

05 September 2019

Dear Members of the Lewes District Council Scrutiny Committee

Scrutiny Committee Meeting - 12 September 2019

I am now able to enclose, for consideration, the following report at the above meeting that was unavailable when the agenda was printed.

**Item Item
No**

- 9 Request for scrutiny of Cabinet decision on the demolition of offices and construction of housing at 20 Fort Road, Newhaven (Pages 3 - 8)**

Yours sincerely

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Report to:	Scrutiny Committee
Date:	12 September 2019
Title:	Request for scrutiny of the demolition of offices and construction of housing at 20 Fort Road, Newhaven
Report of:	Assistant Director, Legal and Democratic Services
Ward(s):	Newhaven North
Purpose of report:	To provide context to the item being considered and provide guidance on how to proceed with further scrutiny.
Officer recommendation(s):	That the Scrutiny Committee considers the request from Councillor Steven Saunders to look further at the demolition of offices and construction of housing at 20 Fort Road, Newhaven and agree on how the Committee can best support Councillor Saunders' request.
Reasons for recommendations:	The Constitution allows any member of the Council to request that the Scrutiny Committee consider an item for inclusion on the agenda.

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1. Introduction

- 1.1 The Council's Constitution, 8a of Part 4 – Scrutiny Procedure Rules, allows for any member of the Council to give written notice to the Head of Democratic Services should they wish an item to be included on the agenda of the Scrutiny Committee. A request was received for the Committee to consider a scheme considered by the Cabinet that includes the demolition of offices and construction of housing at 20 Fort Road, Newhaven.

2. Background information

- 2.1 On 1 July 2019, the Cabinet considered a report on 'Housing Finance for Short Term Lettings Development' (see appendix 1 to the report) and resolved to (1) approve an increase in the General Fund Capital Programme budget for the scheme from £2.2m to £2.9m (with the additional £700,000 to be funded from Right to Buy Receipts) and (2) report an amendment to a waiver previously approved to the Contract Procurement Rules (CPR) to allow the direct selection of a main contractor, due to the bespoke nature of the product required and time restrictions.

3. Requests for Review

3.1 In accordance with the Council's Constitution, the Chairman of the Scrutiny Committee received a request from Councillor Steven Saunders, ward member for Newhaven North, asking the Scrutiny Committee to consider a number of concerns he has raised following the Cabinet's decision on 1 July 2019.

Councillor Saunders' concerns can be summarised as follows:

- The Building identified for demolition has been allowed to stand idle for several years, instead of looking at more innovative ways of acquiring income from it.
- There was a need for starter units in the District and Newhaven in particular - the building suits this type of usage.
- The scheme agreed by the Cabinet ignores the potential for a much larger and more viable scheme that could be brought forward, if the adjacent Fire Authority/ESCC building in Fort Road was included in a joint venture development of a larger site.
- The costs of the proposed scheme will produce a limited number of temporary housing units at a cost of approximately £300,000 per unit. These costs for such a development do not include the value of the land itself and do not provide what can be considered 'value for money' for the Council.
- The proposed new units are not fit for purpose, with a limited lifespan and do not offer a robust structure required for temporary housing needs.
- The Scrutiny Committee have a duty to ensure that the Council is getting value for money and evaluate whether such the sums of money committed, the design of buildings and the siting of such a scheme is justified.

3.2 Councillor Saunders has submitted a request to the Scrutiny Committee (through the Chair) for the item to be included on its agenda and Members are asked to look at the concerns raised and decide how best the Committee can support Councillor Saunders in his request.

4. Financial appraisal

There are no financial implications relating to this report.

5. Legal implications

There are no legal implications relating to this report.

6. Appendices: Appendix 1 – 1 July 2019 Cabinet report 'Housing Finance for Short Term Lettings Development'.

Report to: Cabinet

Date: 1 July 2019

Title: Housing Finance for Short Term Lettings Development

Report of: Ian Fitzpatrick, Director of Regeneration and Planning

Cabinet member: Councillor Ron Maskell (Cabinet Member for Housing)

Ward(s): Newhaven Denton & Meeching

Purpose of report: The report is to seek approval for spending Right to Buy Receipts on a development scheme to provide 13 flats to meet our need for access to short term lettings.

Decision type: Key Decision

Officer recommendation(s):

- (1) To approve an increase in the General Fund Capital Programme budget for the scheme from £2.2m to £2.9m, with the additional £700,000 to be funded from Right to Buy Receipts.
- (2) To report an amendment to a waiver previously approved to the Contract Procurement Rules (CPR), as set out in Para. 2.4.1(a) of CPR to allow the direct selection of a main contractor, due to the bespoke nature of the product required and time restrictions.

Reasons for recommendations:

In October 2018 Cabinet approved a report to spend up to £2.2m on the development of housing for temporary accommodation, following on from a £2.2m budget amendment in February 2018 at a Full Council meeting. The budget amendment was made on the basis of an appraisal for a scheme built on a flat empty site, with no specific investment in sustainability or reducing the environmental impact.

The October 2018 report included a waiver to the Contract Procedure Rules (CPR) to directly the select an appropriate modular housing contractor. Although the approved contractor is still due to deliver the scheme, a ground works contractor has been added to the waiver, by the Director of Planning and Regeneration in Consultation with Leader of the Council under CPR 2.4.1b.

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1 Introduction

- 1.1 Following the approval of the Cabinet Report in October 2018 to develop a housing scheme for the use of short term lettings, LDC has selected the site of the Former Council Housing Office at 20 Fort Road, Newhaven for the development. The building has been vacant since the Housing team moved to the shared office space at Saxon House, Newhaven. Although the site benefits from already being in the Council's ownership and with no existing use, it will involve demolition of the old offices and is a split level site, requiring significant retaining wall groundworks.
- 1.2 Over the past two years LDC has been developing its targets of delivering Capital projects to meet ambitious sustainability targets. Therefore the design of the scheme at 20 Fort Road has included many sustainability features, starting with a "Fabric First" approach to insulation and air pressure and also using technology such batteries for storing self generated electricity. There will be no gas used in the homes, and the target is for 3 months a year the homes could survive without the electricity grid.
- 1.3 Planning permission for a scheme of 13 affordable flats was granted in April 2019 (ref LW/19/0012).

2 Project Budget

- 2.1 The project budget of £2.2m allocated by Full Council and Cabinet was not based upon specific site selection or on detailed project specification, and now that full design and planning approval have been completed a project budget has been set of up to £2.9m, including £2.7m demolition and construction costs, and £200,000 in professional fees and financing costs.
- 2.2 LDC have receipts that are collected from the sale of Council homes under the Right to Buy, which can be used to fund 30% of development costs of new affordable housing by the Council, which will have to be handed back to Central Government if not spent within 3 years of being received, and can boost the project budget to deliver an exemplar scheme in Newhaven

3 Procurement Waiver

- 3.1 The addition of a second contractor to this project will allow greater certainty of the programme being delivered on programme, and ensure that contractors are able to focus on the specialist expertise in modular house construction and ground works respectively.

Lewes District Council has commissioned an independent report to benchmark

different companies offering modular housing construction for future projects. This report will be compare cost; delivery of small, medium and large developments, as well as considering local employment opportunities and will include local and national companies in its scope.

4 Consultation

4.1 Consultation was undertaken with Newhaven Town and Ward Councillors prior to Planning permission being applied, as well as the statutory planning consultation.

5 Corporate plan and council policies

5.1 The overall outcomes of this project support the Council's Corporate Plan to improve:

- "Place" through the use of modular housing, delivering affordable housing, market and affordable housing,
- "Value for Money". By providing a service for customers within the District and ensuring that money LDC spends on temporary accommodation is spent in the District rather than expensive B&B accommodation elsewhere. Also by using modern technology to improve thermal warmth and decrease utility heating bills.

7 Financial appraisal

An additional £700,000 will be added to the General Fund Capital Programme to increase the project budget for the scheme from £2.2m to £2.9m. The additional £700,000 will be funded from Right to Buy receipts.

8 Legal implications

Officers have sought legal advice and will continue to work with colleagues in Legal Services to ensure related property, procurement and contract matters are explored and that the resulting development agreement protects the council's interest as far as possible. (Legal ref 007649-CEC and 007517-CAB)

9 Risk management implications

Risk 1: The selected contractor is unable to deliver the planned scheme

Mitigation: A second contractor has been added to lead the main contract works to ensure capacity and specialist expertise at every stage of the project.

10 Equality analysis

10.1 There are no equality impacts as a result of the recommendations of this report.

11 Appendices

- Appendix A – Site Details and Plan
- Appendix B – Contract Procedural Rules Waiver

12 Background papers

The background papers used in compiling this report were as follows:

- Full Council Minutes Feb 2018 – See Agenda Item 9.1
<http://democracy.eastbourne.gov.uk/Data/Lewes%20District%20Council%20Full%20Council/201802191800/Agenda/07nn9g5o3geawga7W32fsZ8BV4yD4.pdf>
- Cabinet Report October 2018
<http://democracy.lewes-eastbourne.gov.uk/documents/s8577/New%20housing%20for%20short%20term%20letting.pdf>