

CABINET (HOUSING) COMMITTEE

11 OCTOBER 2016

AUTHORISATION FOR FINAL APPROVAL TO CONSTRUCT HOUSING SCHEME:
MITFORD ROAD, ALRESFORD

REPORT OF THE HEAD OF NEW HOMES DELIVERY

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RECENT REFERENCES:

CAB2725 - Authorisation to Progress Affordable Housing Schemes, Mitford Road, Alresford and Hillier Way, Abbots Barton, 30 September 2015

EXECUTIVE SUMMARY:

This report seeks final approval to enter into a build contract to construct 9 new Council homes at Mitford Rd, Alresford. Approval is sought in accordance with Financial Procedure Rule 6.4 for the capital expenditure involved.

RECOMMENDATIONS:

- 1 That the Assistant Director (Chief Housing Officer) be authorised to enter into a design and build contract to construct 9 new homes at Mitford Rd, Alresford as set out in Exempt Appendix 1 to the Report.
- 2 That in accordance with Financial Procedure Rule 6.4, capital expenditure as set out in Exempt Appendix 1 be approved.
- 3 That the Assistant Director (Estates & Regeneration) be authorised to negotiate and agree terms for easements, wayleaves and related agreements with utility suppliers, telecom/media providers and neighbours in order to facilitate the development.

4 That Members determine whether to approve the use of a shared ownership option as set out in paragraph 3.3 of Exempt Appendix 1.

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DETAIL:

1 Introduction

- 1.1 The Mitford Road development proposals consist of 6 x 1 bed flats, 2 x 2 bed (4 person houses) and a 2 bed bungalow. The bungalow is being constructed in the garden of 22A Mitford Road (with the tenant's agreement) whilst the principal development site is a garage block adjacent to 13 Mitford Road and 38/40 Ashburton Road.
- 1.2 Two local consultation events have been held, the first in September 2014 where the principal of development and possible designs were discussed, with a second event in March 2015 where detailed layouts and designs were presented. At the first consultation event, the garage site development was discussed, subsequent to which the possibility of including part of the garden of 22a Mitford Road became apparent, hence its inclusion in the development proposals.
- 1.3 Overall, the feedback from the events was generally positive: some residents had concerns over car parking as the roads in the vicinity become busy with on-street parking. Additionally, the development proposals involve the closure of the roundabout and altering the road layout which some residents have objected to. Discussions have been held with the Highway Authority, who have no objection to the revised road layout. The highway proposals will be included in the planning application for final approval. Many local people liked the proposed improvements to the central greenspace to create a more useable area
- 1.4 Planning consent was granted on 3 March 2016.

2 Tender Process

- 2.1 The scheme was tendered via the South East Business Portal in June 2016 with a return date of 1 August 2016. Following assessment of the expressions of interest 5 contractors were invited to tender.
- 2.2 Five tender returns were submitted by the deadline, the details of which are set out in Exempt Appendix 1. If the recommendation is agreed, final contracts will be prepared and entered into in November 2016, with the site handed over to the contractor during June 2017. The build contract period is estimated at 45 weeks.

3 TACT Comment

- 3.1 TACT is pleased to note progress with this scheme and fully support the proposals in the report. TACT would like the opportunity to add further comments verbally at the meeting.

OTHER CONSIDERATIONS:

4 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 4.1 Developing new homes is a key priority for the Council as it seeks to promote active communities: 'to support local people in accessing high quality and affordable housing which meet their needs'. It also facilitates the District's economic prosperity.

5 RESOURCE IMPLICATIONS:

- 5.1 The current estimated scheme cost is £28,750 (excluding land cost) over the budget approved in February 2016, and a virement or additional funds are required at this stage. Further details are set out in Exempt Appendix 1 but this gap in funding can be met from the unallocated programme budget for 2016/17. The proposed funding for the scheme is shown in the table below.

Cost / Funding Source	Original Scheme Budget £000	Revised Scheme Budget - £000
Total Cost	1,275.0	1,303.8
Right to Buy 1-4-1 Receipts	382.5	391.0
Other RTB Receipts	192.5	208.8
Section 106 Contributions	300.0	300.0
Revenue Contributions from HRA	400.0	404.0
Total Funding	1,275.0	1,303.8

- 5.2 In order for tenders to be accepted and the scheme proceed, it is necessary for the expenditure to be approved in accordance with Financial Procedure Rule 6.4.

6 RISK MANAGEMENT ISSUES

- 6.1 The Council wants to develop and deliver an ambitious programme for the building of new council houses. Building homes involves significant

risks. This is why market developers and investors demand high returns in reward for that risk. Risks lie in delays arising from inadequate resourcing, abnormal costs, unnecessarily bureaucratic procedures, local opposition, planning objections and a weakening of political commitment. It is important that risk is carefully managed.

- 6.2 At a high level, risk management is carried out by ensuring that proposals have a strategic fit with the Housing Development Strategy, particularly with respect to viability. The Council's corporate project and risk management processes will be used to mitigate detailed risk and ensure that projects are progressed in a logical sequence to ensure that the Council is not overexposed to risk. It is important to note that it is rare for risk to be totally removed.

APPENDICES:

Exempt Appendix 1 – Tender Report

Exempt Appendix 2 - Financial Viability Summary