

## BARNSELY 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  
CABINET, 12 JANUARY 2022

### Public report with private appendices

Exempt Information, Local Government Act 1972, Schedule 12A Part 1 Paragraph 3

### Market Street, Goldthorpe - Housing Development

#### 1. Purpose of report

- 1.1 The purpose of the report is to request Cabinet approval for a council housing development of nine properties at the former Market site, Market Street, Goldthorpe.

#### 2. Recommendations

It is recommended that Cabinet:

- 2.1 Approves the direct delivery by the Council of nine residential properties. The homes will be Council owned HRA properties, managed by Berneslai Homes and let to applicants from the Council's Housing Register.
- 2.2 Approves demolition of the former market office building.
- 2.3 Approves the estimated scheme costs outlined at at Appendices A and B of the report, which are proposed to be funded from a combination of Section 106 contributions and 1-4-1 Right to Buy capital receipts.
- 2.4 Approves a tender exercise to identify and appoint a building contractor, to deliver the construction works for the scheme.
- 2.5 Accepts £0.225M Brownfield Funding from Sheffield City Region (subject to SCR Board approval in January 2022).

#### 3. Introduction

- 3.1 This scheme will deliver nine Council properties on a Council-owned site off Market Street in Goldthorpe. The site includes the old market compound and the adjacent car park. The profile of the proposed development is as follows:
- 1 x 3 bed detached bungalow;
  - 2 x 2 bed semi-detached bungalows;
  - 4 x 2 bed semi-detached houses; and
  - 2 x 3 bed semi-detached houses

The properties will be Council owned homes for social rent, managed on the Council's behalf by Berneslai Homes.

- 3.2 The Sheffield City Region funding initiatives are bringing major investment into Goldthorpe. The market site is a key site in the town centre and will be an accelerated housing intervention, with longer-term housing regeneration planned for the wider pre-1919 terrace streets through the Towns Deal Fund.
- 3.3 There is a potential opportunity to lever in £225,000 of Brownfield Funding from Sheffield City Region to reduce the Council's capital investment for this scheme. A full Business Case will be presented to the SCR Board in January 2022.
- 3.4 The Council declared a "Climate Emergency" in September 2019 and has a strategy for the Borough to achieve zero carbon status by 2045. This scheme will contribute to this strategy by using a fabric first build specification with high levels of insulation and low air permeability. The specification also includes air source heat pumps, solar panels with battery backup and electric vehicle chargers. In addition, feasibility work is being commissioned to explore the potential to heat homes from mine-water as part of the wider regeneration programme.

The scheme will also set an important precedent, highlighting the design measures that can be incorporated to reduce carbon emissions from new homes.

- 3.5 Prior approval has been approved for the demolition of the existing market building. A separate planning application will be made for the redevelopment of the site.
- 3.6 In line with Council procedure, a competitive tender process will be carried out to appoint a building contractor. Tenders will be evaluated on a 70% price and 30% quality split.

#### **4. Consideration of alternative approaches**

##### **Leave site vacant / Do nothing**

- 4.1 Goldthorpe market closed in March 2021 and the site is becoming an eyesore and a target for vandalism. It is not appropriate to leave the site empty in the long-term and the proposed redevelopment will kick-start the wider housing regeneration plans for the area.

##### **Land disposal**

- 4.2 The site could be sold on the open market to a private developer. Whilst this could result in the development of the site, the Council would have limited influence over the layout of the site, and this would have a wider impact on the Pre-1919 regeneration scheme. In addition, the council could not influence the

type and tenure of the new properties, as sites of less than fifteen properties are not subject to the Council's Affordable Housing Policy. Given the small capital receipt which could be expected, direct delivery by the Council is the option which meets the strategic priorities of the Council and addresses local housing need with a high-quality scheme.

## 5. **Proposal and justification**

- 5.1 It is proposed that Cabinet endorse the progression of this new build project to achieve the benefits as set out in the paragraphs below.
- 5.2 The Council can deliver a sustainable housing scheme which contributes to the delivery of the Council's Housing Growth targets. Berneslai Homes, who manage the council housing stock, have been consulted on the proposed development.
- 5.3 The project will directly contribute to the Council's 2030 Vision of Growing Barnsley: delivering safe, warm and sustainable homes. It will directly contribute to Housing Growth Targets (EC28) and the delivery of new affordable housing (EC29).
- 5.4 Direct delivery by the Council will ensure that this project contributes to Council priorities. Strategically, the procurement will contribute towards several Council priorities. These are set out in the Council Plan 2021-24 and have been developed using the Barnsley 2030 themes which include:
- **Healthy Barnsley** – Warm, dry homes can improve general physical health outcomes. Affordable, well designed, spacious and secure homes can positively influence mental health and wellbeing.
  - **Growing Barnsley** – provision of safe, warm and affordable new homes.
  - **Sustainable Barnsley** – Working to meet the Council's aspirations to deliver its Zero 40/45 agenda in ensuring that new council assets are delivered with renewable heating sources.
- 5.5 New housing development by the Council generates additional Council Tax and potential New Homes Bonus. New council houses also generate rental income to the Council's HRA which will be considered as part of the budget setting process and the Medium-Term Financial Strategy.
- 5.6 In summary, direct delivery of the development at Goldthorpe Market will achieve the following objectives:
- The delivery of highly energy efficient / reduced carbon homes off-gas (air source heat pumps in all dwellings), which is a direct contribution to the Council's Zero 40/45 aspirations.
  - The generation of New Homes Bonus and Council Tax to support the Council's Medium-Term Financial Strategy.

- An opportunity for the construction industry and the borough's post-Covid-19 economic recovery.
- The delivery of a range of affordable homes to meet housing need and demand from applicants on the Council's waiting list; and
- Gigabit capable, full fibre broadband to every property.

## **6. Implications for local people / service users**

- 6.1 The proposal will provide new affordable housing to meet the demand for bungalows and houses.
- 6.2 Consultation will continue with residents and businesses to deal with any concerns and reduce disruption during the work.

## **7. Financial Implications**

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).

### Capital Implications

- 7.2 This development forms part of the wider Goldthorpe Housing Strategy, including the Pre-1919 development, which is to be presented to Cabinet in due course.
- 7.3 The anticipated cost of this scheme totals £2.028M which includes the works, professional fees and an element of contingency. The breakdown of this total cost is shown in the tables at Appendices A & B.
- 7.4 The construction industry has seen some significant increases in prices for certain materials. The financial impact of this has been reflected in the estimated pretender as part of the tender process. The Council identifies this as a significant risk and has budgeted accordingly, including an element of contingency for such potential impacts.
- 7.5 The Council will continue to assess the impact on both this scheme, and the wider capital programme throughout the financial year through the budget monitoring process.
- 7.6 This scheme is proposed to be funded from a combination of available resources set aside as part of the HRA 2022/23 budget setting process, namely eligible 1-4-1 Capital Receipts and Section 106 contributions.
- 7.7 The resources allocated to this scheme are currently sufficient, however, the Council has made a funding bid to the Sheffield City Region Brownfield Fund for £0.225M. The decision regarding the approval is expected in January 2022. Should this funding bid be successful, then the Section 151 Officer will then reallocate funding to ensure that the Council's own resources are deployed efficiently.

## Revenue Implications

- 7.8 Upon completion, the 9 properties will be appropriated to the Council's Housing Revenue Account for use as council housing stock. The expected level of rental income generated to the HRA totals c.£0.050M per annum, which equates to £1.487M over the 30-year business planning period.
- 7.9 The levels of maintenance and capital investment required to maintain the properties at the Barnsley Homes Standard, over the 30-year business planning period, is estimated to be in the region of £0.678M. This equates to an indicative average of c.£0.023M per annum over that period. It is appreciated that this obligation is likely to be less in the early years of use as the properties are newly built to the required standard.
- 7.10 This indicative figure is based on average repair costs and overheads rates at the current stock level of 18,300 properties together with an assumed average cost per dwelling for the planned capital replacements that the properties will require over the 30-year period.
- 7.11 The net impact to Housing Revenue Account over the 30-year planning period is estimated to be a positive (£0.809M), which is calculated by comparing the total rental income expected of £1.487M, as detailed in paragraph 7.8, against the estimated management, maintenance and capital replacement costs totalling £0.678M, as detailed in paragraph 7.9.
- 7.12 The ongoing expected resources from this proposal will be held within the Council's 30 year business plan moving forwards, which considers the housing priorities emerging over both the medium term, such as decarbonisation of the Council's housing stock, the expected requirements from the implications of the Social Housing White Paper, together with maintaining the stock at the Decency Standard over the longer term.
- 7.13 It should be noted that the expected Council Tax and New Homes Bonus generated from this proposal, which cannot be quantified at this stage, has already been considered in the Council's Medium Term Financial Strategy.

## Value for Money / Return on Investment

- 7.14 From a purely financial perspective, this proposed scheme generates a return on investment (before any associated expenditure) of 2.4% per annum which reflects the expected rental yield as a percentage of the capital outlay. In addition to the direct return from rents, there are new Council Tax and New Homes Bonus receipts that are to be considered, though these are unquantifiable at this stage.
- 7.15 From a non-financial perspective, this scheme is expected to contribute towards the Council's housing target by providing delivery of affordable homes in that area. Furthermore, the scheme is expected to contribute towards the Council's zero carbon targets through the delivery of energy efficient properties. This scheme is a key component of the wider works at Goldthorpe which will assist in the overall development of the area.

7.16 This scheme is designed to meet several of the Council’s strategic priorities, rather than be focussed on maximising a return on investment. The scheme provides accommodation to supplement the existing stock profile and meet the housing needs of the local community.

7.17 The properties have been designed to be energy efficient homes with low in-use carbon emissions. There are additional costs associated with the enhanced design which has had an impact on the unit cost included above. These include:

<b>Renewables and Energy Efficiency</b>	<b>Estimated Cost per Property (£)</b>
Solar Photovoltaic Panels	8,952
Air Source Heat Pump Installation	6,034
PV Battery	4,699

7.18 The economic assessment carried out for the SCR Brownfield Funding bid has concluded that there is a positive Benefit Cost Ratio for this project based on the following:

- Hectares of brownfield land being brought back into use
- Construction jobs and apprenticeships
- Use of local contractor
- Land value uplift
- Relationship/gateway to the Towns Fund regeneration project
- CO2 and societal fuel savings
- Health savings

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

## **8. Employee implications**

8.1 There are no issues arising directly from this report.

## **9. Communications implications**

9.1 Ward Councillors and residents were consulted by the Housing Strategy and Growth Team before surveys were carried out to assess the feasibility of developing the site. The Planning Approval process will also include statutory consultation with residents, businesses, council officers and other statutory bodies.

9.2 Before start on site and as the scheme progresses, the Project Manager will regularly update residents, members and key stakeholders and will act as the main point of contact for any issues that may arise during the build.

## **10. Consultations**

10.1 Local Members have been consulted and support the proposal.

10.2 Local residents have been consulted about plans for the site and will be contacted again before a planning application is submitted (via letter) and as part of the statutory planning consultation.

10.3 Consultation has been undertaken with Officers within BMBC and Berneslai Homes who are supportive of the proposed development.

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

11.1 The Housing Growth Programme directly contributes to the Council's Corporate Priority of Growing Barnsley; delivering new homes which are safe, warm and sustainable which meet local need. They directly contribute to Housing Growth Targets (EC28) and the delivery of new affordable housing (EC29) in popular and well-located parts of the Borough. The Council is constantly striving to meet affordable housing need, which includes stemming the flow of affordable home lost through Right to Buy each year.

## **12. Tackling Health Inequalities**

12.1 It is widely recognised that the quality of housing and the surrounding neighbourhood are influential in shaping health and wellbeing.

12.2 Building more and better homes helps to tackle some of the income and health inequalities that exist in the housing market, particularly in poor quality private sector renting. All new homes directly delivered by the Council are built to a high standard including advanced energy efficiency measures. Social rents are priced to be affordable for residents.

12.3 Once appointed by tender, the Principal Contractor will produce and monitor the Construction Management Plan for the project. This plan includes mitigations to reduce the health impacts to staff and residents of construction activities including noise, vibration, air quality and dust monitoring.

## **13. Zero 40/45**

13.1 New build council homes are thermally and energy efficient and require less energy to heat than older properties. The properties will be 'off-gas'/fully electric and this is in line with the changes required to meet the Council's Zero 2040/2045 aspirations.

13.2 A Sustainability Wheel assessment has been completed for this project.

13.3 The Sustainability Wheel shows a positive impact from the development on quality of housing, energy use, renewable energy production and reduction of fuel poverty.



- 13.4 The Sustainability Wheel identifies a number of ‘red’ impacts from the construction of new homes, including construction waste and a short-term increase in noise pollution.
- 13.5 Some impacts are not fully under the control of the Council, for example the amount of embedded carbon in traditional building materials.
- 13.6 The procurement process to appoint a building partner will include social value evaluation. Tenderers will be asked to make social value commitments to assist in delivering the Council’s priorities. Themes, Measures and Outcomes (TOMs) include; Jobs, Growth, Social, Environment and Innovation. The Environment TOMs require tenderers to demonstrate:
- How carbon emissions are reduced;
  - How air pollution is reduced;
  - How sustainable procurement is adopted;
  - How the natural environment will be safeguarded;
  - How carbon emissions are reduced; and
  - How resource efficiency and circular economy solutions are promoted.

13.7 Further discussions will be held with Council staff and the Principal Contractor to agree an action plan to review the impacts of the development and introduce additional mitigation where feasible.

#### **14. Risk Management Issues**

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

- Inclement weather;
- Site abnormalities increasing scheme costs;
- Lead in times for materials;
- Site security and vandalism; and
- Poor contractor performance.

14.2 A full risk assessment will be prepared for the project and will be monitored and reviewed during the build process.

The project will be managed robustly from a contract/financial and project management perspective and the Council will appoint an Employer's Agent and Clerk of Works to provide technical support. A contingency is included in the cost estimate.

#### **15. Promoting Equality & Diversity and Social Inclusion**

15.1 The properties will be allocated in accordance with the Council's Lettings Policy which has undergone a full Equalities Impact Assessment.

15.2 In conjunction with Berneslai Homes and the Principal Contractor, consideration will be given to the support required by future residents to use the technology in the properties to its full capacity. New tenants will be given information and practical help to ensure the systems are set up to meet their requirements.

15.3 To meet planning conditions, each property will have the facility to access gigabit-capable full fibre broadband. New residents will receive support to take advantage of this facility. By reducing digital exclusion in this way, residents will have the option to use the internet to their benefit.

#### **16. List of Appendices**

- Appendix A: Financial Implications (Exempt)
- Appendix B: Scheme Costing (Exempt)
- Appendix C: Site Layout

Office Contact:	Sarah Cartwright	Date:	24/11/2021
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