

DECISION TAKER: CLLR KELSIE LEARNEY – CABINET MEMBER FOR HOUSING AND ASSET MANAGEMENT

REPORT TITLE: NEW COUNCIL HOUSING, DYSON DRIVE, ABBOTTS BARTON – OUTLINE BUSINESS CASE APPROVAL

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WARD(S): ST BARTHOLOMEW

## PURPOSE

This report seeks approval of the outline business case, to submit a planning application for 8 new build dwellings at Dyson Drive, Abbots Barton and to obtain Tenders to construct the scheme and approval to dispose of open space land and appropriate land edged red on Plan [1] at Appendix [1] of this report.

The proposals contained in this report support the target contained in the Housing Development Strategy of building 1000 homes between 2021 and 2030. Additionally, the report's proposals support, and are consistent with the Council Plan priority of achieving carbon neutrality in the city council by 2024. The report identifies that funding for the development proposals is included in the HRA capital programme.

## RECOMMENDATIONS:

1. Authorise the Corporate Head of Asset Management to prepare and submit a planning application to the statutory planning authority to obtain planning permission for the construction of 8 properties at Dyson Drive, Abbots Barton.
2. Authorise the Corporate Head of Asset Management, to invite tenders to undertake the design and build of 8 properties at Dyson Drive, using a standard JCT Design and Build Contract.
3. Authorise the Corporate Head of Asset Management to negotiate and agree terms for easements, wayleaves and related agreements with utility providers,

telecom/media suppliers, Highways Authority and neighbours and other related agreements in order to facilitate the development, subject to final decision to proceed with the Scheme.

4. Delegate to the Corporate Head of Asset Management authority to appropriate the land located within the red line on plan 1 in Appendix 1 unless objections are received, in which case a report shall be brought back to Cabinet, with due regard to the consultation, a recommendation and setting out whether any statutory compensation is payable.
5. Delegate to the Corporate Head of Asset Management authority to disposal of the open space land located within the red line on plan 1 at Appendix 1 unless objections are received, in which case ,a report shall be brought back to Cabinet with due regard to the consultation and a recommendation.
6. Approve the consultation of the proposed disposal of the public open space land at Dyson Drive in accordance with the requirements of Section 123 (2A) of the Local Government Act 1972 (as amended) and the appropriation of the land for planning purposes.
7. That the Corporate Head of Asset Management be authorised to approve expenditure of pre-construction costs up to £75,000 and that this work proceeds at a financial risk to the Council.
8. That a Final Business Case report is brought to Members after tenders are evaluated and the final tender price is known, to agree whether to proceed with the scheme and to award and enter into a construction design and build contract with the preferred bidder.
9. Approve a deviation from the tender evaluation model within Contract Procedure Rules ( 60%cost /40% quality) to use a tender evaluation model giving more emphasis to quality than cost ( 60% quality /40% cost)

## IMPLICATIONS:

### 1 COUNCIL PLAN OUTCOME

- 1.1 The building of new Council homes assists in the delivery of the Council Plan priority, "Homes for All". This priority seeks to increase the proportion of young people and families working and living in the district, as well as a commitment that all homes are energy efficient and affordable to run.

### 2 FINANCIAL IMPLICATIONS

- 2.1 The financial commitment to submit a planning application and start the tender process has been budgeted for within the Housing Revenue Account. A budget of £1,703,000 was approved by Council in February 2021 (CAB 3290)
- 2.2 The estimated Total Scheme Cost is £1,531,140. This represents an average gross build cost of £191,393 per unit.
- 2.3 Designing to the Passivhaus standard attracts additional costs. These costs include, a slightly larger footprint to accommodate improved thermal performance, significantly enhanced airtightness and the inclusion of Mechanical and Heat Ventilation Recovery units (MHVR).
- 2.4 The estimated total scheme cost of £1,531,140 will be subject to a competitive tender process. Once the final tender price is evaluated it will be brought to members in a Final Business case, at which point, members can agree whether or not to proceed with the development proposals.
- 2.5 The current financial appraisal is shown in the exempt Appendix 2. This shows that under the current assumptions of cost, project delivery and the application of RTB 1-4-1 receipts, the scheme is viable.
- 2.6 The inclusion of the scheme in the HRA Business plan demonstrates that under current HRA Business Plan assumptions, it can be cash flowed and the HRA Business plan remains viable and sustainable.
- 2.7 With the exception of individual grants and funds hypothecated for particular schemes, the funding of the overall programme is undertaken annually to maximise the council's financial flexibility and this means decisions upon the final mix of funding have yet to be made.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Rund Partnership have been appointed as Employer's Agent and have provided a procurement report to outline the best way to procure a contract for a Passivhaus project of this size and value. In their report, Rund Partnership have considered both Traditional procurement and Design and Build procurement options and consider the merits and risk factors of both.

- 3.2 However, they conclude and recommend that the council use the Design and Build procurement option which they consider is the tried and tested procurement route for Passivhaus design. This approach would allow the council to eliminate the majority of risk and offers the greatest potential for cost and quality to be managed.
- 3.3 The recommended tender evaluation model (60% quality / 40% cost) places emphasis on quality to facilitate the appointment of an experienced contractor to minimise the performance gap given that building to the Passivhaus standard is new to the UK construction industry.
- 3.4 The tender exercise will be run in accordance with the Council's Contract Procedure Rules and Public Contract Regulations 2015 (PCR 2015), with the support of the council's Procurement Team. Prior to a decision on the potential use of a framework, advice will be sought from the Legal and Procurement teams to ensure suitability and compliance.
- 3.5 Formally appropriating the land for planning purposes enables the city council to develop the land in accordance with a planning permission. The Council is authorised to appropriate land that it owns for planning purposes under Section 122 of the Local Government Act 1972 which, subject to a number of provisions, allows "a principle Council to appropriate land which belongs to the Council and is no longer required for the purpose for which it was held immediately before the appropriation...." When the appropriation is in respect of open space the Council is required under Section 122 (2A) of the Local Government Act 1972 to advertise its intention to do so for two consecutive weeks in a newspaper circulating in the area in which the land is situated and consider any objections which may be made to them.
- 3.6 Section 122(2A) and 123(2A) of the Local Government Act require that before appropriating and disposing of any land consisting of or forming part of open space the Council must advertise the proposed appropriation in two consecutive editions of a local newspaper and consider any objections received in response.

#### 4 CONSULTATION AND COMMUNICATION

- 4.1 In 2012 the council held an event to consult local residents on various proposed sites in the Abbots Barton area. This consultation, which included the site at Dyson Drive, was divided into two events with 330 local residents attending. A series of housing sites were identified and public comments invited. Whilst there was objection to many of the proposals, many also appreciated the need for additional homes and were able to identify preferences for the location of housing development sites.
- 4.2 Following these consultations, a local Architectural practice was commissioned to provide the "Abbots Barton Planning Framework". The purpose of the Framework is to provide a comprehensive strategy and framework for future planning applications and the development of new council homes in Abbots Barton.

- 4.3 The Framework is not a formal development plan or Supplementary Planning Document but intends to coordinate applications in the Abbots Barton area. The Framework identifies 6 potential housing sites and proposes around 50 new homes in the area as well as enhancing biodiversity and amenity areas. The land at Dyson Drive is detailed in this report as S7.
- 4.4 The “Abbots Barton Planning Framework” was approved by Cabinet (Housing Delivery Committee members) on 27th February 2013.
- 4.5 The land at Hillier Way, Abbots Barton (identified in the Framework) was subsequently developed for 13 units of affordable housing and completed in 2017.
- 4.6 Following completion of Hillier Way, T2 Architects were appointed to draw up plans to submit a planning application for the land at Dyson Drive, identified as S7 in the Framework. Planners have been consulted from the outset.
- 4.7 Local members were consulted in May 2018 on initial plans for the proposed development at Dyson Drive. Following this, a consultation event was held on the site on Dyson Drive on 19<sup>th</sup> July 2019. At this event, T2 Architects presented the designs to the local community. Members of the Landscape and Open Spaces team also attended to consult with local residents about potential mitigation for the loss of the open space should the development proceed. Over 200 residents attended, including members of the Abbots Barton Community Group.
- 4.8 Many of the residents who attended were not favourable to the development of the land at Dyson Drive, chiefly because of loss of amenity space. However, positive comments and suggestions were also received around the appearance of the buildings with many favouring a traditional appearance to the proposed development. Residents’ comments have been taken into account during the development stage and we anticipate that local residents can use the statutory planning process as opportunity to provide further comment,

The land at Dyson Drive was acquired in the 1960’s for statutory housing purposes (as part of the wider acquisition of land at Abbots Barton). It is in the HRA and has been retained and maintained as open space ever since.

## 5 ENVIRONMENTAL CONSIDERATIONS

- 5.1 Consistent with the council’s Climate Emergency priorities, it is proposed that the development be designed to Passivhaus standards with the aim that these properties will achieve a net zero carbon standard.
- 5.2 External consultants Greenbox Associates have been appointed as green energy specialists to consider energy and design options. Their report confirms that building this scheme to the Passivhaus standard will achieve carbon savings of between 35 – 42 % above Building Regulation requirements. The tonnes of carbon savings will depend on the type of

heating and hot water system which will be used in the development. However, based on an air source heat pump, the regulated energy carbon savings for an average plot at Dyson Drive would be just under one tonne per annum (960KgCo2 pa). Building to our usual planning requirements will see 19% improvement in carbon savings.

## 6 EQUALITY IMPACT ASSESSEMENT

- 6.1 The key related strategies and policies, including the Housing Strategy and Housing Development Strategy, have been subject to an Equality Impact Assessment. A detailed Impact Assessment for the proposals will be undertaken at the Final Business Case.

## 7 RISK MANAGEMENT

- 7.1 The scheme proposed will be designed to the Passivhaus standard.

The chief risk factor identified is that of build cost. Passivhaus design is more expensive than traditional build due to the enhanced building fabric specification and energy saving heating requirements. Despite meeting the council's carbon neutral priorities, development proposals still need to be viable for the council to support. To mitigate these additional costs, it is proposed that costs will be reviewed at key stages of the development process in conjunction with the cost consultant. The council may choose not to proceed after the final tender price has been obtained. In addition, the Architect appointed up to and including the submission of a planning application (T2 Architects) are qualified and certified Passivhaus designers and have previous experience in this field. This will ensure cost efficiency.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property: Passivhaus project costs are estimates at this stage. Passivhaus costs are more expensive than traditional methods of construction.</i>	Employ consultants who are qualified and experienced in Passivhaus design and certification.	This is an opportunity for the council to play an important part in the pioneering of Passivhaus homes in Hampshire as well as supporting the council's carbon neutrality priorities.
<i>Community Support.</i>	Community consultation events have provided local residents with the proposals for the site and given opportunity for comment on the final appearance of the buildings as well as encouraging residents to	Mitigation opportunities could include the provision of a footpath from Hillier Way to North Walls which would provide a safe walking route to the recreation area and St Bede's school. Details of this would have to be

	suggest mitigation opportunities if the development proceeds. Local residents will also be given further opportunity to comment at planning stage. When the disposal of the open space is advertised the general public will also have opportunity to provide comment.	considered however. further
<i>Timescales</i>	A Project plan will outline key milestones.	
<i>Project capacity</i>	Within existing team	
<i>Financial / VfM</i>	Initial viability assessments have been undertaken which shows that the proposals meet the council's criteria. This will be reviewed at critical stages of the development process.	
<i>Legal – procurement</i>	The Procurement and Legal teams will support the process.	
<i>Innovation</i>	Low carbon, high performance properties are more expensive to develop. Experienced and qualified consultants will be engaged to ensure cost efficiency.	It is proposed to develop this scheme to the Passivhaus standard. This supports the council's carbon neutrality priorities and will be a real opportunity to showcase this standard.
<i>Reputation</i>	This is a key corporate priority to provide a scheme of much needed affordable housing in Winchester.	This presents an opportunity to demonstrate the council's commitment to its carbon neutrality priorities.
<i>Other</i>		

## 8 OTHER KEY ISSUES

- 8.1 Following the approval of the Abbotts Barton Planning Framework in 2013, land at Hillier Way (identified in the Framework as site 1) was subsequently developed for 13 units of affordable housing and completed in 2017.

- 8.2 The proposals for development at the land at Dyson Drive is considered as the next phase identified for development in the Framework. Following completion of the Hillier Way development in 2017, preliminary investigation and survey work has been undertaken on the land at Dyson Drive and T2 Architects have been appointed to prepare drawings for a planning application.
- 9 SUPPORTING INFORMATION:
- 9.1 This report seeks approval to submit a planning application to develop 8 units of affordable housing including 2 units of shared ownership to be held within the Housing Revenue Account. The proposals are for 2no.x 2 beds (shared ownership) and 6no. x 3 bed accommodation.
- 9.2 The site at Dyson Drive, is identified as an appropriate site for affordable housing in the “Abbotts Barton Planning Framework” which was approved by Cabinet in 2013. This framework was informed by two major community consultation events in 2012 attended by over 330 residents. The site is currently informal open space which is not well used by local residents, owing to the close proximity of the much larger open space, only 100 metres from Dyson Drive.
- 9.3 It is proposed to design the properties to Passivhaus standard. This was not the original intention when initial designs and layout plans were produced. However, in order to meet the council’s carbon neutrality priorities, it is now proposed to design the scheme to Passivhaus performance which means that the properties will be highly energy efficient, thereby reducing energy demand. The specific requirements to achieve the Passivhaus standard are still to be assessed but it is likely that renewables will be used.
- 9.4 It has been determined that in order to reduce risk to the council, a Design and Build contract is the most appropriate procurement option for this scheme. Rund Partnership, our Employer’s Agent for this scheme, have provided a report on procurement and suggest that a Design and Build contract is currently the most popular form of contract for (albeit large scale) Passivhaus projects in the UK. The council recognises that the market for Passivhaus is still relatively immature and this may well change in the next few years. However, in order to convey the majority of risk to the contractor, Rund recommend that a Design and Build procurement route is employed.
- 9.5 The New Homes team has consulted with planners, ward members, and local residents .Community consultation events have outlined initial proposals with the residents and feedback from the July 2019 consultation can be found at <https://winchester.citizenspace.com/housing/dyson-drive-abbotts-barton-new-homes/>
- 9.6 An Energy Modelling Report has been provided by Greenbox Associates to review the proposed plans and make recommendations for the building fabric and renewable energy options to meet a range of standards and space. The



Passivhaus standard is considered the most efficient with regard to energy demand.

9.7 A financial appraisal has been undertaken for the development and this can be found in exempt Appendix 2.

9.8 The scheme meets the Councils viability test criteria as follows:

- Scheme NPV – Pass
- Interest Cover – Pass

Please see exempt Appendix 2 for further details on scheme viability.

## 10 OTHER OPTIONS CONSIDERED AND REJECTED

10.1 The scheme could have been developed to meet the normal standards of new council schemes (which are an uplift on general Building Standard requirements). However in order to address the council's carbon neutrality priorities, it is proposed to develop this scheme to the Passivhaus standard.

### BACKGROUND DOCUMENTS:-

#### Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

Cabinet Report 3290 Feb 2021, Cabinet Report 3216, Jan 2020 Housing Revenue Account Budget Options 2020/21 Agenda item 8, 11.27 includes Dyson Drive, Abbots Barton.

#### Other Background Documents:-

*Abbots Barton Planning Framework 2013*. See link below

<https://www.winchester.gov.uk/planning-policy/winchester-district-local-plan-2011-2036-adopted/evidence-base/planning-frameworks/abbotts-barton-planning-framework>

### APPENDICES:

Appendix 1 – Plan 1 – Site Location

Exempt Appendix 2 - Dyson Drive: Scheme Viability