

## **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 for Place**

#### **Baden Street New Build Housing Development**

#### **1. Purpose of Report**

- 1.1 To gain approval for the delivery of the Baden Street Council House Build project which will deliver 8x 2 & 3 bed homes, following the demolition of existing obsolete terraced stock.
- 1.2 To gain approval for the acceptance of Affordable Homes grant to the value of £360,000 from Homes England (HCA) 2016/21 Affordable Homes Programme (AHP) as a contribution to overall scheme costs (£1,137,938).
- 1.3 To gain approval to draw down the remaining funding (£777,938) from the HRA Capital Programme (as per Cab.11.1.2017/9).

#### **2. Recommendations**

##### **It is recommended that:**

- 2.1 Approval is granted to commence the delivery of this project.
- 2.2 Approval is granted to accept the AHP grant funding of £360,000 from Homes England.
- 2.2 Should further authorisation be required for any additional appendices/amendments to the recently approved contract with the Homes England for the AH Programme period 2018/21 (approved at Cabinet 13/12/2017), the Portfolio Holder for PLACE, in consultation with the Executive Director, Core Services, be authorised to approve this.
- 2.3 The Council's capital programme is amended to reflect scheme costs (following tender) and match funding support to the Baden Street re-development project; totalling (including match) £1,137,938. There is currently a variance of £27,938 against the agreed Capital Programme budget following tender.

#### **3. Introduction**

- 3.1 The re-development of Baden Street, Worsbrough has been a long-term regeneration priority for the Council in line with our Housing Strategy and the Worsborough Masterplan. Following the successful acquisition of the remaining two tenanted dwellings on Baden Street during 2017 (via Compulsory Purchase), the

Council has been working closely with Berneslai Homes to develop a demolition and new build scheme which will offer new homes to meet housing need on this site; completing masterplan aspirations and enhancing investments made (both residential, NHS and Commercial) adjacent to the site. The scheme is an existing priority within the Housing Capital Programme (approved by the Capital Oversight Board in April 2017), has an approved planning application and a preferred contractor following a competitive tender.

- 3.2 The scheme will deliver 7x 2 bed houses and 1x 3bed house. These homes will be managed by Berneslai Homes and let via Choice Based Lettings at a social Target Rent.

#### **4. Current Situation**

- 4.1 Further to the recently completed tender exercise, construction costs for the demolition and re-development of this site are in excess of pre-tender cost estimations. The scheme was to be funded from Housing Revenue Account (HRA) capital funding and Right to Buy (RTB) 1-4-1 receipts. However, due to the abnormally high build costs associated with site topography, retaining walls and drainage issues, the Council has explored options to bid for HCA Affordable Homes Funding - seeking a unit allocation in excess of the 30% RTB receipt match.
- 4.2 A bid was submitted to the HCA in November 2017, requesting a grant allocation averaging £45,000 per unit (33% of unit build costs). This was agreed in principle by the Regional Team and ratified by the National Board on 19<sup>th</sup> December. The additional funding will enable the scheme to be funded using a mix of HRA Acquisitions funding (from the £14.3m reserves) and the £360k allocation from Homes England. The RTB 1-4-1 receipts which cannot be match with Homes England monies will be utilised on another build/acquisition project.
- 4.3 In short, the Council has attracted additional funding of £360,000 to support new build development.

#### **4. Proposal and Justification**

- 4.1 It is proposed that the Council accepts the Homes England Affordable Housing Funding to be used for the purpose of supporting the delivery of 8 homes at Baden Street, Worsborough and Cabinet approval is granted to progress the scheme at the earliest opportunity.
- 4.2 The funding is tied to grant conditions as agreed within the recently approved AHP contract 2018/21. To draw down the funding, the Baden Street project must start on site this financial year. Berneslai Homes have confirmed that the build contract will be signed prior to commencement on site and that the contractor is mobilised for a start on site from Monday 18<sup>th</sup> February 2018 in line with grant conditions.
- 4.3 The grant funding will be included within the Housing Capital Programme. Homes England funding will be paid in two tranches – Start on Site and upon unit completion.

- 4.4 The Council was committed to delivering this regeneration priority. However, increased construction costs meant that additional funding would have to be sourced to enable the scheme to be delivered. The successful bid for funding allows the scheme to progress and off-sets RTB receipts for use on another scheme, going forward.
- 4.5 Delivering new Affordable Homes and contributing to Housing Growth targets is a key priority with the Council's Housing Strategy over-arching Corporate Priorities

## **5. Consideration of Alternative Approaches**

- 5.1 The scheme was originally to be funded from HRA reserves and RTB receipts. However, when actual tender costs exceeded pre-tender cost estimations, the Council approached the Homes and Communities Agency (Homes England) in a bid to seek additional funding. The leverage of this additional funding frees up RTB receipts to be spent on other projects.

## **6. Implications for Local People / Service Users**

- 6.1 The new homes will be available to let as council housing to applicants on the Council's housing waiting list.

## **7. Financial Implications**

- 7.1 Consultations on the financial implications have taken place with representatives of the Service Director – Finance (S151).
- 7.2 The total cost of the Baden Street Housing development scheme totals £1.138M. This is to be funded from a combination of HRA Housing Growth funding earmarked specifically for this scheme totalling £0.778M together with grant funding from Homes England totalling £0.360M. This report is therefore seeking approval to accept this grant and progress the scheme accordingly.
- 7.3 Full financial implications are shown on the attached Appendix A.

## **8. Legal Implications**

- 8.1 Consultations have previously taken place with the Council's Legal Section regarding the content of the contract. This was signed off in December 2017.

## **9 Employee Implications**

- 9.1 None arising from this report.

## **10. Consultations**

- 10.1 Consultations have taken place with:
- Berneslai Homes
  - BMBC Legal Services
  - Homes and Communities Agency now Homes England

## **11. The Corporate Plan and the Council's Performance Management Framework**

11.1 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.

11.2 The Council's Performance Management Framework contains the following performance indicator:

- EC29 – Number of NEW Affordable Homes
- EC28 Number of New Home Completions

## **12. Tackling Health Inequalities**

12.1 There are no issues arising from this report.

## **13. Risk Management Issues**

13.1 The main risk is that the Council is unable to deliver against the grant terms and conditions. This is mitigated by:

- A Long-established partnership between the Council and Berneslai Homes to deliver the outputs (and quality of outputs) required within HCA/HE programmes.
- A robust delivery programme with an agreed start on site before financial year end and completion to agreed timescales in line with the build programme.
- Well-established and robust approach to project management in Berneslai Homes and the Housing and Energy service.
- Regular performance management meetings with the Homes England.

## **14. Health, Safety, and Emergency Resilience Issues**

14.1 Berneslai Homes will be the lead delivery partner for the programme (on behalf of the Council) and will take responsibility for health and safety matters during the build.

## **15. Compatibility with the European Convention on Human Rights**

15.1 No issues arising from this report.

## **16. Promoting Equality, Diversity, and Social Inclusion**

16.1 No direct issues associated with this grant funding. New affordable housing is allocated in line with the Council's Lettings Policy and accompanying Equalities Impact Assessment.

## **17. Reduction of Crime and Disorder**

17.1 The demolition and re-development of these long term empty dwellings will reduce crime and anti-social behavior issues in this area.

**18. Conservation of Biodiversity**

18.1 No matters arising from this report.

**19. List of Appendices**

Appendix A – Financial Implications

**20. Background Papers**

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