

Executive Board – 18 February 2020

Subject:	Redevelopment of former Eastglade School and Southchurch Court garages site for new Council housing
Corporate Director(s)/Director(s):	Chris Henning Corporate Director, Development and Growth
Portfolio Holder(s):	Councillor Linda Woodings, Portfolio Holder for Planning, Housing and Heritage
Report author and contact details:	Fran Cropper Regeneration Team Leader, Development and Growth Directorate Email: fran.cropper@nottinghamcity.gov.uk Phone: 0115 8763956
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Total value of the decision:	See exempt appendix
Wards affected:	Bestwood, Clifton East
Date of consultation with Portfolio Holder(s):	31 January 2020
Relevant Council Plan Key Theme:	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
This report proposes the appointment of Nottingham City Homes (NCH) to develop these two City Council-owned sites for c.142 new Council homes, subject to costs being within the funding envelope set out in the exempt appendix, and to the demonstration of value for money. These developments will contribute towards achieving the Council's commitment to build 1,000 new social homes for rent by 2023.	
Exempt information:	
An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial and business affairs of the authority, and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it could prejudice contract negotiations.	
Recommendation(s):	
1	To approve the budget for the construction of c.142 new Council homes and associated costs within the funding envelope set out in the exempt appendix, with the corresponding amendment to the Housing Revenue Account (HRA) capital programme.
2	To authorise Nottingham City Homes (NCH) to appoint contractors for the redevelopment of both sites, subject to tenders being returned within the funding envelope set out in the exempt appendix, and to the demonstration of value for money, and to the completion of the legal

formalities required for the appropriation of the site to the HRA.

- 3** To approve the expenditure of £800,000 of Section 106 Affordable Housing contributions, made in line with the planning conditions for developments at Haywood School (planning ref. 14/0436/PFUL) and Woodhouse Park (planning ref. 13/01703/POUT), towards the cost of development on Eastglade.

1 Reasons for recommendations

- 1.1 These developments will contribute 142 new homes towards achieving the Council's commitment to build 1,000 new social homes for rent by 2023.
- 1.2 NCH has submitted a planning application (ref.19/02811/PFUL3) to build 106 Council homes on the former Eastglade School site, as the Council's developer agent. The proposed development, consisting of 23 x 1 bedroom apartments, 63 x 2 bedroom houses and 20 x 3 bedroom houses, will provide much needed new, high quality social homes for affordable rent. It will also enhance the local neighbourhood by making constructive use of this site, which has been vacant since the closure of the school in 2007. The 3.05 ha (7.53 acres) development site, which also includes some Leisure amenity land, will need to be appropriated to the HRA at market value.
- 1.3 The redevelopment of the Southchurch Court garages site will consist of c.36 x 1 bedroom apartments. This will provide much needed new, high quality social homes for affordable rent, and will make better use of a surplus garage site which is currently used by NCH for storage. Demand for singles and couples accommodation is very high across the city and Clifton; it comprises half of the demand on the housing waiting list.
- 1.4 The Council has accumulated an increasing amount of Right to Buy replacement funding which can be used to meet up to 30% of the cost of developing new Council housing. If this funding is not spent within a certain period it has to be repaid with interest. These developments will be eligible for this funding as they are a net gain of affordable homes.
- 1.5 The funding envelope set out in the exempt appendix is based on high level cost estimates. These include allowances for contingencies and risk. If tendered prices were higher than the approved funding envelope, a further approval would need to be sought to increase the project budget while remaining within the Council's affordability criteria for capital schemes.
- 1.6 There is currently £800,000 of Section 106 Affordable Housing commuted sums available to be put towards improving the viability of the Eastglade site. £252,525 is from planning application 14/00436/PFUL3 Haywood School, Edwards Lane. The balance of £800,000 (£547,475) is from planning application 13/01703/POUT Woodhouse Park. This Section 106 contribution to the funding of the Eastglade development is justified by the additional costs imposed by the challenging topography of the site and lack of existing infrastructure. Under both agreements, the Council is obliged to use the affordable housing commuted sum 'towards the provision of Affordable Housing within Nottingham City'. This project meets this definition.

2 Background (including outcomes of consultation)

- 2.1 The Eastglade site is surplus to the needs of Education Strategy, and has been given Secretary of State approval to be released from educational use. Delegated Decision 3496 gave authority to the Corporate Director of Development and Growth to appropriate the General Fund land to the HRA at market value, on the grant of planning permission for residential development.
- 2.2 The HRA garages at Southchurch Court have been declared surplus and approval given for their demolition (DD 1457). Until recently the garages were used by NCH for storage, for which an alternative location has been found. Once vacant, the garages will be demolished as part of the main construction contract.
- 2.3 NCH will act as the Council's agent and engage contractors in accordance with its own procedure rules and national legislation to ensure procurement compliance.
- 2.4 The utilisation of Section 106 funding requires consultation to be held with the local Area Committee in which the funding will be spent, which is Bestwood, Bulwell and Bulwell Forest Area Committee. The Chair and the vice-chairs were consulted on 16 January 2020 and 23 January 2020 and are supportive of the proposal.
- 2.5 The Eastglade planning application is currently under consideration and has been consulted upon, with local Councillors and the public.
- 2.6 The Southchurch planning application will be submitted in February 2020. The Clifton East Councillors have been consulted on the principle of new development and are supportive. Formal consultation will be held during the planning process.

3 Other options considered in making recommendations

- 3.1 Do nothing. This option has been rejected for both sites because of the need to provide additional affordable housing to meet the high level of need, the shortage of available sites within the Council's control, and the poor use of the sites as they currently stand.
- 3.2 Disposal for private development. This option has been rejected for both sites because it would not contribute towards achieving the Council's commitment to build 1,000 new social homes for rent by 2023, and because neither site is likely to be commercially viable.
- 3.3 Eastglade: an alternative approach to the development of this site, involving innovative energy efficient community housing alongside new growing allotments, was explored but no viable option could be found. This was primarily due to the high costs associated with the challenging topography of the site. The current proposal, which increases the number of new homes, lowering the cost per unit of groundworks and retaining structures, represents the most deliverable option.

Southchurch: the option to build family houses on this site was considered but rejected; as the site could only accommodate 8 to 10 family homes, the very high unit costs would have made this option financially unviable.

4 Finance colleague comments (including implications and value for money/VAT)

- 4.1 See exempt appendix for advice.

Teresa Channell, Head of Strategic Finance, Tom Straw, Senior Accountant (Capital Programmes), Julie Dorrington, Senior Accountant (Housing Revenue Account) 31st January 2020

5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 5.1 Legal Services will support and undertake the necessary formalities to ensure that the land can be formally appropriated to the Housing Revenue Account. This needs to be completed before any development contract is awarded (unless on a conditional basis) and before any actual development commences.

In overall terms the proposal raises no issues of significant legal complexity but will require legal resource to be applied to it on an ongoing basis to ensure that the development is delivered in a legally compliant and timely manner having regard to any identified risks or incumbrances.

Malcolm R. Townroe, Director of Legal and Governance 29th January 2020

6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)

- 6.1 Strategic Assets and Property support the construction of new Council houses on the former HRA garage site at Southchurch Court.
- 6.2 Strategic Assets and Property also support the transfer of the former Eastglade School site which extends to approximately 6 acres with approximately 0.9 acres of Communities land to the HRA for the proposed scheme on the former Eastglade school site. The transfer is to be at market value which will be finalised once all abnormal site development cost have been determined and agreed. Secretary of State Approval to the disposal of the former school site was granted in June 2017 on the understanding that the capital receipt will be reinvested by the Council as detailed in the application. It is proposed that public consultation notices in accordance with the Local Government Act 1972, s122 (2a) will be published in respect of the appropriation and that, if any objections are received, these will be reported to a future committee.

Rod Martin, Property Development Manager 27th January 2020

7 Social value considerations

- 7.1 The new developments will benefit the community by providing high quality social homes for rent on sites that are not in use or are under-used. This will help to meet the need for new affordable homes and will enhance the neighbourhoods by making more constructive use of the land. Employment and training opportunities for local people will be generated through the construction process.

8 Regard to the NHS Constitution

8.1 Not applicable.

9 Equality Impact Assessment (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because the recommendations in this report do not constitute any change to the Council's policies or procedures which might have an adverse effect on citizens within any protected characteristic groups.

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

10.1 None

11 Published documents referred to in this report

11.1 Delegated Decision 3496 – Development of Eastglade (April 2019)

11.2 Delegated Decision 1457 – Demolition and clearance works to garage sites city wide (May 2014)