

Cheltenham Borough Council
Cabinet – 22nd Jan 2019

Housing Revenue Account New Build at Monkscroft Villas

Accountable member	Councillor Peter Jeffries, Cabinet Member Housing
Accountable officer	Martin Stacy, Lead Commissioner – Housing Services
Ward(s) affected	Hesters Way
Key Decision	No
Executive summary	The report seeks approval in principle to the construction of 29 new units at Monkscroft Villas, Princess Elizabeth Way and to go out to tender to seek bids from potential contractors to build the development. The scheme proposes development on existing HRA land that currently comprises of 3 terrace houses all in a state of disrepair and vacant. No commitment to contract will be made before planning decision and tendered costs and adjusted viabilities have received Cabinet and Council approval in 2019.
Recommendations	Cabinet is recommended to :- <ol style="list-style-type: none">1. Approve in principle the construction of 29 new units at Monkscroft Villas, Princess Elizabeth Way as set out within this report.2. Approve the Authority to seek bids from potential contractors to build the new housing for the Authority.3. Note that a further report will be brought back to Cabinet and Council to seek approval to the Authority undertaking the development and to approve the award of the contract to the successful contractor
Financial implications	Contact officer: Paul Jones As detailed in the exempt appendix (Appendix 2). <u>paul.jones@cheltenham.gov.uk</u> 01242 264365

Legal implications	<p>The Authority has power under Section 9 of the Housing Act 1985 to build new housing accommodation on land it owns for that purpose. Land in the area which was comprised of public open space was approved for appropriation to housing purposes by Cabinet on 10 July 2018. The formal appropriation will need to take place before works commence.</p> <p>When the Council sold dwellings in the area under the right to buy, by virtue of the Housing Acts the purchasers acquired various rights of support, use of services and access for maintenance etc. The burden of these rights in general terms is noted on the Council's title registered at HM Land Registry. However, there are no known third party rights affecting the land.</p> <p>The Authority's Contract Rules and the Public Contracts Regulations 2015 will need to be complied with when looking to appoint a contractor and the professional team to design and build the new housing. All contractual and legal documentation prepared or approved by One Legal must be entered into before work commences.</p> <p>Contact officer: Donna Ruck, Solicitor, donna.ruck@tewkesbury.gov.uk 01684 272696</p>
HR implications (including learning and organisational development)	There are no direct HR implications arising from this report.
Key risks	Please see risk assessment at Appendix 1 of this report
Corporate and community plan Implications	By increasing the provision of new affordable housing we will be supporting our key strategic objective of strengthening our communities.
Environmental and climate change implications	The proposal will improve the area as the land currently comprises of 3 terrace houses and due to subsidence issues, these have been vacant for over a year.
Property/Asset Implications	<p>Contact officer: Dominic Steed, Head of Property Services dominic.steed@cheltenham.gov.uk, 01242 264151</p>

1. Background

This scheme represents a continuation of the Housing Revenue Account (HRA) development programme which has seen 39 new units delivered since 2016.

The Council's managing agent, Cheltenham Borough Homes (CBH), has been working with Council officers in the Operational Working Group (OWG) to establish a suitable scheme for the existing land known as Monkscroft Villas on Princess Elizabeth Way, Hesters Way, Cheltenham. The land currently comprises of 3 terrace houses and due to subsidence issues, these have been vacant for over a year.

Working with a design team, CBH have undertaken an option appraisal exercise and worked through feasibility taking into account current housing needs, surrounding developments and existing infrastructure whilst also having regard to any potential future proposals for Hesters Way under the Cheltenham West regeneration project. The range and design of new homes has been agreed with OWG members and proposals consulted with local ward councillors. A very positive pre-application exercise has been undertaken with CBC planning and extensive discussions and agreement with Gloucestershire Highways finalised to secure access off Princess Elizabeth Way.

2. Scheme Details

The redevelopment of Monkscroft Villas will involve the demolition of 3 redundant houses. One of those properties was found to be suffering subsidence and has been vacant for over two years. The other two properties remained tenanted until other suitable accommodation could be found and those residents were re-housed in late 2017. As part of the redevelopment works, robust site investigation and modern foundation design will overcome the issue with the existing properties which has been found to have inadequate sub-structure foundations.

The planned development is to provide 29 homes which comprise of:-

A block of 27 flats across 3 and 4 storey accommodation with 18 x 1 Bed Flats, 6 x 2 Bed Flats, 3 x flexi flats which are larger 1 bedroom flats with the ability to become two bedroom flats should the need arise. The block will also benefit from lift access, mobility scooter storage and be built to lifetime homes criteria and comply with the national space standards in terms of room sizes and circulation spaces.

To complement the flats, the scheme will also have 2 x 2 bedroom houses and parking spaces on the land that has been formerly used by the grounds maintenance team and has now been appropriated to the HRA to form part of the development site.

The sites are all in CBC ownership and there are no acquisition costs.

There are no known third party rights affecting the land. Gloucestershire Secured by Design Officer has been consulted and his requirements and guidance has been implemented into the design.

Should planning permission be secured, the intention is to proceed to tender with a view to the programme for the development starting on site in July 2019, with a build time of 15 months. A robust cost plan has been produced for the scheme, and current cost estimates are provided at Appendix 2 (exempt). Funding for the scheme will be from a combination of Right to Buy receipts, HRA revenue reserves, Homes England grant and borrowing, dependent upon the tenures chosen for the site.

The tenure of the units is yet to be determined and a number of potential scenarios are currently being modelled for financial viability. A final decision will be taken at a later date but this does not

change the need to obtain planning approval and tender for a principal contractor.

3. Performance monitoring and review

CBC-CBH Operational Working Group will continue to oversee the delivery of this project, alongside the other development opportunities that materialise as part of the current pipeline of work. Taking account of current cost estimates it is expected this proposal will provide a financially viable scheme with positive cash flows from year 1.

4. Consultation and feedback

These proposals have been developed through consultation with key stakeholders including Ward Councillors and formal pre-application planning advice has been obtained for this site.

5. Recommendations

Cabinet are asked to confirm their support for the proposed development and approve the decision to proceed to tender.

Report author	Contact officer: Dave Milner. Development Project Manager, CBH <i>dave.milner@cbh.org</i> 01242 387530
Appendices	1. Risk Assessment 2. Financial Statement (confidential) 3. Proposed Site Plan and Floor Plans
Background information	None

Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If subsidence is replicated on the new development that occurred on existing properties, then the new properties could become uninhabitable	Dominic Stead	Aug 2018	5	1	5	Accept	Desk top study undertaken. Robust detailed Site investigation to be undertaken and adequate sub-structure works (foundations) to be constructed.		Dave Milner (CBH)	
	If the capital receipts held from RTB sales under the retention agreement with MHCLG are not used within 3 years of receipt they are repayable with interest to the Government	Paul Jones	July 2018	3	3	9	Reduce	Officers from CBC and CBH are currently evaluating this and other sites for new build development to ensure procurement and delivery timescales will allow use of these funds before expiry	Dec 2018	Martin Stacy (CBC) Stafford Cruse (CBH) Dave Milner (CBH)	
	If market conditions lead to less labour being available to deliver required works, then tenders may exceed current estimates.	Tim Atkins	July 2018	4	3	12	Reduce	Discuss the tender in advance with suitable contractors. Give sufficient time to contractors to return the tenders and discuss supply chains with potential contractors as part of the exercise.		Dave Milner (CBH)	

								Project will only proceed once financial viability has been approved by Council.			
Explanatory notes Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical) Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability) Control - Either: Reduce / Accept / Transfer to 3rd party / Close											