

24 June 2015		ITEM: 11
Council		
Housing Revenue Account – Housing Development Programme Phase 2		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor Lynn Worrall, Portfolio Holder for Housing		
Accountable Head of Service: Kathryn Adedeji, Head of Housing Investment and Development and Corporate Commercial Services		
Accountable Director: Barbara Brownlee, Director of Housing		
This report is Public		

Executive Summary

Councillors unanimously agreed the following recommendations at the meeting of Cabinet on 10 June 2015:

Note the additional resources which have been obtained to assist with the funding of the second phase of HRA housing development sites which are now ready to be committed as part of the new build development programme within the HRA development reserve and borrowing cap.

To approve proceeding to tender, and delegation to the Director of Housing to the award of contracts, in consultation with the Portfolio holder, for specialist services and construction partners to support the delivery of phase 2 of the Housing Development Programme,

This report sets out details of, and seeks approval to, a second phase of new development activity following successful bids for additional grant and loan funding made in 2014.

The report proposes that the Council should look to utilise the framework agreements procured in 2014 for HRA contracts wherever possible but that authority should be delegated to the Director of Housing to determine the final procurement route.

1. Recommendations

That Council:

- 1.1 Note the additional resources which have been obtained to assist with the funding of the second phase of HRA housing development sites which are now ready to be committed as part of the new build development programme within the HRA development reserve and borrowing cap.**
- 1.2 Agree that the second phase of the HRA housing development programme be included in the Housing Capital programme.**

2. Introduction and Background

- 2.1 Cabinet has received previous reports in 2013 and 2014 on the housing development programme and objectives for the programme have been agreed as follows:
 1. To achieve 1,000 new homes in the next 5 years which are:
 - high quality and affordable,
 - include a range of tenures,
 - linked to estate regeneration opportunities
 2. To explore options for further funding to extend the resources of the HRA.
- 2.2 The first five schemes are progressing well and Seabrooke Rise, Grays and the specialist HAPPI (Housing Our Ageing Population Panel for Innovation) housing at Derry Avenue in South Ockendon are due to start handing over later this year. Bracelet Close in Corringham is on site and the Empty Homes initiative (which replaced the former garage sites now being included in phase 2) has resulted in a number of acquisitions for properties suitable for inclusion in the housing stock and the roll out of a programme, jointly with the probation service, of training and re-habilitation for ex-offenders. Following consultation in Tilbury the Calcutta Road site is now being progressed as a second HAPPI scheme. Together these sites will deliver some 160 homes.
- 2.3 In July and December 2014 Cabinet noted and approved the funding opportunities for which the Council was bidding to increase the resources available to the Housing Revenue Account and, as a result of the success of these, a second phase of schemes are now ready to progress through to procurement. These schemes are all linked to the regeneration opportunities being progressed on the Council estates and are in line with the regeneration master planning taking place in Grays Riverside, Purfleet, South Ockendon and elsewhere.

3. Issues, Options and Analysis of Options

- 3.1 Successful bids for additional funding for the HRA development programme are as follows:

HRA Phase 2 Development Programme

Bid Programme	Funding	(£M)	No of Units	Outcome
HCA Funding (schemes in Chadwell St Mary and South Ockendon)	Grant to Council	£4.57m**	c140	Successful
HRA Extra Borrowing (schemes in Grays and Purfleet)	Increase in HRA Borrowing Cap	£11.58m	193	Successful
Total Phase 2		£16.15m	c333	
Housing Zones (specific schemes to be identified)	Practical support and Loans to regeneration partners to be identified		Up to 5,199	Successful

**Note – we are currently in discussions regarding increasing this amount.

- 3.2 In addition, some 200 dwellings are proposed for development through the Council's wholly owned company, Gloriana Thurrock Ltd. Including these with the HRA development programme, the overall position against our target of 1000 affordable homes is as follows:

Development Programme	No Dwgs	Completion by
HRA Phase 1 Programme	160	2016/17
HRA Phase 2 Programme	c333	2018/19
Gloriana Programme	215	2018/19
Total	c700	

- 3.3 This second phase of schemes includes the possibility of joint working with the private sector and also with Gloriana. They will include also specific proposals for low cost sale options including shared ownership and custom and self build schemes as well as affordable rent. Under recent government legislation all councils are now required to keep a register of those interested in custom and self build and it is our intention to develop a demonstration scheme which will showcase the potential for self build in Thurrock.
- 3.4 Elsewhere on this agenda a report on another successful bid to the Social Mobility Fund highlights the work we are doing to promote owner occupation

as a means of addressing both under and over occupation of our housing stock. This initiative together with the phase 2 development programme will enhance the opportunities for Thurrock residents to access housing across a range of tenures and a further report will be made to Cabinet shortly regarding low cost home ownership initiatives which we are investigating.

- 3.5 Indicative cost estimates for the second phase of development sites have been prepared and are detailed in the Appendix. In total the estimated cost can be funded from within the HRA resources for the next five years, after taking into consideration the additional funding obtained. However, the timetable for taking up this additional funding is critical and therefore it is important that rapid progress is made with these schemes. Architects and other appropriate technical staff need to be appointed to progress scheme design and secure planning consent leading to tender of works contracts and commencement on site of the first schemes early in 2016.
- 3.6 Since the first phase of development was commenced, the Council has put in place its own Framework arrangements for the appointment of consultants and contractors where EU procurement directives apply. Therefore it is proposed that, as a general rule, the Council's Frameworks will be used for the procurement of consultants and contractors for this second phase of development schemes.

4. Reasons for Recommendation

- 4.1 Rapid progress with a second phase of HRA housing development activity is now required if the Council is to meet its affordable housing targets and take up the additional funding for which successful bids have been made.
- 4.2 The report therefore proposes that delegated authority is given to the Director of Housing to proceed to procurement for specialist services and contractors for second phase schemes.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 Consultation regarding the Housing development programme has taken place with members and residents over the last year and is monitored by the Housing Development Board which includes cross party representatives and residents. In addition, public consultation with local residents and stakeholders has or will take place for each proposed development scheme as it comes forward and as part of the scheme design and planning approval processes.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Achieving the target of 1000 new affordable homes over five years is a key priority and part of the Council's overall growth targets and corporate objectives, helping to deliver improved health and wellbeing, build pride in our

communities and their environment and promote skills development and job creation.

7. Implications

7.1 Financial

Implications verified by: **Michael Jones**
Management Accountant

These schemes will be funded within the HRA and have been brought forward in response to the successful bids which have been made to the HCA and DCLG for grant and loan funding. The balance can be funded via either the reserves or prudential borrowing within the HRA debt cap, as increased by the successful bid described in this report.

7.2 Legal

Implications verified by: **Assaf Chaudry**
Major Projects Solicitor

These schemes will be developed as part of the Housing development programme and will be subject to a tendering process compliant with the Public Contract Regulations 2006 (as amended), the EU regulations and the Council's constitution. Legal Services, working with the Council's procurement officers will provide ongoing advice and assistance in relation to these legislative requirements. In addition Legal Services will advise in relation to requirements in relation to planning, consultation and due process.

7.3 Diversity and Equality

Implications verified by: **Teresa Evans**
Equalities and Cohesion Officer

Consultation regarding the Housing development programme has been undertaken with members and residents over the last year and is monitored by the Housing Development Board. The proposals will have positive impact on the availability of affordable housing in Thurrock, including for vulnerable groups and will be developed in full consultation with all stakeholders. All new housing will be to a high quality and design and construction standards and contractors will be required to have relevant policies on equal opportunities, be able to demonstrate commitment to equality and diversity and to supporting local labour initiatives that achieve additional social value.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. Background papers used in preparing the report

- Homes and Communities Agency (HCA) – Affordable Homes Programme 2015-18, Cabinet Report, July 2014
- Progress Report on Housing Estate Regeneration and Local Growth Fund Bids, Cabinet Report, December 2014

9. Appendices to the report

None

Report Author:

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Housing