

## OFFICER DECISION RECORD

For staff restructures, please also complete an RA1 form to update the HR Portal. This is attached at Annex 2.

Decision Ref. No:

**RE17 0078**

### Box 1

#### DIRECTORATE:

Contact Name: Charlotte Johnson

#### DATE:

Tel. No.: 01302 737575

**Subject Matter:** The direct purchase of 26 units on the former Askern Colliery development site, from Keepmoat Homes Ltd.

### Box 2

**DECISION TAKEN:** To approve an additional £782,000 to purchase 26 units for affordable housing from Keepmoat Homes Ltd on the former Askern Colliery Site. A previous decision was taken on the 27 May 2014 by EDR K1219, to approve the initial purchase price.

### Box 3

#### REASON FOR THE DECISION:

Approval was given on the 27<sup>th</sup> May 2014 through EDR K1219 to purchase 26 units from Keepmoat on the Askern Colliery Site, the decision also included 22 units on the Bentley Colliery Site. Keepmoat delivered all units approved on the Bentley Colliery site in a timely manner and to the original cost agreed. The 26 units will be incorporated into the Housing Revenue Account for allocation to those on the Housing Register via Choice Based Lettings

The Askern site was awarded to Keepmoat from the Homes and Communities Agency (HCA) in 2007 through competitive tender, the site will deliver 228 units for open market sale, and an earlier viability study indicated that there was no requirement for S106 affordable housing.

The Council initially agreed to purchase 26 units for £2.160m, as shown in the table below;

Type	Number of units	Cost Per Unit (£)	Total Cost (£)
2 bed House	18	80,000	1,440,000
3 bed house	8	90,000	720,000
<b>Total</b>	<b>26</b>		<b>2,160,000</b>

A number of problems have arisen on the Askern Colliery site, primarily around the foundations, drainage and early infrastructure costs, this coupled with anomalies already identified in the viability study has resulted in a delayed start on site and increased development and infrastructure costs.

Keepmoat approached Council Officers in January this year with a revised purchase price for the 26 Units. This increased the cost to £3.189m, this was based on the increased development costs on the site.

As there is no requirement on the site for affordable housing, all of the 26 units could be sold by Keepmoat on the open market. Keepmoat were clear, that if the Council no longer wished to purchase the units, that they would be sold in the same way as all of the other units on the site.

After a period of negotiation, through senior officers, a revised cost was provided by Keepmoat. This gave an additional discount of £247,000 or £9,500 per property, this was based on a bulk purchase reduction and further efficiency savings.

A successful bid has also been made to the HCA for grant funding for 16 of the units of £472,000 or £29,500 per unit. This is on the basis that the first 16 units will be handed over to the Council by 31<sup>st</sup> March 2018. Keepmoat have provided the Council with a satisfactory build programme to achieve this.

Original Revised Cost	3,189,000
Less already approved budget	2,160,000
Less additional discount (bulk buyer)	247,000
Less grant from the HCA	472,000
<b>Additional cost to Doncaster Council</b>	<b>£310,000</b>

**The additional cost to the Council for the purchase of 26 units is £310,000. The additional costs will be funded from approved resources earmarked for future Council house new build schemes.**

**The revised cost per unit to the Council (less the HCA grant) is detailed in the table below.**

Type	Number of units	Cost Per Unit (£)	Total Cost (£)	Less grant from HCA (16 units only)	Cost to the Council (£)	Cost per unit to the Council (£)
2 bed House	18	107,000	1,926,000	(13) 383,500	1,542,500	85,694
3 bed house	8	127,000	1,016,000	(3) 88,500	927,500	115,875
<b>Total</b>	<b>26</b>		<b>2,942,000</b>	<b>472,000</b>	<b>2,470,000</b>	

## Housing Demand in Askern

### Housing Register

There are 1002 applicants on the housing register who have selected Askern as an area of choice. However since applicants are allowed to select more than one area, a weighting has to be applied to each selection depending on how many areas that applicant has selected. On this basis, the weighted number of applicants selecting Askern is 98.

### Bidding Information

The table below the total number of bids received for each vacant council property, by property type in Askern between 1<sup>st</sup> February 2016 and 31<sup>st</sup> January 2017. It also shows how many properties of each type were allocated through direct matching, the average bids by property type and the highest number of bids any property of that type received. This is important when considering new developments as unpopular property types can bring down the average and therefore this can give a better idea of the number of active bidders.

Askern					
Property types	Total	Bids	Dir Match	Ave Bids	Most Bids
0 bed bedsitter	2	10	0	5.00	5
1 bed bungalow	6	37	0	6.17	11
2 bed bungalow	7	30	2	5.60	11
1 bed flat	14	37	0	2.64	4
2 bed house	6	86	0	14.33	24
3 bed house	9	215	1	26.75	42
<b>Totals</b>	<b>42</b>	<b>405</b>	<b>3</b>	<b>10.31</b>	

It is interesting to note that for the most popular three-bedroomed house in Askern, there were 42 bidders; this is higher than the weighted total of those eligible for a three bedroomed house indicating that certain properties will attract a large number of bidders. It is also important to bear in mind that under choice based lettings people are not restricted to only bid for areas they selected when completing their original application forms.

The evidence tells us that the weighted amount of applicants on the Housing Register who have specifically requested to be housed in Askern is in excess of the number of units that the Council is looking to acquire on the Askern Colliery site.

Value for Money

The table below shows the average price and the amount (in brackets) of properties sold for the last available 6 months in DN6 (of which Askern is included).

This table shows the average price and the amount (in brackets) of properties sold for the last available 6 months:

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
<b>Detached</b>	£249,400 (5)	£199,314 (11)	£276,499 (6)	£206,908 (6)	£227,500 (9)	£246,949 (10)
<b>Semi Detached</b>	£106,875 (12)	£87,750 (8)	£112,550 (19)	£99,649 (17)	£114,333 (12)	£135,917 (6)
<b>Terraced</b>	£79,564 (7)	£75,795 (11)	£64,500 (5)	£64,900 (5)	£82,400 (5)	£81,091 (11)
<b>Flat</b>	£0 (0)	£0 (0)	£0 (0)	£0 (0)	£0 (0)	£0 (0)
<b>All</b>	£128,602 (24)	£124,273 (30)	£137,331 (30)	£116,427 (28)	£147,365 (26)	£154,703 (27)

Source acknowledgement: House price data produced by Land Registry

The most recent search of other new build properties within Askern is;

- 3 Bed New build, Marlborough Road, Askern – offers over £130,000,
- 3 Bed New build, Lakeside Rise, Askern – From £125,000.

The Council has delivered 25 units in Askern through the Council House New Build programme on 3 different sites, the unit cost of these delivered units are as follows.

Site	Units	Value	Cost	Profit	Margin
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

All sites delivered through the Council House Build programme are on Housing land, where the land is already in Council ownership, therefore the cost per unit has no cost included for the cost of land.

**Box 4****OPTIONS CONSIDERED & REASONS FOR RECOMMENDED OPTION:****Options Considered:**

- i) To continue to purchase 26 units in line with the proposal within the report (recommended option), for an additional £782,000. The additional cost will be met through £472,000 grant from the HCA and £310,000 from Council Resources**

The units to be incorporated into the Housing Revenue Account for allocation to those on the Housing Register via Choice Based Lettings. The properties will be subject to RTB applications in the future in line with the Government's changes to the RTB scheme which allow extension of the 'cost floor' from 10 to 15 years.

This option is the preferred option as it provides the opportunity for the Council to increase its housing stock by 26 units, reflective of area based housing need. The purchase of the properties contributes to the Council's commitment to increasing its provision of high quality housing across the borough; promoting mixed tenure estates and securing the long term sustainability and desirability of these units.

If the Council purchase these units in bulk, the New homes Bonus and Council Tax will be realised sooner than if the units are sold on the open market. The direct purchase will also result in a rental income being achieved for each property, in a quicker time frame than if the houses were built in this instance, through the Council house build programme.

- ii) Do Nothing – To do nothing will be a missed opportunity for the Council to acquire 26 x new homes, for the purpose of allocation as general needs accommodation via Choice Based Lettings (CBL). If the Council do not purchase these units, they will be sold on the open market and there will be no affordable housing on the development site.**

The grant awarded of £472,000 from the HCA, would have to be returned. The Council has a proven track record as a delivery partner with the HCA and have delivered over and above their original programme for the 2015-2020 affordable housing programme.

**Box 5****LEGAL IMPLICATIONS:**

S9 Housing Act 1985 gives a Council the power to provide housing accommodation by acquiring houses.

The acquisition of land falls outside the Public Contracts Regulations 2015 and a procurement exercise will not be required for the recommended option to be carried out.

**Name: Adam Bottomley Signature: By Email Date: 11/05/2017**  
**Signature of Assistant Director of Legal and Democratic Services (or representative)**

**Box 6****FINANCIAL IMPLICATIONS:**

The 2017/18 capital programme includes funding totalling £2.16m, relating to purchasing 26 units from Keepmoat Homes Ltd as detailed below. This included £472k of grant funding, following a successful bid made to the Homes and Communities Agency as part of the 2015-2018 Affordable Homes programme.

An increase in the development and infrastructure costs has resulted in a revised total scheme cost of £2.94m. In accordance with Financial procedure rule B.12, any project expecting to exceed its approved budget must identify sources of funding to cover the additional expenditure. The additional costs of £782k will be funded from approved resources earmarked for future Council house new build schemes, detailed below and will be reflected in The 2017/18 Quarter 1 Finance and Performance report.

<b>Approved Funding</b>	<b>2017/18 Budget</b>
	<b>(£0,000)</b>
<b>Askern Scheme</b>	
Prudential Borrowing	1,508
HCA Grant	472
HRA (RCCO)	180
<b>Funding</b>	<b>2,160</b>
<b>Future Council House New Build</b>	
Major Repairs Reserve	1,298
HRA (RCCO)	16
<b>Funding</b>	<b>1,314</b>

The original and revised total costs per unit (excluding any HCA grant contributions) are detailed below.

Type	Number of units	Original Cost Per Unit	Total Cost	Revised Cost per unit	Total Cost
		£	£	£	£
2 bed House	18	80,000	1,440,000	107,000	1,926,000
3 bed house	8	90,000	720,000	127,000	1,016,000
<b>Total</b>	<b>26</b>		<b>2,160,000</b>		<b>2,942,000</b>

**Name: D Henderson Signature: Date: 12/05/17**  
**Signature of Assistant Director of Finance & Performance**  
**(or representative)**

**Box 7**  
**HUMAN RESOURCE IMPLICATIONS:**

There are no direct HR related IMPS in relation to this ODR and the purchase of 26 units on the former Askern Colliery development site, from Keepmoat Homes Ltd.

**Name: Claire Rudd Signature: Date: 22/05/2017**  
**Signature of Assistant Director of Human Resources and Communications (or representative)**

**Box 8**  
**PROCUREMENT IMPLICATIONS:**

There are no direct procurement implications associated with this report. DMBC however, have a duty to ensure best value is carried out within the purchase of these properties as proposed by the author.

**Name: H Donnellan Signature: Date: \_05/05/17**  
**Signature of Assistant Director of Finance & Performance**  
**(or representative)**

**Box 9**  
**ICT IMPLICATIONS:**

There are no ICT implications associated with this decision.

**Name:** Peter Ward (ICT Strategy Programme Manager)

**Signature:** **Date:** 24/05/17

**Signature of Assistant Director of Customers, Digital & ICT (or representative)**

**Box 10**

**ASSET IMPLICATIONS:**

There are no implications arising from the recommendations of this report that impact on the use of DMBC assets beyond those noted in the body of the report.

**Name:** David Stimpson, Property Manager

**Signature:** **Date:** 19 May 2017

**Property Manager – on behalf of Assistant Director of Trading Services and Assets**

**Box 11**

**RISK IMPLICATIONS:**

**To be completed by the report author**

- If the 26 Units are not purchased, then there will be no tenure diversification, in the form of affordable housing on a development site of 228 units.
- Although the demand information shows a demand for properties in the Askern Area, until the properties are advertised this will not be known.
- These units will be rented properties at an affordable rent, however there could be competing products on other development sites, that makes the gap between affordable rent and shared ownership more comparable.
- The delivery programme could change and the Council may not receive the completed units, in the agreed timeframe.

**Box 12**

**EQUALITY IMPLICATIONS:**



**To be completed by the report author**

The direct purchase of 26 units will have no direct impact or implications on anybody with a protected characteristic. However future allocation through Doncaster's choice based lettings, may need to take these factors into account through the allocation process.

Name: Charlotte Johnson Signature: \_\_\_\_\_ Date: 05/04/17  
(Report author)

**Box 13  
CONSULTATION**

**Officers**

Director of Finance and Corporate Services  
Assistant Director of Development  
Director of Regen and Environment  
Finance Manager  
St Leger Homes, Director of Corporate Services  
Planning Officers  
Homes and Communities Agency Officers  
Strategic Housing Officers

**Members**

Housing Portfolio Holder  
Mayor of Doncaster

Please list any comments from Members below:

**Box 14**

**INFORMATION NOT FOR PUBLICATION:**

Information in box 3 paragraph 16 is redacted under section 43 of the Freedom of Information Act 2000 because this is deemed commercially sensitive information.

Name: Joan L'Amie Signature: Joan L'Amie Date: 22<sup>nd</sup> May 2017  
Signature of FOI Lead Officer for service area where ODR originates

**Box 15**

**Signed:** \_\_\_\_\_ **Scott Cardwell** \_\_\_\_\_ **Date:** 24/05/2017  
**Director/Assistant Director**

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Additional Signature of Chief Financial Officer or nominated representative for Capital decisions.**

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Signature of Mayor or relevant Cabinet Member consulted on the above decision (if required).**

- **This decision can be implemented immediately unless it relates to a Capital Scheme that requires the approval of Cabinet. All Cabinet decisions are subject to call in.**
- **A record of this decision should be kept by the relevant Director's PA for accountability and published on the Council's website.**
- **A copy of this decision should be sent to the originating Directorate's FOI Lead Officer to consider 'information not for publication' prior to being published on the Council's website.**
- **A PDF copy of the signed decision record should be e-mailed to the LA Democratic Services mailbox**