

BARNSELEY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the council's definition and has been included in the relevant Forward Plan.

**Report of the Executive
Director of PLACE**

Beever Street, Goldthorpe – Re-development

1. Purpose of Report

- 1.1 The purpose of this report is to seek approval for the re-development of 8 bungalows on Beaver Street, Goldthorpe as part of the Council's Housing Capital Programme.

2. Recommendations

It is recommended that:

- 2.1 Cabinet approves the proposal for the Council to build 7x 2-Bed bungalows and 1x 3-bed bungalow on the site of former properties at 1-37 Beaver Street due to be demolished over the coming months (agreed as part of Cab.20.04.19/9). The homes will be HRA properties, managed by Berneslai Homes and let to applicants on the Council's Housing Waiting List.
- 2.2 Cabinet approves the proposal for the Council to appoint NPS Construction as part of the Joint Venture SLA as principal contractor to deliver the scheme. NPS Construction will then deliver the scheme, appointing BH CS as a sub-contractor. The scheme will be funded from the HRA Capital Programme at a total project cost of £1,060,620 (£119,320 of which will be funded via 1-4-1 RTB receipts in line with 'grant' terms).

3. Background:

- 3.1 In April 2016, Cabinet took a decision to progress the Compulsory Purchase (CPO) of a number of privately owned dwellings (13) on two terraced blocks at 1-37 Beaver Street, Goldthorpe. The Council had been working with property owners for over two years to acquire homes via negotiation for the purpose of demolition and re-development as a regeneration priority. However, the Council was forced to pursue a CPO when it was proving impossible to acquire the homes by agreement and the condition of these properties continued to deteriorate.
- 3.2 Since this time, officers have worked with property owners and their tenants to complete the acquisition of these homes and re-house the remaining three tenants, as appropriate. Following the completion of a General Vested Declaration served on January 8th 2018, all of the homes (and adjacent land) are now in the Council's ownership, service disconnection works are almost completed and demolition works are due to commence in April 2018.

4. Current Situation:

- 4.1 Berneslai Homes had previously undertaken a competitive tender exercise to deliver an alternative bungalow scheme of 6x 2 bedroom bungalows but, despite significant

value engineering, the properties were proving too expensive to deliver and did not represent value for money for the Council. This was perhaps a result of the scheme being a less desirable project for contractors than other new build opportunities – in terms of scale, risk and deliverability logistics; resulting in less competitive bids (it is a tight site with the potential for security concerns). There were also some savings identified should a re-design be pursued.

- 4.2 To respond to this, and following the successful delivery of two direct build schemes at Heritage Mews (Elsecar) and Bellbrooke Avenue (Darfield), the Council proposes to appoint NPS Construction as part of the Joint Venture SLA as principal contractor to deliver the scheme. NPS Construction will then deliver the scheme, appointing BH CS as a sub-contractor. This arrangement, alongside a slight re-design of the properties (to include an additional 2 units) has reduced overall project costs to c. £120,000 per unit – a saving of over £30k a plot.
- 4.3 Subject to final Planning approval in April 2018, the scheme would be ready to start on Site in late-spring 2018 and complete before the end of March 2019. An accelerated timescale is possible as this option removes timescales associated with competitive tendering. The scheme will be project managed by officers in Housing Growth with technical support provided by NPS Barnsley (design, QS etc.).
- 4.4 To protect the Council's investment in re-developing this part of central Goldthorpe, the Council and Berneslai Homes have established a working group (which aligns with the strategic priorities of the Dearne Approach) undertaking a targeted approach to improving the overall area by:
- Bringing long term empty homes back into use
 - Improving the standard of properties in the private rented sector
 - Offering grant support to landlords intending to invest in their homes, and:
 - Improving the environment and desirability of Beever Street and surrounding homes, more generally.

5. Justification

- 5.1 Previous cabinet reports have approved the acquisition and clearance of the properties on Beever Street as part of wider plans to regenerate and re-develop this area of Central Goldthorpe, in line with the master plan and Goldthorpe Action Plan recommendations. Significant investment has gone into the village as part of the Housing Market Renewal Pathfinder programme (which ceased in 2011) which included property and environmental improvements and, more recently, the acquisition of the 13 privately owned dwellings (as part of the CPO) and the £5m investment in a new primary school, off the high street and adjacent to Beever Street.
- 5.2 The CPO (cab.20.04.16/9) was granted under Section 226 (1) (a) of the Town and Country Planning Act 1990, which enables the compulsory acquisition of land where the acquiring authority thinks that the acquisition is necessary to facilitate the carrying out of development, re-development or improvement likely to contribute to achieving the promotion and improvement of the economic, social and environmental wellbeing of the area. A re-developed scheme of new Council homes to meet the needs of older and/or disabled persons will facilitate this.
- 5.3 As explained above, attempts to secure a contractor via a competitive tender route resulted in a contract sum which did not offer Value for Money to the Council. As such, it is proposed that NPS Construction will deliver the scheme, appointing BH CS as a sub-contractor.

6. Consideration of alternative approaches

- 6.1 **Do Nothing – This is not an option.** The Council previously secured a Compulsory Purchase Order under Section 226 (1) (a) of the Town and Country Planning Act 1990, to demolish properties at 1-19 Beever Street for the purpose of clearance and re-development. There are thus risks (financial, legal and reputational) of challenge to the Council if it does not seek to re-develop the site in line with the Order.
- 6.2 **Re-tender the revised scheme on a competitive basis -** Whilst re-tendering the revised scheme could result in a reduced tender price, the scheme will still attract similar contractors who will price the job based on ease of deliverability, risk and other competing market opportunities, at that time. Due to the scale of redevelopment vs the associated delivery risks (tight scheme, lack of available compound space, risk of vandalism/site thefts), it is not considered that significant savings could be made against NPS Barnsley's negotiated set price. To go further, another re-tender will significantly delay project start on site, following clearance. This will mean that the Council will incur additional costs in securing the cleared site from unauthorised access and fly-tipping, pending handover to the contractor.
- 6.3 **Recommended Option: Approve the revised scheme and proposal to award the contract to NPS Barnsley.** This option will deliver a Value for Money redevelopment which meets the needs of the local community on an accelerated delivery basis. There are also financial benefits to a direct delivery via both NPS and Construction services relating to the profit share arrangements that the Council has with both Organisations. A financial Business Case was produced for the scheme as part of the Capital Oversight Board approvals process. The Board were supportive of direct delivery by NPS.

7. Implications for local people / service users

- 7.1 The re-development will positively impact on those residents residing or operating a business in the surrounding area as the new homes will be built within the footprint of the existing terraced housing, will provide private off-road parking specific to the property and will be built to a sympathetic scale and design to surrounding properties; enhancing the overall street scene and diversifying the availability of affordable accommodation to meet the needs of older and/or disabled people . The properties will be made available for rent via Berneslai Homes' Choice Based Lettings process in line with the council's Allocations Policy, which fully complies with the Equalities Act 2010.
- 7.2 The scheme will enable NPS Construction and BH Construction Services to enhance the training offer to their co-hort of apprentices. Construction Services, in partnership with Barnsley College, will use the project to develop existing apprentices and students with experience of new-build construction (rather than the trades associated with the PRIP contract which is repairs and maintenance focussed).
- 7.3 The scheme complements Dearne Approach priorities to improve the overall environment of Goldthorpe; alongside other strategic themes. The project and the work of the PRS working group will report into the Dearne Approach, as required.

8. Financial implications

- 8.1 Consultations on the financial implications have taken place with representatives of the Service Director – Finance (S151 Officer).

- 8.2 The Beaver Street development to create 8 bungalows is estimated to cost £1,060,620. This can be funded from a combination of monies already earmarked from within the New Build fund within the HRA capital Programme (£941,300) together with £119,320 from 1-4-1 Right to Buy capital receipts.
- 8.3 It is estimated that the scheme will generate a contribution of £25K to the HRA in 2019/20 from rental income offset partially by repairs and management costs. In later years this reduces to around £14K per annum due to future major repairs commitments.
- 8.4 The financial implications are summarised in the attached Appendix A.

9. Employee implications

- 9.1 There are no employee implications arising from this report.

10. Communications implications

- 10.1 The re-development of Beaver Street is positive news for the residents and business owners on Beaver Street and will complement targeted interventions from Berneslai Homes and BMBC in relation to bringing empty homes back into use and tackling poor standards within the Private Rented Sector.
- 10.2 As part of the build contract, the contractors will be expected to keep local residents up to speed (as well as the Dearne Approach) on development activity and will be required to hold a 'meet the contractor' event prior to scheme start on site. Given the site's proximity to the local primary school, there will also be an expectation for the contractor to liaise with the school regarding site safety.

11. Consultations

- 11.1 Local Ward Members have been consulted and support the proposal.
- 11.2 Consultation has been undertaken with officers within BMBC and Berneslai Homes, who are supportive of the planned proposals.

12. The Corporate Plan and the Council's Performance Management Framework

- 12.1 Building new Affordable Homes will help to achieve the following priority within the Council's Corporate Plan:
- Create more and better housing
- New Affordable Homes meet housing need and contribute to growth targets.
- 12.2 The Council's Performance Management Framework contains the following performance indicator:
- EC29 – Number of NEW Affordable Homes
 - EC28 Number of New Home Completions

13. Tackling Health Inequalities

- 13.1 The clearance of the obsolete terraced properties enabled the re-housing of the three affected tenants into more suitable accommodation to meet their needs. The new

properties will be suitable for older and/or disabled people in need of affordable accommodation.

14. Climate Change & Sustainability Energy Act 2006

14.1 None arising directly from this report.

15. Risk Management Issues

15.1 There are risks associated with both the delivery and non-delivery of this scheme.

15.2 There are reputational risks and (potentially) risk of legal challenge if the Council does not deliver the redevelopment of the site in line with the CPO. The site would remain a revenue liability to the Council; incurring security costs to prevent unauthorised access and, undoubtedly, to address fly-tipping issues.

15.2 There are risks involved in the delivery of any build schemes including, inclement weather delaying completion, site security and vandalism issues, spiralling costs associated with unaccounted for site 'abnormals' and contractor performance. These are all considered at project inception stage with mitigations in place to manage potential issues and a robust project management framework. However, direct delivery of this nature reduces a number of risks associated with tendering and the contractor stability.

16. Compatibility with European Convention on Human Rights

16.1 None arising directly from this report.

Office Contact: Sarah Cartwright	Telephone No: 6942	Date: 08/03/2018
----------------------------------	--------------------	------------------