (£1.7m in 19/20), which includes an amount of £2.080m in grant funding from Homes England with spend to date of £1.687m.
- 6.3 Finance Officers from the Council meet regularly with Finance Officers from Newark and Sherwood Homes, in order to monitor the current position and forecasts of costs going forward. This will ensure that budget provision is adequate, and where variations need to be made, these can be reported and approval sought from the Policy and Finance Committee.

6.4 As phases 3 – 5 progress, any changes in estimated costs requiring additional finance will be tested in the HRA Business Plan to assess affordability and reported to Policy & Finance Committee for approval.

7.0 Community Plan – Alignment to Objectives

7.1 The delivery of the HRA 5 year development programme meets the following strategic objective of the Community Plan:

- *Accelerate the supply of new homes including associated facilities;*

with the supporting action of:

- *Direct delivery of homes;*
 - Our Housing Revenue Account will deliver 335 homes by 2021/22.

8.0 RECOMMENDATION

That the Committee notes the progress being made with both the 5 year Housing Revenue Account development programme and Extra Care Scheme in Boughton, making any observations as appropriate.

Reason for Recommendation

To enable the Committee to regularly review and scrutinise delivery of the Council's Housing Revenue Account development programme.

Background Papers

Nil

For further information please contact Rob Main (Ext: 5930) or Jill Sanderson (Ext: 5624) in the Housing Strategy & Development Business Unit.

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