

Report to: Cabinet

Date: 8 July 2021

Title: Housing development update

Report of: Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning

Cabinet member: Councillor William Meyer, Lead Cabinet Member for Housing

Ward(s): All

Purpose of report: Update on the progress of new housing developments

Decision type: Key Decision

Officer recommendation(s):

- (1) To note the progress of the Housing Revenue Account (HRA) Capital Programme, alongside other schemes for housing delivery. Appendix 1 (Exempt).**
- (2) To authorise the acquisition of a single garage unit adjacent to land already owned by LDC, the subsequent development of land, and disposal of the garage site at Mill Road, Ringmer including to allocate a budget within the capacity of the HRA Capital Programme.**
- (3) To approve the new projects as detailed in Appendix 1 (Exempt) through to the planning and tender stage, subject to further Cabinet approval prior to the award of a contract and the commencement of any works.**
- (4) To authorise entering into a land agreement to facilitate the development of a Neighbourhood Plan identified site at Long Park Corner, Ditchling, subject to further legal, finance, and market advice.**
- (5) To authorise entering into a framework for a contractor offering an off-site manufactured house building solution, through an advertised open competition, to aid in the delivery of the Capital Programme alongside other procurement routes.**
- (6) To authorise the Director of Regeneration and Planning, in consultation with the Portfolio Holder for Housing and Chief Finance Officer, to carry out all necessary actions to facilitate these proposals including feasibility, development and determining the terms of, and authorising the execution of, all necessary documentation.**

Reasons for recommendations: To provide progress updates and secure the necessary approvals to bring forward ongoing key housing development projects within the district.

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1 Introduction

1.1 This paper provides an update on the progress of the Housing Revenue Account (HRA) Capital Programme for housing delivery. The projects outlined in Appendix 1 (Exempt) are at varying stages from concept to completion.

The evolving housing pipeline, including procurement methodologies, contributes towards the Council's Corporate Plan, sustainability objectives, and the Community Wealth Building (CWB) agenda.

The pipeline aspires to deliver highly sustainable homes at social rent levels, meeting both the objectives for affordability and sustainability.

2 Housing Development Pipeline

2.1 The approved capital programme includes a budget allocation within the HRA for new Council housing supply, rented and limited shared ownership, as set out in Table 1 below.

The pipeline brings forward a mix of newly acquired sites and land already owned by Lewes District Council (LDC), contributing to the Corporate Plan target. The pipeline is also supported by the activities of Aspiration Homes LLP (AHLLP), the joint venture partnership with Eastbourne Borough Council (EBC), as well as community-led housing schemes being developed by the local Community Land Trusts (CLT).

For ease of reference, the schemes in Table 1 are categorised by their progress in accordance with the Royal Institute of British Architects (RIBA) project stages:

- Stages 1-3 - Feasibility and planning
- Stage 4 - Technical design
- Stage 5 - Construction
- Stage 6 - Handover

All total units showing at stages 1-3 are subject to planning.

| TABLE 1 | Residential Units | Project Stage (1-6) |
|------------------------------|--------------------------|----------------------------|
| HRA Capital Programme | | |
| Fire Station (Newhaven) | 7 | 1-3 |
| Police Station (Newhaven) | 21 | 1-3 |
| Ringmer Infills (Ringmer) | 7 | 1-3 |
| Acquisitions (Indicative) | 24 | 1-3 |
| Saxonbury (Lewes) | 12 | 5 |
| Oakfield House (Plumpton) | 8 | 5 |
| Old Hamsey Lakes (Chailey) | 12 | 6 |
| 20 Fort Road (Newhaven) | 13 | 6 |
| | | |
| Total | 104 | |

| | | |
|-----------------------------|-----------|---|
| Aspiration Homes LLP | | |
| Anchor Field (Ringmer) | 11 | 5 |
| Western Road (Newhaven) | 5 | 6 |
| Total | 16 | |

| | | |
|------------------------------|----------|-----|
| Community Land Trusts | | |
| The Lynchets (Lewes) | 5 | 1-3 |
| Neave's Paddock (Ringmer) | 4 | 1-3 |
| Total | 9 | |

| | | |
|--------------------|------------|--|
| Total Homes | 129 | |
|--------------------|------------|--|

2.2 In addition, the following sites being presented for consideration will also add to the overall number of new Council homes delivered within the district towards the Corporate Plan target:

Mill Road, Ringmer

The garage site at Mill Road was highlighted previously as having potential for the development of housing in an October 2019 Cabinet report. The site was subsequently identified as being appropriate for a specific development, to meet a particular defined housing need, with planning consent granted in March 2021.

Further details included in Appendix 1 (Exempt).

Long Park Corner, Ditchling

The assembly of land at Long Park Corner, Ditchling, which includes the Council's garage site, has been identified as having potential for a small development to include new Council housing.

The private neighbouring site has been allocated for housing in the Ditchling, Streat, and Westmeston Neighbourhood Plan 2018 and the opportunity to release more Council homes was previously considered by Cabinet on 23rd April 2018.

For consistency and efficiency, it is recommended that the two sites are developed jointly and brought forward via a single planning application. However, a legal land agreement is required to ensure that the Council's interests are sufficiently protected. Subject to securing planning approval, the scheme shall be brought back to Cabinet and supported by a full business case.

2.3 Strategic Estate & Land Review

2.4 A review of the Council's asset and land holdings within the HRA is also in progress to identify any further areas of opportunity that could help to bring forward more Council homes to meet the growing local demand. This forms part of the stock condition assessment process when determining current asset condition, quality, and future maintenance costs.

2.5 In this early stage of the review process, three sites have already been identified as having good prospects for delivering additional Council housing. Due to commercial sensitivity, the individual sites are detailed in Appendix 1 (Exempt).

Following a period of feasibility, due diligence, and consultation, the sites will be brought back to Cabinet for approval, prior to the appointment of a contractor and the commencement of any works.

2.6 Modular Housing Framework

2.7 The Council has recently advertised a procurement process to appoint a contractor via a framework agreement to support with housing delivery using modular construction. The procurement is being undertaken jointly with Eastbourne Borough Council (EBC), with LDC acting as the lead authority.

2.8 The framework will provide the Council with an additional tool when bringing forward new sustainable housing projects. It will certainly not be the only method of procuring contractors to drive the housing pipeline, which will in fact still include traditional methods of construction but increases options and diversifies delivery.

In procuring using the Council's new social value charter, the framework will contribute to the Community Wealth Building agenda, with a specific emphasis on skills, training, and employment. The companies who apply will, among other things, be assessed not only on cost but also on the sustainability of their processes, final product, and their ability to employ and train local people.

2.9 The successful-tenderer will have the ability to be awarded contracts, for appropriate development projects, over a 4-year period. This will help to provide additional pipeline and business certainty for a part of the sector that is hugely important to the sustainability agenda but typically suffers from inconsistent work. This is in-line with the governments national agenda to support and scale-up the delivery of homes using modern methods of construction (MMC).

The framework has also been made optional to other local authorities across Sussex and Greater Brighton, which will determine the overall value and scope of the framework agreement. This supports a strategy for One Public Estate (OPE),

working collaboratively with other public sector partners to collectively bring forward new Council homes but to operate more efficiently whilst doing so in practices around procurement, resource, and skill sharing.

3 Outcome expected and performance management

- 3.1 The overall outcomes of the recommendations will be the continued delivery of the Council's HRA Capital Programme to meet corporate objectives in order to bring forward more Council homes that meets local housing need. The pipeline continues to grow to meet the Corporate Plan target and the outcomes of the Strategic Estate & Land Review are expected to support with that process.
- 3.2 It is also anticipated that the Strategic Estate & Land Review could identify potential opportunities for the Council to pilot a self/custom build project as part of the community-led housing ambitions and in accordance with the Community Wealth Building agenda. A report will follow to Cabinet in the future.
- 3.3 The financial performance will be monitored through a series of financial reporting processes that will assess each project as well as the Capital Programme as a whole. Reports will be presented to Cabinet on a regular basis to provide an update on programme progress and the capacity of the HRA Business Plan.
- 3.4 Subject to approval, the Modular Housing Framework could be in place by the end of July 2021, with the first projects from the pipeline submitted for costing and delivery immediately. The framework will be managed using ten Key Performance Indicators (KPI), monitored on an annual basis over the 4-year period.

4 Consultation

- 4.1 Consultation has been undertaken on the sites that have been through the planning process, either prior to submission or during the statutory consultation process. Additional consultation has also been carried out with Ward Councillors as individual projects have progressed, and most recently leaflet deliveries to residents have been supplemented giving all stakeholders the opportunity to view the plans online.

5 Corporate plan and council policies

- 5.1 The combined housing programme, including both direct delivery via the HRA and the supporting activities of AHLLP, will contribute to the housing targets as set-out in the Corporate Plan 2020-2024 – Reimagining Lewes District.

The programme will increase the number of rented homes directly accessible to the Council across the district (including in rural locations), provide some additional low-cost homeownership options, improve the quality of HRA homes, enable community-led housing, and utilise a range of procurement techniques to aid delivery and reduce risk, underpinned by social value.

- 5.2 The Modular Housing Framework will specifically:
 - Increase sustainable house building using modular construction and innovating the more challenging infill sites.

- Use our power as a public sector body to buy and procure locally, and create local supply chains and ecosystems of enterprises, through use of circular economy principles.
- Develop local skills, supply chains, and employment through partnership working including East Sussex College Group (ESCG), other public sector organisations, social enterprises, cooperative businesses, as well as other forms of business, particularly focussing on clean, green technologies.
- Focus spending within the district, directly benefitting residents, communities, and local companies.
- Improve the energy efficiency of homes including supporting low-carbon heating technologies in our own council houses as part of the decarbonisation agenda.
- Enable more sustainable and energy efficient homes across the district, that are more cost-effective to run and cheaper to live in.
- Improve our understanding of council carbon emissions and how those are best measured, as well as reducing greenhouse gas emissions to net zero.
- Reduce waste, increasing re-use and recycling to top quartile performance.

6 Next Steps

- 6.1 The Capital Programme will progress with planning applications due shortly on the various sites at the Newhaven Police and Fire Stations, Ringmer Infills, and the CLT project at The Lynchets. Further work will continue on the pipeline over the next 12 months, tendering for contractors or progressed via the framework, with new opportunities explored and to be reported back to Cabinet in the future.
- 6.2 The Modular Housing Framework selection process commenced on 6 April 2021 and the procurement process is progressing. The framework agreement is expected to commence in July 2021.

7 Financial implications

- 7.1 The proposals outlined within this report are in accordance with the HRA Business Plan and Capital Programme for 2021/22.
- 7.2 The capital costs associated with the development of the scheme at Mill Road, Ringmer will be subject to a full business case to be approved as set out in recommendations 2 and 6. An allocation of Disabled Facilities Grant has been made for 2021-22 to cover the amount specified in Appendix 1 (Exempt).
- 7.3 Entering into a land agreement in relation to Long Park Corner, Ditchling does not commit the Council to the development if it is not viable or any costs. Subject to planning, a report will be presented to Cabinet in the future to enter a construction contract and supported by a full business case.
- 7.4 The Modular Housing Framework agreement does not commit the Council to any capital expenditure. Each individual scheme will require Cabinet approval.

8 Legal implications

8.1 Development of housing

The Council can rely on section 9 of the Housing Act 1985 (HA 1985) to undertake housing development.

8.2 Disposal of housing

The Council may rely on the March 2013 General Consent (the 2013 General Consent) to permit the disposal of unoccupied dwellings to individuals for use as their only or principal home.

8.3 Land acquisition

In relation to any land acquisition the Council has the power under Section 17 of the HA 1985 to acquire land for housing.

8.4 Development considerations

The Council will take full advice on any title issues associated with the developments and in respect of appropriate ways to address any issues revealed.

8.5 Single provider framework agreement

The Council has issued a contract notice in “Find a Tender” to commence a procurement process using the open procedure under the Public Contracts Regulations 2015 to set up a single provider framework agreement. Submissions from interested contractors were received by 7 June 2021 and the evaluation process to select the winning tender is now being carried out with the expectation that the contract can be entered into by the end of July 2021.

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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 | Costs for developing small sites may prove too high to be viable | By selecting small local firms to deliver sites, overheads can be kept to a minimum. Some sites can be delivered as part of a wider agreement by a modular house builder. Consideration is also being given to available Homes England grant funding. |
| 2 | Increasing construction costs due to COVID-19 and BREXIT | The market continues to be monitored closely and the viability of each scheme in the pipeline will be |

| | | |
|---|---|--|
| | impacting on development viability | assessed on their own merits, with reference to the HRA Business Plan. Specialist / external advice will also be taken from independent agencies and the Council will look to enter into fixed price contracts wherever possible. |
| 3 | Planning may be refused on some sites | Extensive pre-application discussions are taking place on all sites prior to submission. |
| 4 | By selecting a single supplier for the modular framework there may be a limit on the number of homes that can be deliver at one time. | The successful company will have had to submit provisional plans to expand supply where necessary. The Council will continue to also utilise other procurement means to deliver the pipeline, including both MMC and traditional builds. |

10 Equality analysis

10.1 An equality impact assessment has been undertaken and has not identified any equality impacts.

11 Environmental impact analysis

11.1 The design of the proposals will undergo a full review of the sustainability features (both for the construction and usage of future residents) in accordance with Council corporate priorities and in consideration of the financial viability.

The programme is being predominantly developed on brownfield sites and, where appropriate, full ecology and environmental impact surveys are being carried out. Individual impact analyses will be undertaken on any new sites identified in the future or as part of the Strategic Estate & Land Review.

12 Contribution to Community Wealth Building

12.1 The Modular Housing Framework selection has been undertaken using the social value charter and designed around the Corporate Plan objectives, including those focused on Community Wealth Building.

13 Appendices

13.1

- Appendix 1 – Housing Delivery Programme (Exempt)

14 Background papers

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

- Cabinet Report: Housing Revenue Account (HRA) and Rent Setting 2021/22 and HRA Capital Programme 2020-24 - February 2021