

## Cabinet Member for Housing Strategic Assets and Asset Transfer – Cllr Phil Alford

### Assets Service

**Officer Contact:** Andrew Mead, Residential Development Manager,  
[AndrewM.Mead@Wiltshire.gov.uk](mailto:AndrewM.Mead@Wiltshire.gov.uk)

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## Council House Build Programme

### Purpose of Report

1. The purpose of this report is to seek Cabinet Member approval to proceed with developing a programme of opportunities for Phases 3.5 and 3.6 of the Council House Build Programme (CHBP), including merger all projects into a single phase.

### Relevance to the Council's Business Plan

2. The delivery of new affordable council homes in Wiltshire will meet the following priorities and goals within the Council's business plan;
  - a. Growing the economy**

The programme offers opportunities to stimulate growth of green jobs with local contractors and business to support the development of new affordable housing, sourcing local consultants, surveyors & contractors where possible to deliver homes that will be highly energy efficient and therefore cheap to run for the resident.
  - b. Strong communities**

The CHBP invites communities to be involved with the development process, through community consultations for those with local knowledge to help build and shape their neighbourhoods.
  - c. Protecting the most vulnerable**

The CHBP works closely with colleagues in Whole Life Commissioning, Adult Social Care, and Children and Families teams to identify suitable opportunities to meet specific needs. Workstreams of the programme have included buying homes for those on the housing register with specific housing needs, buying and leasing homes to meet the needs of adults with learning disabilities and investigating the building of bespoke accommodation to meet the very specific needs of a family with multiple disabilities.
  - d. An innovative and effective council**

With the delivery of new affordable housing using modern methods of construction (MMC) and delivering zero carbon in use homes. Having now delivered our first "all electric" homes, powered by air source heat pumps. PV panels included within design and developed with fabric first approaches to reduce thermal bridging.

## Background

3. In 2020 the Cabinet approved the proposal to proceed with the Council House Build Programme Phase 3, on the back of successful Phases 1 and 2.
4. Phase 3 was approved with an initial budget of £195m to develop this programme, this is incorporated within the HRA Business Plan and allows the Housing Revenue Account to commit to a 10 Year Programme delivering 1,000 additional affordable homes.
5. On 13th July 2021 Cabinet were updated on 3 phases of the Council House Build Programme (Phase 2, Phase 3.1 and Phase 3.2) and gave delegations for Phase 3.3 and Phase 3.4. With work commencing on Phase 3.5 (due to start in April 2024) further delegation is needed.
6. A recommendation in the report refers to payback period for schemes being no more 30 years for acquisitions (s106 or from the open market). In respect of land led this is not achievable due to increased build costs and the authority is sought for 40 years, which is in line with other Registered Housing provider approaches.

## Council House Build Programme – Phase 3.5 and 3.6 – Introduction

Activity	Phase 3.5	Phase 3.6
Year started	2024	2025
Market Acquisitions	9no	16no
S106 New Build Acquisitions	20no	0
Land Led Modern Methods of Construction (MMC) New Build – Zero Carbon in use	48no	3no
New sheltered homes	26no (up to)	0no
Development agreement acquisitions - (additionality)	0	0
<b>Phase Total</b>	<b>103no</b>	<b>19no</b>
Current Total of Completions and Occupations at time of writing	0	0
Average cost per home at time of writing	£331,338	£274,106
Fully committed	Yes	No

7. Phases 3.1 - 3.4 are fully committed:
  - Phase 3.5 includes home being purchased for Homes England's SHAP (Single Homeless Accommodation Programme);
  - Phase 3.6 includes home being purchased using Homes for Ukraine funding, 13no, and has scope for additional housing numbers as new opportunities arise up to 100 homes in the Phase.
8. The opportunities currently being explored for Phases 3.6 include s106/development agreement opportunities at Salisbury, Devizes and Chippenham and regular strategic buy back requests, mainly across southern and central Wiltshire. Land Led Wiltshire Council opportunities are engaged with as they are submitted to the Residential Development Team.

9. Due to the larger number of projects that make up the programme for efficient financial management it is being suggested to merge all existing Phases plus 3.5 and 3.6 above into one single Phase 3 capital line.

### **Sheltered Housing Review – Background**

10. The Phase 1 programme saw the development of two new enhanced sheltered housing facilities through Needham House, Devizes and Evergreen Court, Amesbury. These two sites have proven to be well received by the residents and create exemplar sheltered housing in the context of a portfolio of existing homes that need investment.
11. The disparity between the existing sheltered housing stock and the new sheltered development standards created a need to review the existing sheltered facilities and a need to bring the Council's historic schemes up to a similar standard as the two newer sheltered housing schemes.
12. Of the 24 historic sheltered housing schemes 16 were previously identified and reported to Cabinet in July 2021 for full options appraisals to ascertain the best option going forward and make the schemes fit for purpose for current and future needs. The 16 identified and reported on, were primarily not fit for sheltered housing due to the location, the lack of lift access or were offering bedsit style accommodation.
13. The remaining sites had been identified for renovation and refurbishment that will bring the schemes up to date and offer longevity for the current and future occupants. These sites are not covered within the Council House Build Programme.

### **Sheltered Housing Review – Update**

14. A number of the sites identified in Phases 3.2, 3.3, 3.4 and 3.5 would offer the opportunities to develop new modern sheltered housing within Corsham, Mere and Melksham where schemes will offer an array of facilities on-site, as well as comfortable, level access, 1 and 2 bedroom apartments.
15. Where development is proposed at existing sheltered housing schemes, in order to progress the options appraisal process, the Residential Development Team will work closely with the Council's Housing Management and Resident Engagement teams to consult existing residents on the options determined within the options appraisal. Residents and other stakeholders will be involved in the process and invited to comment on options and subsequently involved in decisions on designs and scheme finishes.
16. In addition to the resident consultation the Residential Development Team will also engage the wider public to develop a picture of what is important within a sheltered housing scheme assisting with anticipating future demand for the schemes as well as wider community benefits that can be delivered from the Council's assets.
17. Further investigation work for Sheltered Scheme proposals is now also underway at Fovant and Shrewton, when certainly is provided to these schemes, they will be included in the programme accordingly.

## Decisions to be made:

18. The paper proposes approval of the following:

- a) **To merge the finances of Phases 3.1 to 3.6 into a single Phase 3, being capped at £195m expenditure as approved by Cabinet on 3<sup>rd</sup> November 2020.**
- b) **In respect of Phases 3 [adopting a) above] to delegate to Director of Assets authority to:**
  - i. **seek planning permission for and to enter into contracts for professional services and construction;**
  - ii. **make bids to Homes England for grant funding to assist with the financial viability of CHBP projects and to enter into funding agreements if the bids are successful.**
  - iii. **substitute and change funding streams in CHBP, including Phases 3 [adopting a) above], to optimise financing of the CHBP.**
- c) **In respect of Phases 3 [adopting a) above] to delegate to Director of Assets, in consultation with the Cabinet Member for Housing, Strategic Assets and Asset Transfer, authority to:**
  - i. **purchase the freehold of land for the purposes of new build developments;**
  - ii. **make offers for affordable housing purchases to meet an identified housing need (i.e. purchase single property from open market);**
  - iii. **to make offers for affordable housing offered by developers in lieu of compliance with affordable housing obligations in Section 106 agreements and any affordable housing “additionality”;**
  - iv. **approve substitution of schemes in the CHBP, including Phases 3 [adopting a) above], if, following more detailed investigation do not prove to be viable. Substitution schemes must fit within the existing budget allowance.**
  - v. **approve front-loading of funds where opportunities allow, with a reduction in funding in future years, and subject to HRA Business Plan capacity and in consultation with the Section 151 Officer.**
  - vi. **Financial Viability Appraisals to extend to a 40-year payback on land led sites only where necessary to deliver the Council Housing Build Programme with the increased requirements, and approval to approve justified exemption reports to proceed where payback exceeds 40 years on the proviso that on average the entire Phase does not exceed 40 years.**
- d) **To continue to consult with the existing Sheltered Housing residents on the options for the future housing offers at Sheltered Schemes “full options appraisal and consult”.**
- e) **To delegate to Director of Assets, in consultation with the Cabinet Member for Housing, Strategic Assets and Asset Transfer the authority to go to market and award turnkey and/or groundworks contracts to construct affordable housing development sites with the CHBP.**

19. The proposals in this report are not considered “key” decisions, as they relate to previous cabinet approvals including the allocation of £195m budget. All proposals remain within the capital allocation and are not changing the impact on electoral divisions.

## **Overview and Scrutiny Engagement**

20. This report is to seek approval for further phases, with overall assessment and review of programme to be part of subsequent Cabinet reports.

## **Safeguarding Implications**

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

## **Public Health Implications**

22. Having a safe and secure affordable home has been shown to deliver health benefits alongside benefits relating to accessing education and employment.

The zero-carbon new build stock will create added benefits to the environment and air quality.

## **Procurement Implications**

23. Any procurement routes taken will be in line with the Council's procurement regulations and public procurement rules and advice will be sought from Legal Services as needed.

## **Equalities Impact of the Proposal**

24. An Equality Impact Assessment has been completed against the Council House Build Programme.

## **Environmental and Climate Change Considerations**

25. The Council House Build Programme is committed to delivering energy efficient homes that will not only benefit the end-user in terms of cost and comfort but will also provide a long term climate benefit.

## **Workforce Implications**

26. The team to deliver the programme is in place.

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

27. If the proposals presented in this paper are not approved, it will not be possible to meet the Council's carbon reduction agenda with the Council's new build programme.

28. Without the ability to purchase land opportunities it will not be possible to achieve the target of meeting 1,000 new affordable homes.

29. If the Council is not building new stock, but relying on s106 opportunities, new housing stock will not always be developed to the zero carbon standards.

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

30. There is a multitude of risks associated with any new build construction or acquisition project, they are not affected by this decision.

## **Financial Implications**

31. This report is not seeking to reprofile the capital budget for the Council House Build Programme, which is managed by the Capital Board, all proposals within existing financial budgets.
32. The proposals in this report are all within the financial envelope of £195m approved by Cabinet. A fundamental review of the overall programme is underway and a revised development plan will be created later in the year.

## **Legal Implications**

33. Advice from Legal Services will be sought when entering into funding agreements for the programme, entering contracts with consultants, contractors and developers and vendors, and to ensure compliance with relevant legislation and any other legal issues arising during the sheltered housing consultation exercise.

## **Options Considered**

34. The Council could limit the development programme to be solely funded from the HRA business plan (which includes use of Commuted Sums and Right to Buy Receipts) and not bid for social housing grant (Homes England grant). This would not maximise development capacity and in turn would limit the ability to meet housing need and as such it has not been recommended.
35. The Council could limit development of new homes to sites in the ownership of the HRA and Council's General Fund, not seeking affordable housing offered as a planning obligation under s106 agreements. Affordable Housing offered as a planning obligation can be an economic way of securing new affordable housing and does allow the Council the ability to expand its sphere of operation across the County. Therefore, it is not recommended to limit development to take place only on Council owned land.
36. The Council could limit developments of new homes to sites in the current ownership of the HRA and Council's General Fund, not seeking opportunities to purchase the freehold of land for new build purposes. Land opportunities within the HRA are limited to small in-fill sites that will not generate the economies of scale needed when developing a programme of this scale and the Residential Development Team cannot rely on appropriation of land from the Council's General Fund which is already in high demand. Taking opportunities to purchase freehold land available outside the Council's existing landholdings enables the programme to meet the targets to deliver 1000 homes, whilst also generating some economies of scale.
37. The Council could look at simple redecoration of existing sheltered stock, keeping all stock as is with some updating. The stock identified for options

appraisal has been identified through a matrix of information with housing management and maintenance input as stock that cannot be simply updated. The location and layout or lack of basic facilities render the sites unsuitable for long term sheltered offering. Therefore, it is recommended to proceed with reviewing the stock, as identified, and consulting with residents throughout the review process to redevelop where appropriate.

## **Conclusions/Proposal**

38. The conclusions reached, having taken the above into account is that the CHBP is progressing well. The growing housing need, particularly in relation to the current economy has emphasized the need for the Council to continue to develop more affordable housing and the clear direction within the programme to focus on delivering zero carbon affordable homes where they are needed should be encouraged.

## **James Barrah – Director of Assets**

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Report Author: Andrew M Mead, Residential Development Manager,  
[AndrewM.Mead@Wiltshire.gov.uk](mailto:AndrewM.Mead@Wiltshire.gov.uk) , 01225 716672

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### **Appendices**

None

### **Background Papers**

None