

## Wiltshire Council

### Cabinet

12 June 2018

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**Subject:** Southview Park Council House Building

**Cabinet Member:** Cllr Richard Clewer - Housing, Corporate Services, Arts, Heritage and Tourism

**Key Decision:** Yes

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#### Executive Summary

There is funding for investment in affordable housing. This is from a range of sources including commuted sum funding and social care capital grant funding. There are terms and conditions attached to each of these funding streams which restrict their use. There is an opportunity to use some of this funding to pump prime a development opportunity.

The council also owns land that is surplus to requirements, both within the general fund and the Housing Revenue Account.

This paper proposes an opportunity for the delivery of new affordable housing on council owned land which the available funding could be used to support if approved.

#### Proposal(s)

It is recommended that approval is granted to progress the development of 22 new affordable homes on two parcels of land at Southview Park, Trowbridge and that approval is delegated to the Director of Housing and Commercial Development, in consultation with the Cabinet Member for Housing and the Directors of Finance and Procurement and Legal and Governance Services to;

- a) **Use the land in Appendix 1 for affordable housing**
- b) **Carry out any appropriations necessary pursuant to s122 LGA 1972 to ensure that the sites in a) are held by the Council for housing purposes**
- c) **Use a total budget of £4m with delegated authority to substitute and change funding streams to optimise financing. Funding streams may be increased or decreased as required providing that they stay within available allocation and do not affect the total budget position.**

- d) Enter into contracts for consultants, construction and other elements of the project to enable the delivery of 22 new homes within the total scheme costs identified in Appendix 1 in accordance with the Corporate Procurement & Commissioning Board approach.**
- e) Entering funding agreements with Homes England as required to secure any grant funding allocated.**

**Reason for Proposal(s)**

The Council has capital funding set aside within the Council's capital budget for investment in affordable housing. The Council also has land at Southview Park, Trowbridge that was transferred to the Council for the delivery of new affordable homes. This creates an opportunity to use the available funding to deliver 22 new affordable council owned and managed homes in Trowbridge to meet identified housing needs.

Alistair Cunningham  
**Corporate Director**

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### **Purpose of Report**

1. The purpose of the report is to seek approval to build 22 new council homes across two parcels of land at Southview Park, Trowbridge with capital funding and land set aside for the delivery of affordable housing.

### **Relevance to the Council's Business Plan**

2. The delivery of 22 new affordable council homes in Trowbridge will meet the following priorities and goals in the council's business plan;
  - a. Priority – growing the economy
  - b. Goal – more affordable homes to rent and buy
  - c. Priority – protecting the most vulnerable
  - d. Goal – Suitable accommodation in place for vulnerable younger and older people

### **Background**

3. On 12th December 2017, Cabinet approved a programme to build 158 new affordable council homes funded with a combination of Housing Revenue Account (HRA) reserves and borrowing with other sources of capital including Right to Buy (RTB) receipts, commuted sum funding from planning gain and grant funding secured by bidding to the Homes and Communities Agency (HCA), now Homes England.
4. The Southview site currently being developed will deliver 28 new homes with a mix of 1, 2 and 3 bedrooms for rent and shared ownership.
5. There are two further parcels of land on the same site which could deliver an additional 22 new homes.
6. The sites already have planning permission and the contractor currently building out the 28 homes has already won a tender to build out those sites. They were not included in the approved council house building programme due to the lack of funding available at that time.

7. Due to receipt of further commuted sum funding through planning gain along with capital funding that remains in the budget allocated to affordable housing provision, as well as the availability of these two further parcels of land which were transferred to the former West Wiltshire District Council for affordable housing delivery, there is now an opportunity to commit that funding to enable the delivery of a further 22 affordable homes.

### **Main Considerations for the Council**

8. Funding. There is £4.6m capital funding available for investment in new affordable housing. This is made up of;

Commuted sums	£1.6m
Social Care capital grant	£3.0m
<b>Total</b>	<b>£4.6m</b>

9. Development cost. It is estimated that the total cost of the project will be £3.9m. The project has already been tendered therefore the build cost has some certainty. In addition, the builder is currently on site and will be able to mobilise quickly to deliver the further 22 units on completion of the current build.
10. Land. There are two parcels of land available for affordable housing on the Southview Park estate in Trowbridge. There were originally 6 parcels of land transferred to the Council in exchange for a ransom strip specifically for the delivery of affordable housing. Two parcels were developed for council housing in 2012, a further two parcels are in construction and there remain two parcels to be developed.
11. Planning. The land already has planning permission to deliver 22 homes, a mix of 9 x 1 bed flats, 3 x 2 bed flats, 5 x 2 bed houses and 5 x 3 bed houses.
12. Housing need. At 31<sup>st</sup> December 2017 there were 277 households on the housing register expressing a need for affordable housing in the Trowbridge community area.
13. Experience. Lessons have been learned and expertise gained from the current programme of council house building that can be used to inform this further development. It will also ensure the Council has an ongoing programme of developing new affordable homes.
14. Timescales. As the works have already been tendered and the two parcels of land are serviced, it is anticipated that on approval of the project, the contractor will be appointed and work commenced to discharge any outstanding planning conditions as soon as possible with a proposed completion date of Autumn 2019.

### **Overview and Scrutiny Engagement**

15. The proposal was considered by the Environment Select Committee Chair on 5<sup>th</sup> June 2018 and it was agreed that no further scrutiny is required at present.

## **Safeguarding Implications**

16. New affordable homes enable children, their families, young people and vulnerable people to live in a safe and secure, affordable and sustainable environment.

## **Public Health Implications**

17. New affordable homes will enable households to live safely and healthily within their home. Having a safe, secure and affordable home has been shown to deliver health benefits alongside benefits relating to accessing education and employment.

## **Procurement Implications**

18. This report seeks authority for directors in consultation with Cabinet Members to agree the appropriate procurement routes and to enter into contracts as required within the funding parameters identified in **Appendix 1**.
19. Any procurement routes taken will be in line with the council's procurement regulations and the overall direction set by the Corporate Procurement Board requiring that an open and competitive process is used. It will be expedited in the appropriate timeframes to enable effective reporting, decision making and evaluation of the approach taken and benefits arising.

## **Equalities Impact of the Proposal**

20. Equality impacts will be monitored as project progresses. This is to ensure that the Council's statutory commitments to promoting equality and inclusion and tackling inequality are maintained. The delivery of these homes will also support the delivery of the council's vision to create strong communities.

## **Environmental and Climate Change Considerations**

21. The new homes will be built to high standards of energy efficiency. The homes are heavily insulated and have some PV panels to generate sustainable energy.
22. Sustainable building standards link with the equalities and health impacts in terms of reducing the likelihood of fuel poverty and achieving a comfortable living temperature for residents.

## **Risks that may arise if the proposed decision and related work is not taken**

23. The funding will remain uncommitted. There are time limits on the committed sum funding. If not used for this project, the funding would need to be committed to projects delivered by Housing Associations in order to avoid paying back the funding to developers (committed sum payments in lieu of on site affordable housing).

24. The developer awarded the tender is currently on site building phase one. The opportunity to continue on site with the current contractor will secure delivery in a shorter timescale and savings in scheme costs. This opportunity would be lost if the scheme did not progress now.

**Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

25. There are a number of risks in association with any housing development as follows;

	<b>Risk</b>	<b>Mitigating Action</b>
a)	Funding viability risks	The proposed build has already been tendered and therefore funding required is known.
b)	Cost of delivery	There is a risk that unforeseen costs will arise during construction. However, the scheme has a contingency sum included in the budget to allow for this
c)	Planning	The scheme has secured planning permission. There are planning conditions to be discharged but the risk of not being able to discharge these conditions is low.
d)	Community support	Consultation with local parish and town councils has been undertaken to ensure in-principle approval. Further consultation will be undertaken with communities with regard to this particular project
f)	Availability of land	The scheme identified is on land that has been secured for affordable housing.
g)	Meeting delivery timescales	A number of the funding streams are tied to delivery timescales. There is a risk of losing the funding if these timescales are not met. Delivery of this project will ensure the funding is retained for affordable housing delivery in Wiltshire.
h)	Right to Buy	Council secure tenants will have the right to buy their property if they have been a public sector tenant for an aggregate of 3 years. However a new secure tenant ie those who have not previously held a public sector tenancy, will have to hold a tenancy for a minimum of 3 years before they can exercise this right. For a period of 15 years from the date of construction of the homes, the statutory discount to which a tenant may be entitled will be reduced to enable the Council to recover all or a proportion of the aggregate of the Council's eligible costs and expenses of constructing the property.

## **Financial Implications**

26. The funding required for this development is £3.9 million. £4.6 million has been identified from grants and contributions that in principle would meet the conditions attached to the funding.
27. £3 million has been identified from historic Adult Social Care Capital Grant. This is from Grant rolled forward from 2013/2014, 2014/2015 and 2015/2016 and is shown in the Capital programme for 2018/2019.
28. This development is for affordable housing but as the majority is allocated to high need/vulnerable adults its provision should reduce the need for care. Therefore, it fulfils the conditions of the grant as it is developing community capacity.
29. £1.6 million of Affordable Housing Commuted sums and contributions have been identified as uncommitted to a programme of work. Each sum has its own agreement as to what and where it can be used and most come with time restrictions that require the funding to be handed back to the developer if not used within a certain period.
30. The £1.6 million identified have agreements that would enable them to be used anywhere in Wiltshire. It should be noted though that the majority of these commuted sums and contributions have not come from Trowbridge. There may be local expectation that the sum is spent in the area it was achieved which this proposal would not do.
31. The land forms part of 6 parcels of land at Southview Park estate Trowbridge which was transferred to West Wiltshire District Council in March 2009 from Developer Wainhomes (South West) Limited in order to meet planning requirement for Affordable Housing. The 2 parcels which are the subject of this report were valued at a total of £330,000 in December 2017. Although there is no direct covenant from the Council that it will use the parcels for affordable housing, the contract is drafted on the premise that the land will be used for affordable housing, from everything relating to the obtaining of planning permission to the layout of the properties. The contract also contains a non merger clause so it would be very difficult to argue that the land does not have to be used for affordable housing particularly as the existing planning permission obtained, with Council approval, is for that purpose.
32. There may be an opportunity to bid for grant funding through Homes England. If this is secured, the requirement to use either commuted sum or social care capital grant funding will be reduced accordingly.

## **Legal Implications**

33. Full title reports may be required for the land used as part of this project to ensure there are no covenants or other issues affecting the development of the sites.

34. Legal advice will be required for entering into both funding and legal agreements in relation to the programme.
35. Legal advice and support will also be required for entering into contracts with consultants and contractors.
36. Land will need to be appropriated to be held for housing purposes

### **Options Considered**

37. Other options to secure the commitment of the capital funding available are;
  - a. Use as grant funding for Housing Associations to deliver new affordable homes. There is potential for use of the funds in this way. This will avoid hand back of any funding.
  - b. Hand the funding back to central developers. This is not a preferred option as the funding has been secured through planning gain for the purpose of investment in affordable housing. Best use of the funding for Wiltshire is to use the funding to benefit Wiltshire residents in need of affordable homes.
  - c. Retain the funding to use for other potential schemes in the future. This is an option but runs the risk of hand back of funding if alternative opportunities do not arise prior to time limits for use of funding expiring. In addition, the Southview sites already have planning permission and the schemes have been tendered. The successful bidder is already on site with two parcels being delivered as part of the council house building programme so is prepared to stand by their tender price to enable quick delivery.

### **Conclusions**

38. To enable delivery of a further 22 new affordable council homes bringing the overall total to 180 new homes delivered as part of the programme will help meet needs and ensure the funding available is committed in Wiltshire for Wiltshire residents.

### **Alan Richell (Interim Director - Housing and Commercial Development)**

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### **Appendices**

Appendix 1 – Scheme details

**Background Papers: None**