

STROUD DISTRICT COUNCIL

BRIEFING PAPER

Briefing Note Title	COUNCIL NEW HOMES AND REGENERATION PROGRAMME UPDATE
Purpose of Briefing Note	Update on Stroud District Council's New Homes and Regeneration Programme.
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1. Introduction

- 1.1 Stroud District Council has an objective to deliver 150 new Council homes within the next 5 years and has an aspiration to deliver up to 200 homes.
- 1.2 The Council has also approved the regeneration of 3 sites where defective Woolaway properties are to be replaced with new homes.
- 1.3 A combined budget of £19.5 million was approved in January 2013 that covers the New Homes and Regeneration programme.
- 1.4 The detail of the programme is attached at **Appendix 1**.

2. Programme

- 2.1 Included in **Appendix 1** is a list of the schemes that form the Council New Homes and Regeneration Programme and details those that were approved by the Housing Committee at its meeting on the 2 October 2013.
- 2.2 The table details those homes that are replacement homes for those that have been demolished, and therefore excluded from the 150 new homes target and those that are new Council homes.
- 2.3 The table also indicates which financial year the homes are planned to be completed.

Key Programme Milestones

- 2.4 Littlecombe. Reservations have been received for all of the remaining shared ownership units and the next two properties are currently due to be completed in March.

- 2.5 Minchinhampton. The Council's first seven new rented homes completed at the beginning of December. The remainder of the scheme is currently programmed to complete by the summer with handovers planned in April, May and June. An Open House event was held on the 12 December. Marketing has commenced for the shared ownership properties and initial applicants are being assessed.
- 2.6 Top of Town, Stroud. Good progress is being made on phase 1 by Rydon Construction with all units due for completion by November 2015. Further decants have taken place and work is starting on the procurement of phase 2. A consultation event was held on the 11 Dec to introduce the contractor to the community and to provide more details on the timescales for phase 2.
- 2.7 Small Sites. Contracts have now been awarded to WRW Construction for the 4 small sites at Hillside Coaley, Southbank Woodchester, Fishers Road Berkeley and The Corriett Cam. All units are due for completion by the end of November.
- 2.8 Mankley Road, Leonard Stanley. Various clarifications were included within the tender from our preferred tenderer and we have been working through these issues with the legal services team and our Employer's Agent. A drainage strategy has to be finalised with Severn Trent before we can agree the figure for inclusion within the contract. Once agreed the contract will be signed and the contractor will commence his detailed design work to enable a physical start on site in the summer. The tender is for a 58 week contract once on site and so all units should be handed over by October next year. This is later than planned but it is essential that we ensure that all risks have been considered and mitigated prior to entering into contract.
- 2.9 The planning applications for Chapel Street Cam and Wharfdale Way Stonehouse are being finalised and are due to be submitted within the next few weeks.
- 2.10 Fountain Crescent. A potential future scheme is currently being considered at Fountain Crescent in Wotton-under-Edge. Cabinet resolved on 9 December 2010 to transfer the Council's site of No's 10 and 12 Fountain Crescent, Wotton Under Edge to a developer in exchange for the freehold of three completed dwellings on the adjoining development land. The developer planned to build 14 houses, including 3 for the Council which would be affordable homes. The Council's land provided the access required to the development site in exchange for 3 new homes.
- 2.11 The developer did not complete the transfer and has now decided not to pursue the development on the site (for business reasons) and has approached the Council to see whether it would buy their site. This would enable the Council to develop a scheme for approximately 16 new affordable homes, as part of its New Homes and Regeneration Programme with a mix of rent and shared ownership properties.

- 2.12 As there is a land acquisition, a viable scheme can not be achieved without subsidy and therefore a decision will need to be made as to whether a further bid should be made to the HCA for funding through its Continuous Market Engagement (CME). If this scheme were to be pursued and grant obtained then an increase to the programme from 150 to 165 new homes could be delivered at a current estimated cost of £19.8 million, i.e. £300k would be required from reserves.
- 2.13 There are a number of schemes in the programme that have yet to be tendered, i.e. Wharfdale, Chapel Street and Top of Town phase 2 and so a more accurate picture of how many units can be delivered for the £19.5 million will be known in late summer once these schemes have been tendered.
- 2.14 The proposed scheme at Fountain Crescent was presented to the New Homes and Regeneration Steering Group on the 19 February and it was agreed that the land could be purchased under the Head of Asset Management's existing delegated authority and utilising the budget available within the New Homes and Regeneration budget. Budget provision will need to be brought forward from 2016/17 and this is covered in the HRA budget monitoring report.
- 2.15 There is still sufficient budget as this stage to purchase the land and the exit strategy, if ever required, is to sell the land with our ransom strip for a higher price.
- 2.16 A detailed scheme will now be prepared and a separate report will need to be presented to the Housing Committee to agree any further bid to the HCA for grant.

3. Key Risks/ Budget Profile

- 3.1 The key risks to the programme are also set out in **Appendix 1** together with the actions taken to mitigate those risks.
- 3.2 Risk registers are set up for each site and monitored at the monthly site meetings.
- 3.3 The risk regarding budget spend for 2014/15 remains. There are now 7 schemes where build contracts are in place. In addition, Mankley Road is due to be in contract by the end of March and so by the end of 2014/15 well over 50% of the five year programme budget will have been committed.
- 3.4 However, the actual spend on these projects is less than forecast for 2014/15 as it has taken longer to complete the procurement process and be in a position to sign contracts due to the need to resolve various clarifications raised by tenderers and to do further work to turn provisional sums into fixed prices to reduce the risk to the Council.
- 3.5 Therefore whilst the spend for 2014/15 is less than forecast we are in a good position in that we have tenders that have been returned that are in line with

our budget estimates and so we have been able to commit the budget and the spend profile will increase significantly in the first quarter of 2015/16.

- 3.6 The forecast figures for spend against budget for the programme for 2014/15 and the impact on the 2015/16 budget are included within the HRA budget report.
- 3.7 The risk regarding increased build costs has been mitigated to a large extent as tenders have been received for a large part of the programme and those figures have already been fed into the reprofiling of spend for 2014/15, the review of the MTFP and the budget setting process for 2015/16.
- 3.8 The change in build costs will however, continue to be monitored over the coming months as we lead up to the procurement of our next projects at Top of Town Phase 2, Chapel Street Cam and Wharfdale Way, which are programmed for the early part of 2015/16. If costs continue to rise this will impact on the numbers of new homes that we can deliver beyond the 150 target.

4. Conclusions

- 4.1 The programme is progressing well with handovers achieved at Littlecombe and Minchinhampton. A further 5 sites are now in contract and another one is planned by the end of the financial year. These schemes together with the Hanover scheme acquired last year and the already completed warden house conversions, relates to the delivery of 74 replacement homes and 98 new homes against our Corporate Delivery Plan target of investing in 150 new homes by March 2017. Further sites have been identified to enable the Council to exceed this target.
- 4.2 The recent tenders are in line with the revised budgets, as assessed by our cost consultants, and confirms the rise in build prices from earlier on in the year, as reported at the previous meeting. The programme, if Fountain Crescent proceeds, currently stands at £19.8 million against a budget of £19.5 million to deliver 165 new homes, against a target of 150, and the completion of the regeneration projects. The programme can be brought within budget by applying for further grant from the HCA through its CME process or by delivering closer to the target of 150 new homes.
- 4.3 It has taken longer to work through some of the issues raised in some of the tenders and to satisfy some of the pre commencement conditions so that we have contracts that are acceptable to the Council to enable a physical start on site to be achieved. This impacts on the spend profile. However we are in a position where, by the end of 2014/15, over 50% of the programme budget is due to have been committed.