

EXECUTIVE BOARD – 24 February 2015

Subject:	New Build Tender Awards for Meadows and Cranwell Road		
Corporate Director(s):	David Bishop, Deputy Chief Executive/Corporate Director for Development and Growth		
Portfolio Holder(s):	Councillor Dave Liversidge, Portfolio Holder for Community Safety, Housing and Voluntary Sector		
Report author and contact details:	Sue Foster, Senior Project Manager 0115 876 3412 Susan.Foster2@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<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	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £1.338 million			
Wards affected: Bilborough; Bridge		Date of consultation with Portfolio Holder(s): 29/01/2015	
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour			<input checked="" type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input checked="" type="checkbox"/>
Help keep your energy bills down			<input checked="" type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
This report supports the Council's policy to continue to build council houses and to bring all social housing up to the Decent Homes Standard. As part of the changes in the Housing Revenue Account (HRA) system, the Council have had the opportunity to remove from use a number of council homes that are in the worst condition and the least popular in the city. In addition to the chance to replace these life expired homes, there is an opportunity to build back a mix of new homes that will support the Council's ambition to provide high quality family housing across the city. In this instance the new developments are in Strelley and the West Meadows (Q Block) area.			
Exempt information:			
None			
Recommendation(s):			
1. To approve the additional funding of £1.338 million required for the build of the Cranwell Road site, to deliver 48 new build homes and the Meadows Site to deliver 54 new build homes.			
2. To delegate authority to the Portfolio Holder of Community safety, Housing and Voluntary Sector, in consultation with the Deputy Chief Executive/Corporate Director for Development and Growth and the Director of Legal and Democratic Services, to sign the contract for the build work for the Cranwell Road and Meadows Sites, subject to costs being within the approved sum.			

1 REASONS FOR RECOMMENDATIONS

- 1.1 There is an opportunity on these sites for the Council to realise its ambition to provide high quality housing and actively regenerate the neighbourhood.
- 1.2 The design and build of the Cranwell Road and Meadows has now been tendered (January 2015) and, the costs have increased from the original overall approval (April 2014) of £10.300m to £11.638m. This increase in costs is partly due to an additional property and partly due to an increase in average inflation on construction costs since the original approval. Therefore additional approval is required.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Executive Board report “HRA Self Financing Programme-future implications for council housing stock” dated 20 September 2011, outlined the Government proposals for the existing HRA subsidy system and replacing it with a new system that allows councils to keep the rent they collect in return for taking a share of the historic national housing debt.
- 2.2 In response to the Government proposals, NCH undertook a stock assessment of approximately 29,000 homes which took account of a number of criteria and then consulted on the list of properties identified for demolition. The September 2011 report approved by Executive Board set out the proposals for the decommissioning and demolition of the identified housing stock and highlighted the opportunity to build back new council housing.
- 2.3 The report also identified that this was an opportunity to realise the Council’s ambition for regenerating these sites. Since September 2011 the Council, in partnership with NCH, has been working to develop plans for the sites (to be delivered by the Council, by a Registered Provider (RP) partner or by a private sector partner). These plans are being developed on a site by site basis to reflect need and demand, the local market, the local housing type and tenure mix, and opportunities to attract investment.
- 2.4 The HRA programme of new council housing is part of a much wider programme of (both affordable and market) housing delivery being actively brought forward through council interventions and support. The Council is working with RPs and private sector development partners on a range of sites to bring forward additional housing, both open market and affordable.
- 2.5 This report updates the council on the work undertaken to develop two critical sites, these are; the Cranwell Road site and the Meadows West site (Q Blocks). A number of options appraisals have been undertaken to develop the most appropriate and effective housing mixes for these sites. The developments will be phased so that the new build follows the programme of the decommissioning and demolition of the existing properties.
- 2.6 The new council homes delivered through the HRA build programme will all be designed to meet the energy efficiency equivalent to the former Code for Sustainable Homes level 4 meaning a lower carbon footprint and reduced bills for tenants. This will contribute towards the Nottingham Plan – our

Sustainable Community Strategy – 2020. All of the properties will also meet the Homes and Community Agencies quality standards for internal size to ensure that there is adequate space for families to live.

- 2.7 At the Cranwell Road site there will be 48 new family homes which are a mix of two bedroom houses, bungalows and one bedroom study apartments. An original funding envelope of £4.385m was approved by Executive Board in April 2014. Following the tender process, this scheme is estimated to cost £5.410m. A contribution of £0.532m has been accepted from a successful HCA bid approved in November 2014. The phasing will mean that the scheme will be complete in November 2016.
- 2.8 At the Meadows site, there will be 54 new homes comprising of two and three bedroom family homes and two bedroom bungalows. An original funding envelope of £5.915m was approved by Executive Board in April 2014. Following the tender process in January 2015, this scheme is estimated to cost £6.228m. A contribution of £0.900m has been accepted from a successful HCA bid approved in November 2014. The phasing will mean that the scheme will be complete in December 2016.
- 2.9 The costs will be financed from the HRA capital programme which includes provision for these works and the successful HCA bid.
- 2.10 The developments have been influenced by the local community and 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.
- 2.11 The total cost of the schemes is based on the returned tenders for both Cranwell and Meadows. NCH is managing the new build on behalf of the Council to deliver the scheme.
- 2.12 The total cost for these schemes is £11.638m and this is broken down as follows:

Site	Number	Type	Rate £m/unit	Total £m
Cranwell	25	Houses	0.117	2.925
	12	Flats	0.109	1.308
	11	Bungalows	0.107	1.177
Meadows	45	Houses	0.117	5.265
	9	Bungalows	0.107	0.963
TOTAL		-	-	11.638

2.13 The costs will be financed from the Housing Revenue Account capital programme and the successful HCA bid which includes provision for these works, and is broken down as follows:

Site	Cranwell £m	Meadows £m	Total Funding £m
HRA funding previously Approved.	4.385	5.915	10.300
HCA funding	0.532	0.900	1.432
Additional HRA Funding.	0.493	-0.587	-0.094
TOTAL	5.410	6.228	11.638

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Not redeveloping these sites was rejected because of the Council's ambition to provide high quality housing and actively regenerate Nottingham's neighbourhoods.
- 3.2 Reducing the specification of the houses to bring them back within the approval. This was rejected as it does not meet the objective of providing high quality housing for tenants.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

4.1 This report requests approval to enter into design and build contracts for 48 units at the Cranwell Road, Strelley site and 54 units in the Meadows. The revised estimated cost and phasing of these works is set out below:

Site	Number of properties	Estimated Total Cost £m	2014/15 £m	2015/16 £m	2016/17 £m
Cranwell Road	48	5.410	0.050	2.580	2.780
West Meadows (Q Blocks)	54	6.228	0.150	2.719	3.359
TOTALS	102	11.638	0.200	5.299	6.139

- 4.2 The estimates have increased by £1.138m from the approval granted by Executive Board in April 2014. NCH colleagues advise this is due to inflation on construction costs and the inclusion of an additional property in the contract.
- 4.3 Since the scheme was approved in April 2014, the City Council has been successful in obtaining HCA grant of £1.432m, as reported to Executive Board in November 2013.

4.4 It is proposed that the total cost of the scheme be financed as follows:

Source	£m
Existing HRA Capital Programme approval	10.300
Less HRA funding not now required	-0.094
HCA grant funding	1.432
TOTAL	11.638

4.5 The cost can be met from provision in the Housing Revenue Account capital programme for Council Housing New Build.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

5.1 The form of contract to be used for the schemes is the NEC3 Design and Build form of contract. This is a standard and widely used form of construction contract and sets out the work to be completed for the cost agreed.

5.2 Third Party issues have been identified by the Council and NCH and will either be mitigated through the planning and tender process or managed through a risk register.

5.3 This report represents the Council's vision for developing new build council housing on the Meadows and Cranwell Road, Strelley, sites. Although decommissioning work is ongoing to provide existing tenants with alternative accommodation this may not be achievable in the timescales set out in this report. As such this remains an ongoing risk to the overall deliverability of the programme. Before signing any contract for the build works the Council will need to be satisfied that this issue will not place undue risk and financial burden on the project.

5.4 In all other regards, on the basis of the information contained in the report, the proposals raise no apparent significant legal issues.

5.5 The developments will create better connected and safer neighbourhoods by improving the quality of the built environment and through the Secure by Design framework. This will help to both reduce crime and the fear of crime.

6 SOCIAL VALUE CONSIDERATIONS

6.1 None

7 REGARD TO THE NHS CONSTITUTION

7.1 Not applicable

8 EQUALITY IMPACT ASSESSMENT (EIA)

8.1 An equality impact assessment is attached. Due regard has been given to the equality implications identified in the EIA.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

10.1 Executive Board report and minutes, 20 September 2011, "Housing Revenue Account Self Financing Programme – future implications for council housing stock"

10.2 Executive Board report, 22 April 2014, "Redevelopment of Cranwell and Meadows Sites"

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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