

Executive Board – 11th February 2025

Subject:	Development of site of United Reform Church, Clifton for Social Housing
Corporate Director(s)/Director(s):	Nicki Jenkins, Interim Corporate Director for Growth & City Development Geoff Wharton, Consultant Strategic Director of Housing
Executive Member(s):	Cllr Jay Hayes, Executive Member for Housing and Planning
Report author and contact details:	Ceri Davies, Regeneration Team Leader Ceri.davies@nottinghamcity.gov.uk x.63530
Other colleagues who have provided input:	Beverley Gouveia – Interim Director of Economic Development & Property David Worthington – Interim Senior HRA Accountant Tom Button – Team Leader, Contracts and Commercial Dawn Cafferty – Interim Head of Procurement
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 £750,000 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 If Capital, provide the date considered by Capital Board Date: 22nd January 2025	
Total value of the decision: £6.399m	
Section 151 Officer expenditure approval Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/a Spend Control Board approval reference number: Not applicable	
Commissioner Consideration Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.	
Wards affected: Clifton East	
Date of consultation with Executive Member(s): 23rd September 2024	
Relevant Council Plan Key Outcome:	
Clean, Green 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"/>
Living Well in Our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Serving People Well	<input type="checkbox"/>

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

Development of the site of United Reform Church in Clifton East by Nottingham City Council for social housing. The site is in the HRA and the development will be accounted for in the Housing Revenue Account, the scheme funded by a combination of Right to Buy Replacement Fund Receipts (RTB RF) and HRA revenue contribution if required.

The scheme capitalises on the recently enhanced accessibility of RTB RF to entirely fund new social housing and would deliver 35 homes assisting in address of NCC's 10,000 plus waiting list and homelessness pressures to the General Fund.

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

Appendix A 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 financial considerations 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 may jeopardise value for money in the procurement phase of the scheme.

The legal advice in this appendix is exempt from publication under paragraph number 5 of Schedule 12A to the Local Government Act 1972 because it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings relating to a proposed decision 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 contains confidential legal advice in respect of the proposed decision and disclosure could prejudice the Council's position.

Recommendation(s):

- 1** To approve the development of site of united reform church for 35 units of social housing and this be reflected in the capital programme.
- 2** To approve the use of RTB Replacement receipt and HRA resource to fund the capital expenditure on this scheme.
- 3** To approve the tender of the construction phase of this scheme, and appointment of contractors thereafter, subject to a compliant procurement route.
- 4** To delegate approval to appoint and enter into contracts resulting from the compliant procurement process, to the Corporate Director for Growth and City Development

1. Reasons for recommendations

- 1.1 NCC currently has over 10,000 households on its housing register and faces significant general fund pressures from homelessness regarding the use of nightly paid temporary and emergency accommodation. Increasing the housing stock will allow for the allocation of both secure tenancies and temporary accommodation, creating throughput in established temporary accommodation and therefore reducing use on nightly paid accommodation from the private sector (e.g. Hotels). The scheme has been redesigned to include 35 flats as this will maximise the units we can deliver, considering site constraints
- 1.2 Increasing the HRA housing stock will help secure the necessary rental income over the medium to long term which is vital for replenishment of the repairs reserves.
- 1.3 Changes to the RTB RF retention agreement allowing schemes to now be 100% funded by these receipts are in place until 31st March 2026 until review,

therefore maximum benefit is gained from assigning and spending in this period.

2. Background (including outcomes of consultation)

- 2.1 The site of United Reform Church was purchased by NCC in 2020 (DDM – 3786) having been declared surplus by the East Midlands Synod, and there being a clause in favour of Nottingham City Council to be offered first refusal on the land.
- 2.2 The land was purchased with the sole intention of it being used for the development of social housing and being added to the capital programme pipeline for development.
- 2.3 Delivery for social housing allows NCC to fund the scheme wholly through RTB RF as a result of recent government announcements on the Right to Buy Receipt Retention Agreement allowing Councils to use RTB RF to meet up to 100% of the cost of development, whereas it had previously been capped at 50%. The changes to the RTB RF spending rules are confirmed up until 31st March 2026, after which they will be reviewed again. There is sufficient RTB RF available to complete the scheme if the rules remain the same and sufficient HRA revenue resource (without borrowing) if the RTB RF once again needs to be matched 50%.
- 2.4 A revised scheme is for 35 flats and seeks to maximise the footprint of the site. The design will be subject to gaining planning permission. The change in the potential number of units has reduced the unit costs and had a positive impact on the financial model.
- 2.5 The scheme will be accounted for in the HRA and let as affordable housing via the allocations policy, therefore helping meet housing need.
- 2.6 The allocation of secure tenancies to homeless households currently in priority need and currently in temporary accommodation, will allow capacity to be released in temporary accommodation and therefore reduce reliance on private/market nightly paid accommodation, which is a significant burden to the General Fund at a cost of c.£39,000 per household per annum.
- 2.7 Development and Procurement teams will set out a comprehensive and compliant route to market tender process for new build schemes entering the capital programme.
- 2.8 Contractors will be appointed pursuant to the outcome of this compliant procurement strategy, and approval to enter into contract from the Corporate Director of Growth and City Development.
- 2.9 The scheme will be monitored via Major Programmes and Building A Better Nottingham.
- 2.10 Within the cost estimates contingency has been included to cover any unforeseen costs and potential construction inflation. The use of the contingency will be managed to minimise the amount required and thus reducing the overall cost of the scheme.
- 2.11 The specification for new build affordable housing is designed to minimise future maintenance costs and the ongoing costs to the tenants who will reside in the properties. The provision of Photovoltaic panels and a fabric first philosophy will be adopted to maximise the opportunities to achieve an EPC A rating.

3. Other options considered in making recommendations

- 3.1 To sell the site (Rejected): The site is accounted for (owned by) the Housing Revenue Account, which has far less pressing requirement to generate capital receipts at present. The land is viable for development and to use any receipt

to purchase an equivalent would not present better value for money. The financial means are available to deliver this site for social housing, which present the best over all value to the council in meeting its housing needs and reducing pressures on homelessness accommodation.

- 3.2 To retain the vacant site (Rejected): To leave the site as is, and undeveloped, would waste the potential of the site to deliver to meet NCC's need at time when development expenditure is most readily met through RTB RF.

4. **Consideration of Risk**

- 4.1 Site abnormals – should abnormals or additional costs be uncovered during the construction phases, contingency has been built in on the construction costs and the overall scheme costs.
- 4.2 Reversion of RTB spend regulations. Should the RTB RF spend rules revert to less than 100% scheme costs, there are sufficient HRA resource in the form of reserves, revenue contributions to capital and funding freed up by the reprofiling existing schemes under the new rules, to meet the costs between April 2026 and completion.

5. **Best Value Considerations, including consideration of Make or Buy where appropriate**

The scheme will be delivered for Nottingham City Council and homes held in the HRA, which presents best value to our residents in terms of rents and best value to the council in terms of allocations.

Delivering the site for social housing, ensures that the additional supply directly impacts the portion of the housing market and housing need, that is most required – affordable housing – the absence of which also incurs the most acute costs in respect of temporary and emergency accommodation.

The construction of the scheme will be procured via competitive tender, ensuring best value on balance of quality and deliverability within timescales.

The scheme is majority funded by RTB RF and potentially HRA reserve/revenue contribution to capital, there is no requirement for HRA borrowing to be used, therefore no debt to accrue interest.

6. **Commissioner comments**

- 6.1 The Commissioners are content with the report

7. **Finance colleague comments (including implications and value for money/VAT)**

- 7.1 The report requests approval to include in the Housing Capital Programme the development of land formerly of the site of the United Reform Church. The land was purchased by the Council in 2020 for the development of social housing and is accounted for in the HRA.
- 7.2 In July the new Government announced changes to rules regarding the use of restricted RTB receipts. For 2024/25 and 2025/26 only Councils can finance acquisitions and all eligible new build schemes with 100% restricted RTB receipts. The change in the rules provides the Council the opportunity to develop the site as intended when the land was purchased.

7.3 An investment appraisal has been carried out and over a 50-year period there is a positive net present value (NPV) for this project. The increase in the number of units to 35 has helped the appraisal and the pay-back period is forecast to be 27 years. The results of the NPV calculation are shown in the table below

	United Reform Church
Years	HRA Development
	NPV
	£m
5	(0.196)
10	(0.272)
20	1.119
50	2.963
Total	3.614

7.4 It is estimated that the development will be completed in 2027/28 when only 50% of the expenditure can be financed by restricted RTB receipts. The latest monthly monitoring of restricted RTB receipts indicate that there will be sufficient receipts available to fund the project. The remaining capital expenditure will be financed by direct revenue contributions and the current medium-term financial plan indicates that there will be sufficient resources to fund the project without borrowing.

David Worthington Interim HRA Accountant – 17th January 2025

8. Legal colleague comments

8.1 Recommendations 4-6 are asking for authority to develop and execute a procurement strategy for the delivery of the project and to enter into any relevant contracts pursuant to the outcome of that strategy. The most suitable contracting arrangements and procurement processes (which may include an open tender or the utilisation of an existing framework agreement) will be determined in consultation with the Corporate Procurement Team and, where required, Legal Services. In any event, they must be in accordance with the Council's Constitution and relevant laws, including the Public Contract Regulations 2015.

8.2 Whilst Legal Services can support with some of the contractual arrangements that may be required, where the contracts relate to construction activity, those contracts will need to be sourced from external law firms who possess that expertise. Legal Services is happy to support colleagues using a process to identify and instruct an external law firm via a framework following a mini-competition or, with justification, a direct award. Colleagues should factor both the costs and time required for a process into their planning.

Tom Button, Contracts and Commercial, 18th November 2024

9. Other relevant comments

Strategic Assets & Property are in support of this decision as it will see the development of much needed housing in the city. The site is owned by the HRA

and as such has not been considered in the Council's review of its assets. Strategic Assets & Property will assist with property advice if required.

Advice provided by Beverley Gouveia, Head of Property. 11th October 2024.

There are no concerns or significant risks to highlight from the procurement perspective. The Commercial hub will support the service with a compliant procurement exercise in line with public procurement legislation and Contract Procedure Rules

Dawn Cafferty, Interim Head of Procurement, 27th January 2025

10. Crime and Disorder Implications (If Applicable)

10.1 n/a

11. Social value considerations (If Applicable)

11.1 n/a

12. Regard to the NHS Constitution (If Applicable)

12.1 n/a

13. Equality Impact Assessment (EIA)

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

No



An EIA is not required because this is a vacant site. The resulting new homes will be allocated via the allocations policy which is subject to its own extensive EIA.

Data Protection Impact Assessment (DPIA)

13.2 Has the data protection impact of the proposals in this report been assessed?

No



A DPIA is not required because this decision does involve the collection of data

14. Carbon Impact Assessment (CIA)

14.1 Has the carbon impact of the proposals in this report been assessed?

Yes



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

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

15.1 None

16. Published documents referred to in this report

16.1 Purchase of site of united reform church - [DD3786.pdf](#)