



To the Chair and Members of the  
**CABINET**

## **COUNCIL HOUSE NEW BUILD PROGRAMME - WARDE AVENUE, BALBY AND OLD ROAD, CONISBROUGH**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
Councillor Glyn Jones - Portfolio Holder for Housing	Balby South and Conisbrough	Yes

### **EXECUTIVE SUMMARY**

1. This report seeks Cabinet approval for the delivery of 66 new council houses for rent that will form part of the Council House Build Programme on two sites. 25 units will be built at Warde Avenue, Balby and 41 units will be built at Old Road, Conisbrough.
2. The delivery of these sites will be funded through a combination of Housing Capital Programme Funds and grant funding allocated from the Homes and Communities Agency (HCA) Affordable Housing Programme 2016/21.

### **EXEMPT REPORT**

3. Financial Information to be presented in **Appendix 1** to the report is not for publication as it refers to information which is exempt as defined within paragraph 3, (information relating to the financial and business affairs or any particular person, including the authority holding that information) of Part 1 of Schedule 12A of the Local Government Act, 1972, as amended.

### **RECOMMENDATIONS**

4. It is recommended that the Mayor and Cabinet approve:
  - i) The development of the site on Warde Avenue, Balby and the site on Old Road, Conisbrough for the construction of 66 units. The schemes will form part of the Council House Build Programme and the appointment of Willmott Dixon Construction Ltd (known within this report as 'Willmott Dixon') as development contractor will be made via the SCAPE procure framework.

ii) The drawdown of funding earmarked for this development in the Housing Capital Programme, and to accept grant funding of £2.72m from the HCA for the projects. Delegation to accept this grant has already been given to the Director of Regeneration and Environment in consultation with the Portfolio Holder for Housing and the Chief Finance Officer and Assistant Director of Finance.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

5. Residents of Doncaster will benefit from more affordable homes being built in the borough. These homes will be incorporated into the Housing Revenue Account (HRA) and will be allocated to those on the Housing Register via the Choice Based Lettings (CBL) scheme.

## **BACKGROUND**

6. Strategic Housing have delivered 214 new Council Homes on 18 sites across Doncaster since 2013, the size of these sites vary from 3 units to 57 units. A range of 1, 2, 3 and 4 bedroom homes have been built. These sites have been developed by a number of contractors through procurement frameworks available to the Council.
7. Delivery is currently taking place on 2 sites at Thorne and Wheatley that will see the completion of a further 109 homes. In addition to these 2 sites the programme will see construction commence on the former Thompson and Dixon site at Edlington before the end of March 2018 where 20 older people's bungalows will be built. The Council have purchased 16 new homes at the former Askern Colliery site from Keepmoat, and a further 10 units will be bought during financial year 2018/19. As a result of all this activity by the end of 2019/20 a total of 425 new homes will have been built / acquired.
8. The most recent completion of 124 new homes developed through the Council House Build Programme has seen the following key performance indicators achieved:
  - 7 vocational qualifications supported;
  - 197 School / College / University pupil / students visits to sites;
  - 510 pupils / students reached through Workshop delivery;
  - 13 work experience weeks (15-17 years);
  - 67 work experience weeks (18 + years) 56 weeks of this was from long term un-employed clients in partnership with the job centre;
  - 32 Apprentice weeks supported;
  - 2 new job opportunities created for local people;
  - 38.29% local labour within a 10 miles radius of sites;
  - 33.24 % local spend within a 10 mile radius of location;
  - 97.57% average waste diverted from landfill;
  - Competitions for local schools;
  - Delivery of 4 community projects.

9. The information in the tables below shows that there is a demand in the Balby and Conisbrough areas for all types of housing that is currently offered by St Leger Homes, and that has become available for let over a 12 month period. This is evidenced in the tables by the average number of bids received through the Choice Based Lettings Scheme for each of these property types. Although the highest demand is for 3 bedroomed homes, and the largest number of units being built are 2 bedroomed homes. This is in response to Welfare Reform and will give the opportunity for those under-occupying to be able to move to a smaller home that meets their needs and matches affordability requirements for new and future tenants.

10. Local Demand Information: Balby and Conisbrough

Demand – Balby							
Type	Beds	Number	Total Bids	Average Bids	Most Bids	Direct Matches	Fewest Bids
Bungalow	1 Bed	25	290	11.6	27	0	3
Bungalow	2 Bed	16	150	15	34	6	2
Bungalow	3 Bed	0	0	0	0	0	0
Flat	1 Bed	10	74	8.2	22	1	1
Flat	2 Bed	1	30	30	30	0	30
Flat	3 Bed	0	0	0	0	0	0
House	2 Bed	21	800	38.1	58	0	19
House	3 Bed	43	3432	83.7	147	2	43
House	4 Bed	1	48	48	48	0	48
Total		117	4824	44.7		9	

Demand – Conisbrough							
Type	Beds	Number	Total Bids	Average Bids	Most Bids	Direct Matches	Fewest Bids
Bed Sit	0 Bed	0	0	0	0	0	0
Bungalow	1 Bed	12	117	10.6	25	1	1
Bungalow	2 Bed	1	33	33	33	0	33
Bungalow	3 Bed	0	0	0	0	0	0
Flat	1 Bed	16	45	2.8	13	0	1
Flat	2 Bed	5	19	3.8	5	0	2
Flat	3 Bed	0	0	0	0	0	0
House	2 Bed	3	76	25.3	31	0	21
House	3 Bed	19	1217	64.1	94	0	34
House	4 Bed	1	23	23	23	0	23
Maisonette	1 Bed	0	0	0	0	0	0
Maisonette	2 Bed	4	55	18.3	27	1	12
Maisonette	3 Bed	0	0	0	0	0	0
Total		61	1585	26.9		2	

11. SLH advise that there are a number of tenants in Balby and Conisbrough who are in receipt of Housing Benefit that are under-occupying in their current property. Their current housing need would be met by a 2 bed roomed property; this figure excludes those who are now on Universal Credit. The existing stock profile in the Balby area is 627 3- bed roomed homes and 134 2-bed roomed homes and in Conisbrough is 356 3- bed roomed homes and 42 2-bed roomed homes. The table below shows the under-occupancy in the areas and those with a priority banding.

	Balby	Conisbrough
No. of households under-occupying	78	49
No. of those with a priority banding	36	27

12. The Warde Avenue and Old Road sites were supported by the Council's Assets Board on the 9<sup>th</sup> August 2017, to take them forward for redevelopment through the Council House Build Programme, and initial design preparation has been undertaken by the Council's Construction Services. This will be the Council's fourth phase of new Council House delivery. The current assessment of affordable housing need in Doncaster is 287 per year over the 10 years to 2026. The unit types on the sites are detailed below;

House types	Persons per unit	Number of units
<b>Warde Avenue</b>		
2 bed Bungalow	3	4
2 Bed House	4	16
3 Bed House	5	4
4 Bed House	7	1
<b>Total Units</b>		<b>25</b>
<b>Old Road</b>		
2 bed Bungalow	3	4
2 Bed House	4	25
3 Bed House	5	10
4 Bed House	7	2
<b>Total Units</b>		<b>41</b>

13. Strategic Housing, in consultation with the Council Construction Services submitted planning applications for the sites, Warde Avenue (17/02293/3FULM) and Old Road (17/02355/3FULM). The sites were considered at Planning Committee on the 12<sup>th</sup> December 2017 and they both received planning approval. The proposal meets all the key objectives required by the Council for the provision and development of affordable housing and also meets the Council's ambition to create safe and sustainable places to live.

14. Seven different House types are proposed over the two sites which satisfy the former 'Lifetime Home' requirements and all will have common architectural features. The proposed design keeps the internal layouts similar, to ensure each house-type met the following criteria:
  - New Spatial Standards for overall sizes and room sizes;
  - New Nationally Described Space Standards (NDSS) internal storage requirements;
  - Enhanced external wall thickness for improved thermal insulation, reducing the energy consumption for future tenants.
  
15. The Nationally Described Spatial Standards were introduced in 2015. It was considered that the Council should lead the way by adopting the new standards, as it was likely that in the future they will become a mandatory funding requirement. Future proofing was considered a priority so all new house types (designed by the Council) adopted the spatial standards and additional factors including:
  - Ground Floor WC meets Category 2 for accessible and adaptable dwellings (easily converted to include a downstairs shower);
  - First Floor Bathroom meets Category 2 for accessible and adaptable dwellings;
  - All corridors at least 1050mm wide and internal doors permit accessible access;
  - Incorporation of 1000mm wide straight staircase for future stairlifts;
  - Large windows for extensive natural daylight in living areas and bedrooms;
  - General Storage is accessed from circulation spaces;
  - Window specification allows future triple glazing upgrade.

All of the above are in addition to what a speculative house builder would currently provide, this will generate future savings to the Council, where properties can be more easily adapted to enable current and future needs.

16. The SCAPE suite of national frameworks enables Local Authorities to access EU compliant agreements covering a multitude of construction orientated services, such as residential construction projects.
  
17. The Major Works framework is designed to deliver such construction projects with a value of over £2m, which following competitive tendering process is led by a single award contractor in Willmott Dixon and has been configured to deliver projects utilising local supply chains, training schemes and inclusive school projects throughout the life of each project.
  
18. The use of the Major Works framework will enable the delivery of this project without the need for a lengthy procurement process which a more traditional open tender route would require. It also ensures that through a principal contractor arrangement project management and delivery can be maximised.

19. Contract Administration of construction will be provided by Rider Levett Bucknall. The Council has already enjoyed access to the NHS's EU compliant Construction Consultancy Services agreement which runs until March 2018. Access is granted by way of a signed access agreement, which the Authority has executed. The call off methodology allows for a direct award option, which the service area are wishing to pursue again, in the interests of continuity and existing knowledge Rider Levett Bucknall already have through the delivery of previous programmes. Access to their services through this agreement ensures the Council complies with contract procedure rules and EU procurement law.
20. A bid was made to the HCA for grant and the Council was awarded £2.72m for the delivery of the 66 units. Doncaster is recognised by the HCA as a high performing delivery partner. The Council will enter into a contract with the HCA to deliver new affordable homes. The terms and conditions of the grant include a start on site within the 2017/18 financial year; this is planned for March 2018.
21. To meet the HCA's funding criteria, any unit built using this grant must be let at an 'affordable rent'. An affordable rent is one which is up to a maximum of 80% of market rent. The new build Council Homes will be incorporated within the Housing Revenue Account for allocation to those on the Housing Register via Choice Based Lettings, in accordance with a local lettings policy. Applicants must be able to demonstrate a local connection to the area.
22. A Project Request and Project Order was made to Willmott Dixon to commence feasibility and pre-construction works under the terms and conditions of the SCAPE Procure Limited Framework. This has enabled a fully costed project to be presented to Cabinet; this detail is provided within **Appendix 1**. This includes all infrastructure costs and all external works. The pre-construction costs were approved through Officer Decision Records (ODR) RE017 0138 and 0139. These costs are included in the contract total presented in **Appendix 1**.
23. Through the pre-construction site surveys major abnormal costs associated with the site topography and drainage solutions on both of the sites has been identified. Work is taking place with the engineers to continue to address these costs and to try to find alternative solutions to reduce these costs further. The tables below show the type of abnormal works that are required.

Warde Avenue - Abnormal Costs	
Foundations	Deep fill trench foundations are required on a number of plots due to the geological conditions, these are required to be 2m below ground level, on the other plots these are 1m bgl to show a comparison.
Contamination	Elevated levels of asbestos have been found on site (this is not uncommon based on the building structure that was previously on site). Additional testing will be carried out to establish how these will be treated.
Retaining Walls	Increased number of retaining walls on the site.
Drainage	Soakaways failed during initial site investigations, Yorkshire water rejected the possibility of the surface water going into a combined sewer. A surface water gravity system is required. The following abnormalities are identified, 110m of foul drainage (gravity system) up to 4.5m deep, 35m surface water large pipes and 5m deep, 55m of surface water drainage.
Pumping station and off site connection	pumping station 4m deep

Od Road - Abnormal Costs	
Foundations	<ul style="list-style-type: none"> <li>• Deep foundations due to tree influences (600mm – 2000mm)</li> <li>• Party wall and gable wall foundations increased from 750mm to 1200mm</li> </ul>
Contamination	Elevated levels of Polycyclic Aromatic Hydrocarbons have been found on site. Additional testing will be carried out to establish how this will be resolved.
Retaining Walls	There is a level difference of 5m across the site which has resulted in the addition of large numbers of retaining walls to the scheme.
Drainage	Soakaways for surface water failed on 2 of 3 tests the drainage design was altered for the surface water. 95m of 1500mm diameter surface water drainage attenuation at 3.25m deep is required and 213m of surface water drainage at 2m deep

24. The costs associated with the abnormalities on the development of these sites, will be the costs to anyone developing these sites for housing, whether that is the Council or a private developer. The viability of the sites is now a risk for any interested party. If a private developer had bought either of these sites it would be likely that they would defer the build of the site until a time where the land values had increased and the viability of delivery was more stable.
25. Strategic Housing does not have any other alternative sites with a planning approval at this time that could deliver 66 units within the proposed time frame. These units are all due for completion by June 2019.
26. Since 2015 the Council has been awarded over £8m in grant from the HCA. The condition of the grant on these sites is to achieve a start on site by March 2018. If this is no longer achievable then the grant awarded will be lost to the Council.

## OPTIONS CONSIDERED

27. **Option 1 – Preferred option.**

**To approve the development of 25 new homes at Warde Avenue, Balby and 41 new homes at Old Road, Conisbrough. The delivery of these units will form part of the Council House Build Programme and will provide much needed affordable homes to be let at an affordable rent through St Leger Homes.**

The delivery of new build Council Homes will be incorporated into the Housing Revenue Account for allocation to those on the Housing Register via Choice Based Lettings. In line with the decision taken at Full Council on 6th December 2012 K1126, the properties will be subject to RTB applications in the future in line with the Government's changes to the RTB scheme which allows extension of the 'cost floor' from 10 to 15 years.

The delivery of these sites will be through Willmott Dixon and awarded through the SCAPE framework. Contract administration of the build programme will be delivered by Rider Levett Bucknall and will be awarded through the NHS's EU compliant Construction Consultancy Services Agreement. It is anticipated that Start on Site will be achieved on both of these sites by the end of March 2018.

## Advantages of Housing Development

- Provision of new build on the site will increase the size of the housing stock and choice in the area.
- Increased housing rental income for the Council.
- Positive impact on the housing waiting list.
- Delivery of a housing scheme on a cleared site
- Financial benefits associated with having 66 additional units, which increases Council Tax returns and generates additional New Homes Bonus.

### 28. **Option 2 – If approval is not given the development of much needed affordable homes will not take place.**

The Council has identified within its Housing Strategy the requirement for more affordable homes. The delivery of 66 new homes on Council Land contributes to this delivery target. If delivery is not approved the land at both sites would remain vacant until an alternative use is found.

## REASONS FOR RECOMMENDED OPTION

29. The proposal would provide much needed modern energy efficient affordable new homes to help meet the housing needs of Doncaster residents in these popular areas of the borough.

## IMPACT ON THE COUNCIL’S KEY OUTCOMES

30.

	<b>Outcomes</b>	<b>Implications</b>
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Be a strong voice for our veterans</i></li> <li>• <i>Mayoral Priority: Protecting Doncaster’s vital services</i></li> </ul>	<p>Increasing Housing development in Doncaster, enabling growth and contributing to the Councils Assets.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	<p>Providing quality homes for the residents of Doncaster.</p>
	<p>People in Doncaster benefit from a high quality built and natural environment.</p>	<p>Providing quality homes for families. The delivery of these units will provide quality housing and improvements to</p>



	<ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	the local area.
	<p>All families thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	Providing quality homes for families.
	Council services are modern and value for money.	The Council will procure the delivery of the new build programme through the delivery frameworks available to them.
	Working with our partners we will provide strong leadership and governance.	The programme will be managed by the Council in accordance with its governance arrangements.

## **RISKS AND ASSUMPTIONS**

31. The recovering housing market could lead to a greater demand on the construction sector which could result in delays to the program.
32. From previous experience, delays have occurred on other projects due to connection of main utility services, by the utility companies.
33. If the build phase is not approved the site could attract severe ASB and fly tipping causing a drain on Council resource.

## **LEGAL IMPLICATIONS**

34. S9 Housing Act 1985 provides Councils with the power to erect houses in order to provide housing accommodation.
35. S1 Localism Act 2011 provides Councils with the power to do anything which an individual may generally do
36. S 111 Local Government Act 1972 provides Councils with the power to purchase goods and services.
37. The report author has advised that the HCA grant monies are be available to the Council. It is important that the terms and conditions attached to the HCA monies are strictly adhered to avoid claw back.
38. The report author has advised that the appointment will be made using the SCAPE Framework. Frameworks are arrangements set up in accordance with EU procurement rules, which will allow the Council to purchase the works without the need to run a separate tender.

39. The Council must adhere to strict compliance with the rules of the SCAPE Framework if this procurement is to be compliant with EU Regulations. Further due diligence work may be required to ensure that the SCAPE Framework operates within the strict interpretation of the Public Contracts Regulations. The decision maker should be comfortable that the benefits of utilising the framework are consistent with any risks inherent within the process.
40. Following contract signature, the project manager should be completely familiar with the contractual terms in order to protect the interests of the Council and enforce any terms as and when necessary.

## **FINANCIAL IMPLICATIONS**

41. The total cost of delivering 66 units (25 units at Warde Avenue, Balby and 41 Units at Old Road, Conisbrough) is estimated to be £9.23m and is planned to be funded from £2.72m HCA Grant and £6.51m Council resources available to the Housing Capital Programme. £6.07m is already represented in the programme under the block budget for Council House New Build Phase 4, with the balance of £0.44m proposed to be allocated from uncommitted HRA capital receipts that are restricted to works of this nature. A detailed breakdown is included at Appendix 1.
42. As the two sites currently belong to the Council's General Fund they need appropriating to the Housing Revenue Account. The implications are written on the assumption that the fair value for the land is £1 due to the impact of the major abnormal costs identified on any possible market value. An appropriation to the HRA at a greater value carries an annual cost to the HRA dependant on that value and would need further consideration if that was the case.
43. The Council has already incurred £0.59m of feasibility and pre-construction costs relating to these projects that would be abortive if they did not proceed to construction. £0.45m of these costs are currently capital in nature and would need to be written out to revenue if this occurred, though there are sufficient revenue contributions currently being made towards the project to cover this eventuality.
44. Financial Procedure Rules state that any project that involves a capital commitment of £1m or more will also require the completion of an ODR for approval by the relevant Director and Chief Financial Officer in consultation with the Portfolio Holder (Finance & Corporate Services) before a formal commitment is entered into or a contract signed.
45. When administering the HCA grant the Director of Regeneration & Environment must also have regard to Financial Procedure Rule E. External Arrangements, which outlines the Council's minimum requirements in relation to external funding. As the grant has specific conditions of use it cannot be used for anything other than this purpose.
46. Once constructed, the properties will become part of the HRA housing stock, managed by St Leger Homes Ltd. Assuming full occupancy, the estimated income based on charging affordable rents would be £318k per annum. All income will be credited to the HRA.

## **HUMAN RESOURCES IMPLICATIONS**

47. There are no immediate HR implications arising from the approval of this Cabinet Report and Council House new build program, however, any future changes that impact on the workforce will require further HR engagement.

## **TECHNOLOGY IMPLICATIONS**

48. There are no technology implications associated with this report.

## **EQUALITY IMPLICATIONS**

49. All of the Council's housing stock, managed by St Leger Homes will be allocated in line with their allocations policy to meet the individuals need.

## **CONSULTATION**

50. Ward Members and residents have been consulted on the proposed layout of the site. Public Consultation took place for the Warde Avenue site on the 6<sup>th</sup> September 2017 and on the Old Road site on the 5<sup>th</sup> September 2017. Both Consultations were well attended and the general consensus from the members of the public was supportive.
51. The Housing Portfolio holder, the Director of Regeneration and Environment and St Leger Homes have been included as part of the on-going consultation throughout the design and feasibility stages of these sites.

## **BACKGROUND PAPERS**

- |     |                             |  |
|-----|-----------------------------|--|
| 52. | Bristol Grove Wheatley      | Cabinet 1 <sup>st</sup> November 2016      |
|     | Willow Grove Thorne         | Cabinet 1 <sup>st</sup> November 2016      |
|     | Council House Build Phase 2 | Cabinet 30 <sup>th</sup> July 2014 (K1228) |

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