

**Executive Board  
22 February 2022**

<b>Subject:</b>	Development of Oakdene, St Ann's for New Council Housing
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose, Corporate Director for Growth and City Development
<b>Portfolio Holder(s):</b>	Councillor Linda Woodings, Portfolio Holder for Housing, Planning and Heritage
<b>Report author and contact details:</b>	Ceri Davies, Regeneration Team Leader <a href="mailto:ceri.davies@nottinghamcity.gov.uk">ceri.davies@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Mark Lowe, Head of Regeneration and Housing
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(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	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Considered by Capital Board: 17 January 2022	
<b>Total value of the decision:</b> Exempt	
<b>Wards affected:</b> St Ann's	
<b>Date of consultation with Portfolio Holder(s):</b> 29 November 2021	
<b>Relevant Council Plan Key Outcome:</b>	
Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Healthy and Inclusive	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Financial Stability	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

The report proposes that Nottingham City Homes (NCH) Limited (which is distinct from Nottingham City Homes registered provider or other subsidiary) develops the site of the former Oakdene Day Centre on Woodborough Road, St Ann's with around 24 new Council homes to be let at affordable rents. The homes will be held within the Housing Revenue Account (HRA) and funded through a combination of Right to Buy Replacement Fund receipts, Section 106 monies and prudential borrowing. This is subject to the contractors' tenders being within the funding envelope set out in the Exempt Appendix, and the demonstration of value for money. This development will contribute towards achieving the Council's commitment to increase the number of social, affordable and homes for the homeless by 1,000 by 2023.

**Does this report contain any information that is exempt from publication?**

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 or business affairs of any particular person (including the authority holding that information) 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 the report contains sensitive financial details that, if published, could prejudice both the Council's position in ongoing contractual negotiations and its ability to secure best value.

**Recommendation(s):**

1. To approve the budget for the construction of around 24 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 capital programme.
2. To agree that the Prudential Borrowing savings from the amended scheme at Oakdene are set aside to mitigate cost inflation within other approved new build schemes, and that any net borrowing savings are to be taken as a Capital Programme reduction and incorporated in the Council's Voluntary Reduction Policy.
3. To utilise uncommitted Section 106 monies towards the cost of the scheme, in order to protect the contributions from being returned or refunded, and use them in the development of new affordable housing.
4. To note that, in accordance with the recently issued Section 114 Notice, management controls are being applied prohibiting the Council entering in to new agreements and spending commitments with Nottingham City Homes unless expressly approved in writing by the Section 151 Officer, in consultation with the Chief Executive and the Monitoring Officer, as appropriate, and that the Section 151 Officer has confirmed the proposal outlined in this report represents an appropriate use of Housing Revenue Account funds.

## **1. Reasons for recommendations**

- 1.1 This proposal supports the Council's housing strategy, 'Quality Homes for All' (2018-21) in providing good quality Council homes.
- 1.2 This development will contribute towards achieving the Council's commitment to increase the number of social, affordable and homes for the homeless by 1,000 by 2023.
- 1.3 The homes will be carbon efficient, with a fabric first approach. The homes will be energy efficient with an aim to attain an 'A' SAP rating. Car charging points and solar panels will be provided on homes where appropriate.
- 1.4 The site at the former Oakdene Day Centre was declared surplus to requirements for the Children and Adults department on 2 October 2019 (through Delegated Decision 3663) and the building has been demolished.
- 1.5 Authority was delegated to the Director of Strategic Assets and Property to finalise the terms of the appropriation of the site from the General Fund to the HRA and transfer holding costs to the HRA by Delegated Decision 3684. The land receipt was transferred to the General Fund in 2019/20.
- 1.6 The principle of utilising the Oakdene site for new Council housing was established in Delegated Decision 3896, which approved the construction of 48 new Council homes on the site. The original scheme did not progress as the tender process and emergent design issues indicated that the scheme costs could not be contained within the approved financial envelope. As the revised scheme and its budget is significantly different from that approved by this decision, a new approval is being sought.
- 1.7 Within the abovementioned report, NCH was authorised to act as the Council's developer agent and to tender and manage contracts on behalf of the Council, and for the Council to enter into contract for the work to develop the site.
- 1.8 The Council has accumulated Right to Buy Replacement Funds, which can be used to meet up to 40% of the cost of developing new affordable housing. If this funding is not spent within five years of receipt it has to be paid to central Government plus interest above the base rate. This development will be eligible for this funding as they are a net gain of affordable homes.
- 1.9 The Council has also accumulated Section 106 affordable housing contributions in the form of commuted sums from developers, which can be spent on the delivery of new affordable housing on sites other than those which the contribution arose from, and are required to be committed with a set time frame. This development is eligible for Section 106 affordable housing spend.
- 1.10 The scheme will be submitted for planning approval and will go through formal planning consultation. Therefore, scheme design and detail is subject to change. The scheme is for 24 homes including ten 2 bed houses, five 3 bed houses and nine 1 bed apartments. All these homes are in high demand in St Ann's.

- 1.11 The scheme will create better connected and safer neighbourhoods by improving the quality of the built environment, and through the Secure by Design framework, which will help to both reduce crime and the fear of crime.
- 1.12 Recommendation 2 relates to wider pressures in the Public Sector Housing Capital Programme regarding exceptional construction cost inflation. Prudential Borrowing savings are to be retained in the Capital Programme until risk is mitigated.

## **2. Background**

- 2.1 A RIBA Stage 3 report and the financial performance of the revised scheme were considered by the Building a Better Nottingham Steering Group (BABN) on 20 December 2021. BABN recommended that an enhanced eco scheme be developed on the Oakdene site, the costings of which are set out in the Exempt Appendix. These recommendations will also be submitted to Capital Board on 17 January 22.
- 2.2 Local ward councillors have been consulted and are supportive of the scheme.
- 2.3 The statutory planning process will give residents and stakeholders an opportunity to make representations about the scheme.
- 2.4 NCH will act as the Council's development agent and will ensure procurement complies with the Council's Contract Procedure Rules and with the Public Contract Regulations (2015). The option of appointing other organisations to act as the developing agent was considered, but was discounted as the NCH New Build Development Team had successfully delivered several good quality new build schemes with similar house types for the HRA in the previous two years. In August 2021, the Council's Building a Better Nottingham Steering Group reviewed the performance of the NCH New Build Team and concluded that they had confidence that the team was robustly managing contractors. The team had demonstrated it had the right level of skills and competence to manage the construction contracts and development process to ensure all schemes were delivered within budget at an acceptable and competitive fee level.

NCH's Assistant Director of Finance and Procurement has confirmed, in writing, that the procurement of contractors to complete new build work for the Council, procured by NCH on the Council's behalf, will be carried out in compliance with the Council's Contract Procedure Regulations and Public Contracts Regulations.

- 2.5 The scheme was subject to a Project Assurance Group Review on 7 December 2021, with a Management Action Plan put in place.

## **3. Other options considered in making recommendations**

- 3.1 To do nothing: this option is rejected as development will contribute towards meeting the Council's housing delivery targets, as well as providing much needed new social homes for rent. It will also maximise the benefit of a Council owned asset.

- 3.2 To carry out a market sale: this option was rejected as it would not provide the Council with a necessary degree of control over the quality and delivery of the new housing and would result in fewer affordable housing units, which are much in demand in this area of the City.
- 3.3 To develop the site with 48 apartments, based on the original scheme for which planning permission had been secured: this option is rejected as it would require an increase in the funding envelope and there were concerns about the buildability of the original scheme designs.

#### 4. Consideration of Risk

- 4.1 The following are the key risks to the project identified at this stage:

<b>Risk</b>	<b>Mitigating action</b>
Impact of coronavirus/Brexit on construction industry affects financial viability and deliverability of the project, i.e., increased costs of materials/labour, supply chain delays	Monitor industry trends and explore alternative ways to secure and store supplies
Delays to project impact on the spending of RTB replacement funding	In the event of the scheme being delayed there would need to be alternative schemes brought forward to use the expenditure
Failure to secure planning approval	Have pre-planning meetings with Planners and incorporate any key issues raised

#### 5. Finance colleague comments

- 5.1 Contained in the Exempt Appendix.

#### 6. Legal colleague comments

- 6.1 This report seeks approval for the budget for the proposed Oakdene scheme. As such, there are no direct legal implications arising. With regard to the procuring of contractors, it is understood that NCH are acting as the procuring agent for the Council and have responsibility for undertaking the procurement process. It must be kept in mind however that the Council remains the contracting authority and will be the contracting party in any awarded contract, and therefore any procurement process must be in compliance with the Council's Contract Procedure Rules and reflect any Council policies.
- 6.2 With regard to the recommendation to use Section 106 funding then, subject to the use of the funding being in accordance with the covenants contained within the Section 106 Agreement, then there are no legal concerns arising.

Comments provided by Naomi Vass, Team Leader – Commercial, Employment and Education, on 1 February 2022.

## **7. Property colleague comments**

- 7.1 The proposals contained in this report do not raise any significant issues for Property Services. The Oakdene site was appropriated from the General Fund to the HRA in 2019. The new development will assist the Council's housing strategy, Quality Homes for All (2018-21) in providing good quality Council homes. Property Services will continue to provide support to the project as required.

Comments provided by Beverley Gouveia, Development and Disposals Manager, on 3 December 2021.

## **8. Procurement colleague comments**

- 8.1 This report is concerned solely with approval for budget for the project, and as such there are no direct procurement implications. However, it was noted that the authorisation for NCH to act as the Council's agent to tender for and appoint a contractor is based on a previous approval (Delegated Decision 3896), which was granted without having sought or obtained advice from Procurement. Given that the Council will be entering into the contract procured by NCH, the Head of Procurement and Commissioning wishes it to be explicitly noted that the procurement must be carried out in compliance with the Council's Contract Procedure Rules and with the Public Contracts Regulations 2015.

Comments provided by Jonathan Whitmarsh, Corporate Procurement Officer, on 16 December 2021.

## **9. Crime and Disorder Implications**

- 9.1 The development will bring a cleared site back into use and reduce the potential for fly-tipping and anti-social behaviour.

## **10. Social value considerations**

- 10.1 The proposed development will contribute to meeting the need for new affordable housing within the city. The construction of the new housing has the potential to benefit the local economy by providing opportunities for local employment and local businesses.

## **11. Equality Impact Assessment (EIA)**

- 11.1 An EIA is not required because the report does not contain proposals for a new or changing policy, service or function.

## **12. Data Protection Impact Assessment (DPIA)**

- 12.1 Not applicable.

### **13. Carbon Impact Assessment (CIA)**

13.1 A CIA is attached as an appendix and due regard will be given to any implications identified in it.

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

14.1 None.

### **15. Published documents referred to in this report**

15.1 Delegated Decision 3684: Prestart work to new residential sites at Chingford, Beckhampton and Oakdene, 25 October 2019

<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5022>

15.2 Delegated Decision 3896: Development of Oakdene, Woodborough Road, St Ann's for new Council housing, 6 June 2020

<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5238>

15.3 Delegated Decision 3663: Declare Oakdene residential care home surplus to requirements, 2 October 2019

<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=4999>