

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet Commercial Committee **DATE:** 16th December 2019

CONTACT OFFICER: *John Griffiths Service Lead Housing Development & Contracts*
(For all enquiries) (01753) 875436

WARD(S): *All.*

PORTFOLIO: Cabinet Member for Housing & Community Safety
- Cllr Mohammed Nazir

PART I KEY DECISION

HOUSING DEVELOPMENT STRATEGY – DEVELOPMENT PROGRAMME UPDATE

1 Purpose of Report

The Committee is requested to note the update and initiatives undertaken to deliver the 'Housing Development Strategy' approved by the Committee on the 1st October 2019.

The advice provided by procurement is that the lead in time for the implementation of the small sites framework to commission developers and construction contractors may take 6 to 9 months. In view of the delay the Committee are asked for approval to tender and procure a number of identified sites that are suitable to deliver new affordable homes.

The Committee are requested to approve the report recommendation intended to enable the long term sustainability of affordable housing, achieve best consideration for council's value of the land, achieve viability of funding the development for new homes, approval is requested to the transfer of these sites to the council's approved subsidiary of the DISH.

2 Recommendation(s)/Proposed Action

Committee is requested to:

- i. Note the progress of delivering the 'Housing Development Strategy' and supporting development program update in Appendix A.
- ii. Approve the delegation of authority to the Director of Finance and Resources in consultation with the Cabinet Member for Housing and Community Safety the option to consent to the transfer of the following assets and conditional supporting loan to the relevant council housing company and approved 'DISH-RP' that can best develop the particular sites for affordable housing. The sites identified, subject to consent for potential transfer, are;
 - (i) Weekes Drive
 - (ii) Quantock Close Garage Site
 - (iii) The Mallards
 - (iv) Broom House Garage Site
 - (v) 548 Bath Road
 - (vi) 150-160 Bath Road

- (vii) Maria Cowland Hall site
- (viii) Hawkshill
- (ix) Monksfield Way
- (x) The Cherries
- (xi) Paget Road
- (xii) 101 – 135 Minster Way
- (xiii) 35 – 48 Maryside
- (xiv) 33 – 36 Borderside
- (xv) 10 – 21 Hampden Road
- (xvi) 266 – 281 Stile Road

iii. Approve the key decisions that, for the delivery of housing to; tender, procure for construction, in compliance with design standards, planning and building control requirements the following sites:

- a. The Mallards
- b. Broom House Garage Site
- c. 548 Bath Road
- d. 150-160 Bath Road
- e. Maria Cowland Hall site
- f. Greenside
- g. Hawkshill
- h. Monksfield Way
- i. The Cherries
- j. Paget Road
- k. 101 – 135 Minster Way
- l. 35 – 48 Maryside
- m. 33 – 36 Borderside
- n. 10 – 21 Hampden Road
- o. 266 – 281 Stile Road

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

The sites identified within the development program provide the opportunity for Slough residents to access a broad range of housing. The approach advised at Commercial Cabinet Committee on the 1st October was for housing development being delivered by tender and procurement of high quality affordable housing, investing in the neighbourhood, allowing increase in value of the areas and the council's asset base, increase council tax receipts and provide an income stream which could contribute to the provision of front line services. The Housing Development Strategy is providing Slough with the opportunities to create places that support and enable people of all abilities and in all stages of life to lead healthier lives.

3a. **Slough Joint Wellbeing Strategy Priorities**

The approach with working with developers and construction providers in delivering housing development is collaborative and contributes to wider strategies beyond housing, by respecting wider impact to regeneration, economic development, the local plan, leisure and wellbeing so that a coordinated approach, supported by significant sustainable investment can deliver within the community.

The supply chain for building materials, skilled and manual labour, procurement opportunity for small and local contractors to build houses, present opportunity over the next five years for local employment, local economy as well as increasing opportunities for range of apprenticeships, enabling local people to improve their learning, skills base and wellbeing.

Redeveloping in coordination, by simultaneously planning and delivering investment identified within the HRA Asset Strategy, establishing, following review of general fund sites, on asset rationalisation that may be transferred and present other opportunities for provision of new homes that offer a range of benefits of inclusion for whole communities. The use of vacant sites, engaging in design and improving the public realm to true quality amenity space, will improve the quality of the built environment within localities.

3b **Five Year Plan Outcomes**

The Council's Five Year Plan 2019-2024 sets out the aims and priorities of the Council for the five year period and addresses the challenges that the Borough faces. Its stated aim is "Growing a place of opportunity and ambition".

By providing a broad spectrum of new high quality, sustainable affordable housing, the development principles and consent to deliver the current program of development contribute significantly to 'Outcome 4 – Our residents will live in good quality homes'.

Outcome 3 - Slough will be an attractive place where people choose to live, work and stay. The principles of the housing development strategy will create design, range of choice and utilise sites of ASB and blight by transforming these into new housing.

4 **Other Implications**

(a) **Financial**

The Committee consent to the creation of a framework for developers and construction contractors to tender and be able to engage with the council to deliver new homes, is in the process of being procured. Whilst this may take 6-9 months the opportunity presents itself to proceed with a number of identified sites. Each of the sites is below the OJEU level and in working collaboratively with planning, with building control and the engagement of the procurement team we may proceed with tendering for a provider to build new homes.

The soft market testing event held by the Housing Development & Contract (HD&C) service on the 7th November was attended by over 35 developers, local builders and national construction companies. The event generated positive response and anticipation of working with the council to deliver the development program. The tender of the identified sites presents an opportunity to demonstrate the resolve of the council to work with contractors and developers; it also presents the opportunity for local builders, national contractors and developers to demonstrate their resolve to work with the council.

The objective is to achieve best consideration and value for money for the sites identified, but also offer the opportunity to learn from the procurement process that will establish a market test for small sites developments. The range of sites and dwellings create a basis of competition that will allow the tender to act as a pilot that will offer a benchmark for the intended considerably larger development program that will form the 'small sites framework' open to local builders and other councils.

Focusing on the identified sites recommended for tender the Committee may be reassured there are sufficient options available for capital investment estimated at £20 million which will allow the delivery of in excess of 70 new homes. Whilst the sites are small for some major developers as they are compromised of former garage

compounds, compulsory purchased property and vacant general fund assets, the opportunity presents itself for local builders and suppliers to work with the council.

The tender will demonstrate the expectation for value for money and identify the potential of working collaboratively. Local builders and suppliers will be encouraged to identify in their tenders the range of services they offer, their limitations and clear expectations of the council. This will offer the option for local builders to demonstrate how they can offer exceptional value for money. We hope to tender on the basis that local builders and suppliers are confident in being clear as to how they will reduce costs of construction if they can work collaboratively with the council. The intent is that the tender will seek those that bid to demonstrate their limitations and how it will be in the financial interests of the council to commission architects, planners and development resources.

The recommendation to delegate the option to transfer the sites to relevant council housing company and approved 'DISH-RP', is based on achieving best consideration of return on investment. The committee are asked to note that conditional supporting loan from the Council at public works loan plus a minimum of 2% for the purposes of project delivery, the provision of the available retained 1-4-1 Right-to-Buy Receipts is to ensure the affordable housing development program is resourced and has the capacity to deliver and offer the GF the option of a reassurance of guaranteed revenue return.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/ Opportunities	Current Controls	Score	Future Controls
Economic/ Financial	Normal major construction cost & development risks	Scheme approval on a tender evaluation of project by project basis	12 Marginal impact. Very High probability	Fully funded Collaborative working with dedicated procurement resource so that tenders evaluated demonstrate capacity, technical & financial viability.
Political	Reputational risk to council owing to exercise of tendering across communities to market test	Independence & transparency of planning process for consultation, ongoing community engagement	18 Critical impact. Very High probability	HD&C to enter into a pre-application protocol to take on board policy constraints
Health & Safety	Normal construction risk	Application of Construction Design & Management Regulations 2015	18 Catastrophic impact. Significant probability	The design process and requirements for development through planning process and commission council building control

Environment	Existing policies given lip service only.	SBC Environmental & Sustainability policy	15 Critical impact. High probability	Introduce the opportunity to meet The Code for Sustainable Homes assessment process
Legal/Regulatory	Uneconomical to meet necessary construction standards.	Construction 'Employer Standards' setting out design, material, supplier and compliance requirements	12 Critical impact. Significant probability	Rule out un-economic developments at appraisal stage
Management inc. Contractual	Balance of risk sharing between SBC & Builder will be considered	Competitive tendering process with option for core design & planning to be SBC controlled.	15 Critical impact. High probability	Carefully consider contract & procurement strategy so best value achieved

(c) Human Rights Act and Other Legal Implications

There are no new Human Rights implications as a direct consequence of this report.

Other legal implications are associated with normal design and development consideration under Town & Country Planning Acts, Health & Safety at Work Act, the Building Acts and regulations and orders thereunder; the Housing Acts and the Law of Property Act 1925 and regulations and orders thereunder related to title and leasehold management issues including service charges. The power the Council uses in section 1 general powers of consent as set out in the Localism Act 2011, section 95 power to trade in the local government act 2003.

(d) Equalities Impact Assessment

It is anticipated that the outputs and outcomes delivered via the Housing Development Strategy will have a positive impact in relation to creating new affordable homes for Slough residents. The principle of developing a broad range of options of affordable housing is intended to widen the access for residents for new homes. The council's allocation scheme, adult social care and youth services will determine access to rental schemes allowing priorities and those with established greatest need to be met.

(e) Property

Whilst the financial wellbeing of SBC is on a solid foundation, the council must continually re-examine its approaches to gaining investments so as to borrow and pay for new homes, the opportunity for income generation and taking a commercial approach to housing development. The Committee is asked to accept the transfer of the identified site(s) to an approved subsidiary of the DISH that will provide a revenue return for the council.

5 Supporting Information

- 5.1 **Background:** On the 1st October the Committee were presented with the development program for the next five years, Appendix 1 is an updated development program. The intention is to provide the Committee with an update of key initiatives and deliverables since the last meeting.

The Committee are advised that the HD&C team are respecting the wishes that the Lead Member for Housing & Community Safety is receiving regular updates on the progress of the development program. On 7th November the Lead Member offered the closing remarks to a 'Developers, Contractors & Builders' soft market testing seminar where in excess of 35 commercial developers, architects and local builders attended.

The closing comments and presentations offered insight as to the council's ambitions to deliver, the aspiration to ensure opportunity, and credibility of intent, by outlining the intention to tender individually for major sites of Tower & Ashborne, Weekes Drive, and that opportunity is given to local builders & suppliers in the affordable housing program.

- 5.2 **Principles of a Housing Development Strategy:** the proposed approach of delivering opportunity for residents to access options of a broad range of affordable housing.

The basis of sustaining future delivery is through innovation and a socio-intuitive commercial approach to developing homes. The principle is that affordable housing is intended to be the delivery of the following range of housing options;

- Social Rent
- Slough Living Rent
- Homes where rent is set so as to receive funding from 'Homes England'
- Key Workers Accommodation
- Economic Worker Private Rented Sector
- Slough Shared Ownership
- Starter Homes and Development for Sale.

The objective in tendering the sites and transfer if appropriate is to deliver affordable rented accommodation on the identified sites within 18 months.

The adopted strategy is clear in being realistic in that the principle is to first look at delivering traditional forms of construction; but where this is not feasible, or commercial opportunity beckons, we will create a modular offer for a site. The committee are however asked to note that 'atlas residential' have offered to build a modular factory in the borough and are in the process of establishing the basis of the offer by way of a joint venture.

- 5.3 **Collaborative working to achieve Principles & Priorities:** The HD&C team have prioritised the development programme so as to offer support at alleviating significant pressures for accommodation, and substantive budget savings for Adult Social Care Services (ASC), youth provision and homeless families in temporary accommodation.

Collaborative working groups of ASC and youth provision, Housing (People) Services (HPS) and H&DC have met frequently. Through discussion and workshops with architects, a number of design principles have enabled schemes to be developed for planning and procurement.

Registered Providers (RP) workshop was attended by 11 local housing providers alongside the Director, Place & Development and service leads for H&DC and HPS. The opportunity presented itself for constructive dialogue and goodwill in understanding that RPs can share their suggestions as to how process, procedures and policies of the Council may be reviewed to facilitate RPs to build more affordable homes. The HD&C have had discussion with RPs and are scheduling individual follow up meetings.

The following offers a brief development program update on an activity by activity basis to deliver the program since the previous Committee:-

- (a) The designs are progressing on the 54 bed extra care scheme in Langley and sensitive relocation and consultation initiative is underway so as to enable the remodelling of demolition of an existing ASC scheme and surrounding buildings and assemble of adjoining land for phased development.

We have a 'Joint Venture' near finalisation as contracts have been exchanged, contractor appointed to proceed with final design, fully costed and construction program to be approved by building control, planners and HD&C team.

- (b) The Committee are requested to acknowledge Birchden Developments have consented to work on a potential joint venture at Upton and seek a letter of intent establishing the principle where council land and developer land are combined so as to deliver affordable housing.
- (c) The original planning consent for Rochford Gardens had a design that was not fit for purpose and not building control compliant. Redesign has been presented to planning for comments and planning application is intended to be submitted in January, and the tender and procurement of construction provider will be undertaken simultaneously.
- (d) The collaborative approach in the provision of specialist accommodation for youth has been a part of dialogue in the redesign of the police station in Langley, alongside potential former garage sites locally. The planning application is intended to be submitted in January and the tender and procurement of construction provider will be undertaken simultaneously.
- (e) Tower & Ashborne demolition contract is in the process of tender with intent to evaluate and select the contractor in January. The main design and procurement plan is to be completed by March with full tender process during the summer.
- (f) The major general needs housing development at Weekes Drive is in the process of dialogue with planners and the consensus is that a full planning application will be submitted in March.
- (g) That a private developer is working collaboratively with HD&C and approaches as to potential joint ventures are underway. The most recent since the previous Committee is the opportunity of an exclusive offer of 350 new build rented properties.

5.7 Procurement

The report requests the approval for the Procurement Team in conjunction with Service Lead for Housing Development and Contracts to tender and subject to value

for money, have the option to appoint a construction provider that can offer the delivery of affordable housing for the following

- a. The Mallards
- b. Broom House Garage Site
- c. 548 Bath Road
- d. 150-160 Bath Road
- e. Maria Cowland Hall site
- f. Greenside
- g. Hawkshill
- h. Monksfield Way
- i. The Cherries
- j. Paget Road
- k. 101 – 135 Minster Way
- l. 35 – 48 Maryside
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- o. 266 – 281 Stile Road

6 **Comments of Other Committees**

None

7 **Conclusion**

The report sets out an update on the progress in delivering the affordable housing program, the recommendation to transfer assets so as to enable and ensure sustainability of affordable housing and Committee approval to proceed with tendering sites for development pending the creation of 'small sites framework'.

8 **Appendices Attached :** 'A'- Housing Development Programme

9 **Background Papers:** None