

BARNSLEY 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**

Billingley View – 'Barnsley Low Carbon Standard' housing development

1. Purpose of Report

- 1.1 The purpose of this report is to seek approval for the development of 16 highly energy efficient and Low Carbon homes at Billingley View, Bolton-on-Dearne as part of the Council's Housing Capital Programme.

2. Recommendations

- 2.1 **That approval is granted for the Council to progress the delivery of 10 x 2 bed and 6 x 3 bed semi-detached houses on a Council owned site off Billingley View, Bolton-on-Dearne. The homes will be Council owned properties, managed by Berneslai Homes and let to applicants on the Council's Housing Waiting list.**

The homes will be delivered to the NEW Barnsley Low Carbon standard which seeks to deliver highly energy efficient homes (on a fabric first basis) at SAP rating A. The homes will be 'off gas', low carbon/renewable focussed and affordable to heat.

- 2.2 **Cabinet approval is granted to appoint NPS Barnsley as Principal Contractor to construct the 16 residential units.**

3. Background

- 3.1 The site on Billingley View is designated as Urban Fabric in the Local Plan. The site is adjacent to a large Employment site (ES10 – allocated within the Local Plan with the requirement for a masterplan framework to be completed in advance of planning/development) and close to a housing allocation (HS51). The site is adjacent to two local primary schools (Lacewood and Heather Garth), a large area of public open space (POS) and a mix of private and council owned stock.
- 3.2 The site is well served in terms of local amenities including shops, schools and transport routes into Barnsley Centre.
- 3.3 The proposed development will provide family houses in the form of 10x 2 bed semi-detached houses and 6x 3 bed semi-detached houses. Both the 2 and 3 bed designs have been used on previous sites and have proven to be very popular. These designs are part of a suite of 'standard' property types that officers are developing to create design cost efficiencies and to streamline the project development stage of our investment programme.

- 3.4 These properties will be built to “Secure by Design” standards but differ to the units developed, to date, as they are part of a pilot scheme which is seeking to deliver a NEW specification of Council property to the Barnsley Low Carbon standard.

The homes will be highly energy efficient, fossil fuel free, wholly affordable homes which respond to the Council’s Zero 40/45 strategy and set the blueprint for the standard of energy efficiency (SAP rating A) homes that we will seek to deliver via the Council Build Programme, going forward.

- 3.5 As part of the feasibility for this this scheme, officers produced a minimum energy specification and requested that our architects (NPS Barnsley) develop two scheme options – one which considered the delivery of the scheme using MMC (Modern Methods of Construction - ILKE type modular build) and one which delivered using traditional build methods.

4. Current Situation

- 4.1 In reviewing the two options, officers recommend that the scheme is delivered using a traditional construction approach in this instance. The rationale for this is three-fold:

Firstly, COST. The MMC scheme is currently more expensive to deliver than the same spec of units on a traditional basis.

Secondly, Officers (within BMBC and Berneslai Homes) have raised concerns relating to future repairs and maintenance of MMC properties. As the Council would be purchasing a small number of MMC units, the opportunities to shape/amend its specification are limited. As such, there are concerns over the cost/inconvenience to tenants in having to replace certain items/components on the standard property types. An example of this is that window replacements on MMC homes currently require that the window is removed from the inside. If this window was in the kitchen, this would require any units/built in appliances to be removed (which might also need replacing), thus adding to the cost of the repair and inconvenience to the tenant.

- 4.2 Finally, a MMC scheme restricts opportunities for the Council to achieve against our Inclusive Growth and Local Spend agendas as MMC units would need to be purchased from elsewhere in the country and would require specialist installation from qualified fitters. This would prevent local contractors from benefitting from work opportunities and restrict local spend.

- 4.3 The traditional scheme has been fully costed and designed. It is proposed that this scheme is delivered in partnership with NPS Barnsley, who would act as principal contractor for this scheme. A contract waiver would be required to appoint NPS Barnsley to undertake the work. The rationale for NPS Barnsley being ‘contracted’ to deliver this scheme as PC, is that they have a specialism in delivering energy efficient residential schemes, have committed to a fixed price (which is comparable to the market) and have committed to adding social value to the scheme; achieving local spend, delivering against the Council’s employer promise, and enhanced training and development support.

- 4.4 Benefits of the scheme include:

- The delivery of 16 new Council Homes for rent
- Launch of the Barnsley Low Carbon Standard pilot which will link the new homes to an energy education programme (being developed by Berneslai Homes) which

teaches tenants how to make the best use of new energy technologies e.g. Air Source Heat Systems and battery packs.

- Launch of a monitoring programme to assess the in use energy efficiency/fuel consumption of these homes
- The generation of Council Tax and potentially New Homes Bonus (NHB) to support the forecast sums currently included in the updated Medium Term Financial Strategy.
- Additions to the Council's revenue stream for council rents

5. Justification

- 5.1 This scheme will build homes to the Barnsley Low Carbon standard (See Appendix B for details of the specification and a comparison of SAP ratings/estimated fuel bills between the Council's standard council build and the proposed Barnsley Low Carbon build); with the intention to roll this specification (as a minimum) out across all Council build developments, going forward. Not only will tenants pay an affordable rent, they will also benefit from more affordable energy costs. This will positively impact on a tenant's financial position as well as their health and well-being and will demonstrate the alternative approach that we can take to heating our properties without being reliant on gas.
- 5.2 This project is not intended as a passivhaus demonstrator; it is an attempt to develop energy efficient and energy affordable properties which could be adopted within our mainstream Council Build Programme. The aim is to strike the right balance between enhanced energy efficiency and overall affordability, ease of consumer use and pragmatism around build costs and the wider build programme.
- 5.3 The appointment of NPS Barnsley as PC allows the Council to deliver new affordable housing on an accelerated basis, to a set budget and using local labour/supplies.
- 5.4 It is thus proposed that approval is granted to deliver this scheme in line with the recommendations at section 2 of the report.

6. Consideration of alternative approaches

- 6.1 A number of options were considered for the site, including:

- Traditional Spec Build

The Council could seek to deliver these homes to the current 'standard specification' for the Council Build programme ONLY which, excluding some properties which have benefitted from air source heat pumps and solar panels linked to specific funding opportunities in the past, would be delivered with gas boilers, dual fuel for heating and a standard, fabric first approach to efficiency in line with building regulations. These homes would still be efficient and would still meet affordable housing need. **However, this does not address the project brief which sets to deliver a blueprint Barnsley Low Carbon Standard to achieve highly energy efficient homes; future proofing our Council stock, going forward, and setting a precedent/example to other developers re: the quality/efficiency of housing stock that we want to be delivered in our borough.**

- Sale on the Open Market/Mixed Tenure scheme

The Council could look to deliver some of these homes via MET Homes Barnsley and sell them on the open market to private purchasers. This would

generate a profit for the Council which could be reinvested and off-set against the delivery of the affordable homes.

Officers have considered delivering the schemes across tenure but have concluded that there would be viability issues in delivering ‘for sale’ homes in this area. The Council cannot deliver new build homes within the same margins as a volume developer and, as such, would struggle to sell these homes for less than it would cost to build them (especially with additional energy measures). This is due to higher build costs linked to procurement/economies of scale and lower sales values in the Dearne.

- **Traditional Development via Tender and Appointment of an Independent Contractor**

The Council could look to tender this build contract and appoint an independent contractor to undertake the works. This may/may not attract a better tender price. **However, the rationale for appointing NPS Barnsley as Principal Contractor is because they offer the greatest potential for wider social benefits and ‘added value’.**

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. The site has been vacant for some years (and will deliver additional housing to those sites already allocated - windfall) and has, in the past, attracted anti-social behaviour and/or fly tipping. With the pressure on the Council’s Housing Waiting list, these family homes will be popular and provide high quality, energy efficient social housing.

8. Financial Implications

- 8.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).
- 8.2 This project is part of the proposed Housing Growth Investment programme included 2020/21 Housing Revenue Account report.
- 8.3 The proposal is to build 16 properties for Social Housing priorities that will be appropriated to the Housing Revenue Account.
- 8.4 The anticipated cost of this scheme totals £2.657M which includes the works, professional fees and an element of contingency. The breakdown of this total cost is shown in the table below:

Billingley View – ‘Barnsley Low Carbon Standard’ Housing Development		
Estimated Total Project Costs	No. of Units	£
Social Housing		
Total Works - 2 & 3 Bed Semi	16	£2,353,000
NPS Fees		£232,947
External Consultant Professional Fees		£13,768
Planning		£7,524
Building Control		£3,200
Contingency		£47,060
Total Construction Costs	16	£2,657,499

8.5 This scheme is proposed to be funded from a combination of available resources set aside as part of the HRA budget setting process 2020/21, eligible 1-4-1 Capital Receipts and Section 106 contributions.

8.6 On completion, it is proposed that the 16 properties are appropriated to the Housing Revenue Account for use as council housing stock. The expected level of rental income generated to the HRA totals £0.087M per annum.

8.7 The levels of maintenance and capital investment required to keep the properties at the Barnsley Homes Standard over the 30 year business planning period is estimated to be in the region of £1.217M for the 16 properties.

The indicative figure is based on average repair costs and overheads rates at the current stock level of 18,400 properties and an assumed average cost per dwelling for the planned capital replacements the properties will require over a 30 year period.

8.8 The net impact to Housing Revenue Account over the 30 Year planning period is estimated to be a positive (£1.404M). This is calculated by comparing the total rental income expected of (£2.621M) against the estimated management, maintenance and capital replacement costs £1.217 million (section 9.5 above).

8.9 A summary of the Financial Appraisal Model for this development as explain in sections 9.4, 9.5 and 9.6 is attached at Appendix B.

8.10 A summary of the above financial implications is attached at Appendix A.

9. Employee implications

9.1 There are no employee implications arising from this report.

10. Communication implications

10.1 As the scheme progresses, local residents, members and key stakeholders will be consulted and kept informed.

11. Consultations

- 11.1 Local members have been consulted and fully support the proposal.
- 11.2 Consultation has been undertaken with Officers within BMBC and Berneslai Homes who are supportive of the plans.

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

- 12.1 Building new Affordable homes will help achieve the following priority within the Council's Corporate Plan and contribute to the BuildIT theme within Town Spirit.

- 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 Homes Completed

- 12.3 The scheme aligns with the Council's Zero 40/45 policy.

13. Tackling Health Inequalities

- 13.1 It is widely recognised that the quality of housing and the surrounding neighbourhood are influential in shaping health and wellbeing. Redundant areas of land can attract Anti-Social Behaviour and repeated Fly Tipping.

14. Climate Change and Sustainability Energy Act 2006

- 14.1 These new homes will be highly energy efficient and 'off gas' – contributing to the Council's Zero 40/45 aspirations.

15. Risk Management Issues

- 15.1 There are risks associated with any new build scheme, including but not exhaustive are:-

- Inclement weather;
- Site Abnormals increasing scheme costs;
- Site security and vandalism;
- Poor contractor performance.

- 15.2 Direct delivery reduces a number of risks associated with contractor performance, cost control, tendering and contractor stability.

16. Compatibility with European Convention on Human Rights

- 16.1 None arising directly from this report.

17. Appendices

Appendix A – Financial Appendix A
Appendix B – Financial Appraisal Model

18. Background Papers

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

Sarah Cartwright
Group Lead Housing Growth