

**Report to:** Cabinet

**Date:** 11 September 2019

**Title:** Housing Delivery Update: Bedfordwell Road

**Report of:** Director of Regeneration and Planning

**Cabinet member:** Councillor Alan Shuttleworth

**Ward(s):** Upperton

**Purpose of report:** This report sets out options for delivery of new homes and community facilities at Bedfordwell Road

**Decision type:** Key Decision

**Officer recommendation(s):**

- (1) To delegate authority to the Director of Regeneration & Planning in consultation with the Portfolio holder for Housing and the Chief Finance Officer to move the development of the Bedfordwell Road scheme through to Stage 2 of the Clear Sustainable Futures (CSF) process to allow the Council to fully understand the financial and delivery options for the site.**
- (2) To delegate authority to the Chief Finance Officer in consultation with the Council Leader to release £1.218m from the existing scheme capital allocation to meet the costs of progressing the development of the scheme through to Stage 2 with CSF.**
- (3) To bring a further report back to Cabinet once we have reached Stage 2 and are in a position to report comprehensively on the financial viability of the scheme and to determine the best way of proceeding for tax efficiency purposes and agree a budget in the Housing Revenue Account and/or General Fund.**

**Reasons for recommendations:** To enable the next stages of procurement required to allow the construction works to deliver new homes and facilities for the town.

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## **1 Introduction**

- 1.1 This paper outlines options considered for the development of the council owned site at Bedfordwell Road, Eastbourne which is set to deliver new homes, commercial and community premises for the town. Given the Council's continued challenge of meeting housing need these homes will provide additional affordable housing and support local people's access to home ownership through the delivery of new shared ownership offers.
- 1.2 The site has been owned by the Council since March 2017 and has been the subject of remedial and environmental works which have been successful and are now nearing completion. This report seeks to move the scheme onto the next stage of development so that contracts can be entered into which enable the development to begin.
- 1.3 The scheme at Bedfordwell is also being used to support East Sussex College Group (ESCG) in delivering a CITB funded construction training project. The programme outlined in the report would allow for 'on-site' learning to happen over the next 6-9 months with learners working directly with specialist and technical consultants.

## **2 Proposal**

- 2.1 The recommendation is to proceed to Stage 2 of the CSF Transformational project process to assess the deliverability of 96 homes of which 83 are new build homes, 13 refurbished homes and there will be commercial and community space in the Pump House. The scheme will need to be submitted via a planning application for planning approval.
- 2.2 Previous reports to Cabinet have presented the scheme based on an existing planning consent for 102 homes. However Officers have worked with architects and cost consultants to improve the scheme design to meet housing need and ensure that the design and layout maximises the placemaking potential of the development.

The assumed financial viability of the project has also been reassessed to ensure costs and densities proposed provide not only the right homes but also the best value in terms of construction costs. The scheme is capable of providing 55 affordable units which is 55% of the development and 41 market sale homes. The Pump House will in addition have a Commercial use including A1 and smaller commercial units which could provide office/business or community space on the lower floors.

- 2.3 By progressing the project to Stage 2 of the CSF Transformational Project process it allows Cabinet to understand the potential of adding additional sustainable elements to the scheme including exploring Modern Methods of Construction (MMC) such as modular housing, and carbon neutral energy source options. The conclusion of this assessment would be presented to Cabinet once the due diligence has been completed on any potential options.

Further to this and in the Council's Climate Challenge ambitions the scheme is

being designed with the aspiration to minimise the use of natural resources and also to reduce the developments short and long term carbon footprint.

In this regard the development team are scoping the potential to incorporate into the scheme the most cost effective design solution and at the time of writing this may well be to deliver a scheme that improves over and above the current building regulations.

As the design and layout has not yet been fully specified it is not possible at the time of writing to rest on the quantum of the % percentage however the scheme will be fully assessed with specialist support ensuring that wider sustainable benefits are a consideration a requirement of the development.

It is considered that the delivery of new, highly sustainable homes on the location specified would help to mitigate the pressure of housing demand locally. By proceeding with this process through CSF we are gaining a better view of cost certainty and deliverability of the scheme.

### **3 Outcome expected and performance management**

- 3.1 Based on the funding and scope of work included in this report being approved, we expect the delivery of the scheme to take place on the timetable below:

Planning Approval for revised scheme	February 2020
Environmental Works completed	December 2019
Remedial Works completion	February 2020
Archaeological Works completed	February 2020
Start on Site	July 2020
First Sales / Handovers	December 2021
Final Completion	February 2023

- 3.2 On the basis of this timetable we can start to sell and let homes within the next 2 years should the scheme achieve the Affordability Cap set out in the project request to CSF which will be confirmed more fully by the conclusion of Stage 2.

### **4 Consultation**

- 4.1 A full consultation will be followed as part of the planning process for the revised scheme including enhanced community engagement to create an identity for the new neighbourhood. A full communication plan and strategy will be made available for residents and interested parties utilising on-line engagement tools where possible.

### **5 Corporate plan and council policies**

- 5.1 The development of this site meets the Council objectives in the corporate plan delivering more homes for the town and supporting the local economy through thriving communities in addition to increase the availability of affordable and market sale homes available for the town

5.2 Any affordable housing will be compliant with the Council's Affordable Housing requirements as set out in their planning policy documents. This proposal increases the affordable homes above the policy requirements which is a target for the Council to achieve where possible. This has in part been possible due to the contribution from Homes England through the Housing Infrastructure Fund (HIF). Given this site has been stalled for many years the Council have adopted the central Government approach to 'making homes happen' in taking this scheme forward directly.

## 6 **Business case and alternative option(s) considered**

6.1 In terms of options considered the Council can approach the delivery of this scheme in different ways which have all been considered

- **Undertaking a Joint venture with a developer to deliver the project**

The Pump House is a complex part of the scheme and we believe that controlling quality of the design will ensure we deliver a high quality building. For this reason the Council would want to retain the contractual management of redeveloping the site including the Pump House.

- **Delivering Pump House and access roads and sell the site**

An alternative would be to consider the Pump House the most risk so to get the best land value deliver this part of the scheme in isolation and the access roads to then sell on the residential land. However this approach does not give the opportunity to spread the risk across the scheme which will help to support the more complex issues.

- **Obtaining updated planning, complete remediation and disposing of the site**

There have already been 2 unsuccessful attempts by housing associations to deliver the site. The scheme is difficult in terms of abnormal costs and includes areas that require flood attenuation. It is therefore difficult for a purchaser to achieve a financial return on the development.

If sold we could not guarantee either the development of the new build homes or the refurbishment of the pump house.

6.2 By directly delivering and maintaining control of the project will enable the delivery of a quality scheme which renovates the Pump House and benefits the local community. As set out above the Council see this as an opportunity to enable and stimulate the local market to support the development of other schemes potentially not in their ownership. Given the Council's successful delivery of 200 new homes over the preceding 5 years the internal team are confident of management and delivery led internally.

The Council will use specialist consultants to support with the contract and

project management of the scheme which will be competitively challenged in terms of costs and quality. CSF has been supporting the project to date and have submitted proposals to carry the project through the completion.

As part of the next stage of contract negotiation those proposals will be considered alongside comparable submissions to show value for money in delivery of the scheme has been achieved. The conclusion of the Stage 2 report will be presented to Cabinet.

## **7 Financial implications**

7.1 The Council's existing Capital Programme included a provision of £2m in 2019/20 for the scheme. Full financial implications and funding requirements of the scheme are currently being assessed by the Council's Treasury Advisors Link Asset Services and will be presented to the Cabinet at a later date as part of the overall project evaluation and decision making process.

Financial assumptions for the scheme are included at Appendix 1 as they contain commercially sensitive information.

## **8 Legal implications**

8.1 Development will need to take account of any title matters and restrictions and on-going legal advice will be obtained in relation to title matters.

8.2 The contract with Clear Sustainable Futures was procured in compliance with the Council's Contract Procedure Rules and so can be used in accordance with its terms without the need for a further competitive process to take the project forward.

8.3 All transactions will need to be on market terms or otherwise State aid compliant.

8.4 The Council has the power under section 2 of the Local Authorities (Land) Act 1963 to directly build the market houses as the provision allows a local authority, for the benefit or improvement of its area, to erect any building and construct or carry out works on land. Additionally the Council may repair, maintain and insure any building or works erected, constructed or carried out under this power and generally may deal with any such building or works in a proper course of management.

8.5 The Council could sell the market sale houses using section 123 of the Local Government Act 1972. Subject to certain conditions, the Council has the power to dispose of its land in any manner it wishes and receive consideration for its land under Section 123 of the Local Government Act 1972. The Secretary of State's consent is needed if the Council receives less than the "best consideration that can reasonably be obtained" unless the disposal is by way of a short tenancy.

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## 9 Risk management implications

9.1 The key risks and mitigations are set out in the following table:

Ref	Risk	Mitigations
1	Build cost overrun	<ul style="list-style-type: none"><li>• Build costs have been provided by CSF and include 5% contingency. Building contract will be based on a fixed price contract.</li><li>• Ground condition surveys have been completed to assess abnormal costs and remedial works are already underway</li></ul>
2	Quality not delivered	<ul style="list-style-type: none"><li>• The scheme will be designed in consultation with EBC</li><li>• We will maintain control of specification of details within the Pump House particularly to ensure design quality is maintained.</li></ul>
3	Legal issues	<ul style="list-style-type: none"><li>• See legal implications section</li></ul>
4	Sales Risk	<ul style="list-style-type: none"><li>• See confidential Appendix 1</li></ul>
5	Long term viability	<ul style="list-style-type: none"><li>• The affordable rent and shared ownership are both in high demand with limited new supply in the town.</li></ul>

## 10 Equality analysis

The provision of good quality housing with a mix of tenure and affordability helps meet the need of the community. Affordable housing allows the Council to provide assistance to those in need within our community. An equality analysis will be completed as part of the Communication and Engagement plan.

## 11 Environmental impact analysis

This will be completed in conjunction with the review of design and method of construction.

## 12 Appendices

- Appendix 1 – Costs (Exempt)

## 13 Background papers

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

- Site Location

[location Map.jpg](#)

- Current Layout

[Bedfordwell Road Site Plan.docx](#)

- Pump House

[Pump House Bedfordwell.docx](#)