

**Public Report with Exempt Appendices**  
**Cabinet**

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**Committee Name and Date of Committee Meeting**

Cabinet – 21 October 2019

**Report Title**

Council delivery of new homes on Rotherham town centre sites

**Is this a Key Decision and has it been included on the Forward Plan?**

Yes

**Strategic Director Approving Submission of the Report**

Anne Marie Lubanski, Strategic Director of Adult Care, Housing and Public Health

**Report Author(s)**

David Mason, Housing Development Coordinator  
01709 255083 or [david.mason@rotherham.gov.uk](mailto:david.mason@rotherham.gov.uk)

**Ward(s) Affected**

Boston Castle

**Report Summary**

Following a report in October 2017, the Cabinet resolved that:

1. The Council act as the strategic housing enabler to develop Sheffield Road Car Park, Millfold House and the former Henley's Garage on Wellgate into residential accommodation.
2. The Assistant Director of Planning, Regeneration and Transport be authorised to purchase additional land to improve the scale of development potential.
3. Expenditure on these acquisitions be funded from resources allocated to the town centre regeneration programme.
4. Officers be authorised to explore further possible acquisitions, to maximise the regenerative impact of these residential schemes.
5. A further report be submitted setting out a detailed financial business case and development proposals.

A preferred contractor partner has been identified and proposals for 171 high quality, mixed tenure homes developed for these gateway sites, which are key to the transformation of the town centre. This report sets out the full details of the scheme, explains how it will help deliver the Town Centre Masterplan and seeks authority for the necessary budget and delegated authorities to officers.

## **Recommendations**

1. That the contents of the report, including the delivery arrangements for and funding implications of the proposed scheme, be noted.
2. That Council be recommended to approve the scheme for inclusion in the Capital Programme.
3. That the use of Housing Revenue Account capital resources to undertake preparatory works be approved, as outlined in Section 12.6, up to the amount set out in exempt Appendix 5.
4. That the Assistant Director of Housing Services be authorised to undertake any necessary procurement and award tenders for contracts associated with the delivery of the proposed scheme within the amounts set out in exempt Appendix 5.
5. That authority be delegated to the Assistant Director of Housing Services, in consultation with the Cabinet Member for Housing, to make amendments to site boundaries and to the numbers, types and tenures of homes in the scheme.
6. That the land shown red-lined at Appendices 1, 2 and 3 be appropriated from the General Fund to the Housing Revenue Account (HRA).

### **List of Appendices Included**

- Appendix 1 Sheffield Road Car Park
- Appendix 2 Millfold House
- Appendix 3 Former Henley's Garage
- Appendix 4 Equality Analysis
- Appendix 5 Financial Implications (Exempt)

### **Background Papers**

Report to Cabinet: "Residential development of Millfold House, Sheffield Road car park and the former Henley's Garage site" (16 October 2017)

Report to Cabinet: "Rotherham Town Centre Masterplan" (11 September 2017)

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

Overview and Scrutiny Management Board – 16 October 2019

### **Council Approval Required**

Yes

### **Exempt from the Press and Public**

*An exemption is sought for Appendix 5 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972, as this report contains sensitive commercial information regarding the Council's contracts.*

*It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because disclosing Council budgets could adversely affect its commercial negotiations with contractors.*

## **Council delivery of new homes on Rotherham town centre sites**

### **1. Background**

- 1.1 In October 2017, Cabinet resolved that ‘the Council will act as the strategic housing enabler to develop Sheffield Road car park, Millfold House and the former Henley’s garage on Wellgate into residential accommodation’. The approach recommended within the report was that the Council should act as developer on these sites and the report set out the intention to procure a contractor partner for the development.
- 1.2 Procurement of a contractor partner, Willmott Dixon Construction Limited (WDCL), took place in 2018 and the Council has worked with them to develop planning applications for each of the sites, which have now been submitted. The scheme comprises 171 homes in total, including 123 affordable homes. Extensive work has been undertaken since October 2017 working through key issues including funding routes, additional site acquisition, viability, grant funding availability and mix of housetypes and tenures.

### **2. Key Issues**

#### ***Delivering the Town Centre Masterplan and Housing Growth***

- 2.1 The forthcoming transformation of Forge Island, as the culmination of a cluster of major regeneration initiatives, will help create many of the conditions for an attractive town centre residential offer as envisaged in the Masterplan, which identifies capacity for up to 2,000 new homes. The market is still relatively underdeveloped and some of the potential sites are challenging but, by bringing forward this scheme within a similar timeframe to Forge Island, the Council will demonstrate the demand for town centre living in Rotherham and provide the confidence for the private sector to invest.
- 2.2 These sites sit at strategically important, highly visible gateway locations in the town centre, adjacent to other sites with the potential to accommodate further housing development. The delivery of 171 new homes across these sites will provide a significant contribution towards Rotherham’s housing growth requirement, with further multiplier effects as anticipated above. It is also important to maximise the scheme’s contribution towards meeting the borough’s affordable housing need, with many other sites within the town centre presenting viability challenges. The provision of 72% affordable housing on this scheme will have a significant impact.

#### ***Funding the scheme***

- 2.3 The nature of these ex-industrial, brownfield sites poses significant viability challenges relating to site remediation. There are also individual site specific issues including flood risk mitigation, a steeply sloping site with new and existing retaining structures, and a listed building (Wellgate Old Hall). Combined with modest sale and rental values in an emerging residential market, these sites are not currently viable propositions for private investment, hence the need for the Council to deliver directly. Public subsidy will be required to address the broad viability issues and to support the delivery of the 123 affordable homes proposed.

- 2.4 Given the high proportion of affordable housing and the availability of funding reserves, the Housing Revenue Account (HRA) is proposed as the most appropriate route for direct Council delivery of the scheme.
- 2.5 Homes England's Shared Ownership and Affordable Homes Programme (SOAHP), which is already providing grant support to deliver more than 200 new Council homes across the borough, has been identified as an appropriate grant funding route for the 123 affordable homes, combining with HRA resources. The Council would submit a bid for SOAHP funding in November 2019. The principle of investment has been provisionally agreed with Homes England, subject to further grant funding being secured from Sheffield City Region (see 2.6). The funding would be predicated on achieving starts on site by March 2020 and completions by March 2022.
- 2.6 To assist with the broader viability challenges of the scheme, including the 48 market sale properties, the Council has sought support from the Sheffield City Region (SCR) Housing Fund. The Council's Strategic Business Case was approved by the SCR in July and approval of the Full Business Case is now awaited, for a grant of £3.917m.
- 2.7 These funding streams have been factored into detailed financial modelling, identifying a tenure mix that supports the delivery of the scheme. That modelling has been further informed by extensive, intrusive site investigations and the development of the schemes into full planning applications. This has allowed a detailed pricing exercise by WDCL, providing greater cost certainty.

#### ***Tenure mix and allocations***

- 2.8 The emerging private town centre residential market is dominated by private rented apartments. In order to broaden the base of the market and encourage the development of a new, sustainable, balanced community, it is necessary to introduce new house types and tenures into the mix, demonstrating demand and stimulating more variety in private developments.
- 2.9 The scheme provides apartments for Council rent aimed at singles, sharers and couples who are attracted by the concept of town centre living but are priced out of the private rented sector. It provides both houses and apartments for shared ownership suiting first time buyers, key workers and older downsizers amongst others. There are also a variety of market sale options including traditional family homes with gardens, modern back-to-back houses and flexible, dual aspect, riverside houses, suitable for families or sharers, with terraces overlooking the River Don.
- 2.10 Older people within the borough use and support the town centre in disproportionately high numbers and many would benefit from the convenience of living there. However, perceived lifestyle clashes with younger residents can discourage some older people from taking up the opportunity. A block of 23 Council rented apartments on the former Henley's Garage site is proposed to be age-banded for applicants over 50 years of age. This block, as with all of the apartments within the scheme, is completely level access.

- 2.11 In a mixed tenure scheme the short term capital receipts generated by sales are balanced against the longer term revenue streams offered by rented properties. The impact of the proposed mix has been modelled in detail.

### ***Design and sustainability***

- 2.12 WDCL subcontracted the design elements to Bond Bryan Architects to develop the designs to planning application stage. Each site features a landmark apartment building on its main frontage, making a clear statement to town centre visitors about Rotherham's regeneration and setting the tone for future developments. The architectural approach and use of materials complements existing historic buildings that neighbour the sites, and the quality of the materials used will stand the test of time.
- 2.13 Car parking provision has been kept to a level appropriate to these sustainable urban locations, and to further encourage sustainable transport it is intended to provide many of the new homes with electric vehicle charging points. This follows the installation of 30 public charging points in the town centre and continues the Council's commitment towards improving air quality, in line with the introduction of the Clean Air Zone.

### ***Housing management and maintenance***

- 2.14 The scheme includes various communal amenities including bin stores, cycle stores, landscaped areas and a private access road at Millfold House. There are also structural elements such as retaining walls requiring ongoing maintenance. It is proposed that the Housing Service maintains the scheme as a whole, levying service charges and estate fees across all tenures as appropriate, with the level of any fees and charges to be agreed by the Assistant Director of Housing.
- 2.15 The specification for the Council rented homes aligns with the standard Council specification, ensuring consistency across the stock.
- 2.16 Each house on the scheme will have allocated car parking. In order to ration the limited car parking provision for the apartments, spaces will be allocated to some apartments and not others. Rent levels will reflect the difference.

### ***Procurement process***

- 2.17 WDCL was procured using the YORbuild framework and ranked first among five bidders in a competition evaluated 50:50 on price and quality, which took into account feedback from soft market testing in 2017. Planning and Finance Officers were involved in the evaluation, along with consultants Gleeds who have since been appointed, via the Scape framework, as the Council's Employer's Agent for the scheme.
- 2.18 As part of a collaborative, two-stage process, the Council entered into a Professional Services Contract with WDCL to work up designs to planning application stage. WDCL have now submitted a final price and, subject to further detailed scrutiny of that price, a contract would be awarded to physically construct the scheme.

### **Scheme proposals**

- 2.19 Detailed unit breakdowns are shown at Appendices 1-3. The proposed tenure mix across the three sites is as follows:

| <b>Site</b>    | <b>Council Rent</b> | <b>Shared Ownership</b> | <b>Market Sale</b> | <b>Total</b> |
|----------------|---------------------|-------------------------|--------------------|--------------|
| Sheffield Rd   | 44                  | 0                       | 34                 | 78           |
| Millfold House | 25                  | 0                       | 14                 | 39           |
| Henley's       | 23                  | 31                      | 0                  | 54           |
| <b>Total</b>   | <b>92</b>           | <b>31</b>               | <b>48</b>          | <b>171</b>   |

### **Appropriation**

- 2.20 The three sites sit as assets within the Council's General Fund, as will 74-76 Wellgate (Eastwood Domestics), which is being acquired in order to extend the Millfold House site in line with the recommendations of the October 2017 report. In order for the scheme to be delivered via the HRA, the sites shown red-lined at Appendices 1-3 would be appropriated to the HRA from the General Fund.

## **3. Options considered and recommended proposal**

- 3.1 Having developed the scheme to planning application stage, the following options are open to the Council:

### ***Discontinue the project (Not Recommended)***

- 3.2 The Council could discontinue the project and invest HRA capital resources in other schemes. Without the public subsidy that the Council is securing, the sites remain an unviable proposition for private residential development, meaning that the sites would achieve nil value if sold with residential planning permission but without further site remediation. Therefore, discontinuing the project would result in significant abortive costs incurred in developing the scheme to this stage, with no prospect of an alternative housing scheme coming forward to regenerate the sites and deliver the masterplan.

### ***100% Market Sale/Rent (Not Recommended)***

- 3.3 A scheme without any affordable housing would, theoretically, maximise the total sale and rental income to the Council. However, it would not be eligible for the grant funding that the Council is seeking to attract and would, therefore, be unviable. It would also fail to meet the Council's own requirement for 25% affordable housing.

### ***100% Affordable Housing (Not Recommended)***

- 3.4 A scheme comprising only Affordable Housing would miss the opportunity to diversify the emerging town centre residential market by introducing new family homes for sale. It would also be unlikely to attract the necessary additional subsidy from Homes England, which promotes mixed tenure as a key element of sustainable communities.

### ***Mixed tenure scheme (Recommended)***

- 3.5 The proposed scheme outlined at 2.19 and in Appendices 1-3 strikes a sustainable balance between the provision of affordable housing, the financial deliverability of the scheme, meeting the objectives of funders and building a new town centre community.

## **4. Consultation on proposal**

- 4.1 The ambition to build homes in the town centre has been informed by extensive feedback from residents and stakeholders gathered over the past four years, including Housing Strategy consultation, Local Plan and Town Centre Masterplan consultation, the current and former Strategic Housing Market Assessments for the borough, and the Council's Annual Housing Developer Summit.
- 4.2 In developing the specific proposals for these sites, consultation has taken place with local Ward Members, staff from a wide range of Council services, the Rotherham Strategic Housing Forum, Homes England, and Rotherham's Town Centre and Housing and Regeneration Board, as well as local town centre businesses. Further community consultation was carried out as part of the Planning process. The following scheme specific consultation has also taken place:

| <b>Group</b>                                 | <b>Date</b> |
|--|-------------|
| Rotherham Voice – Town Centre Retailers      | 05/02/19    |
| Boston Castle Ward Network – Local Residents | 09/04/19    |
| Boston Castle Ward Members' Briefing         | 14/05/19    |
| Town Centre Regeneration – Members' Seminar  | 02/10/19    |

## **5. Timetable and Accountability for Implementing this Decision**

- 5.1 Building on the experience of delivering previous schemes in the Council's housing growth programme, design work on this scheme began in January 2019 with planning applications submitted in June/July 2019. This, working in partnership with Gleeds and WDCL, has allowed the development of a fully costed business case to inform this Cabinet report. Now that this work has been completed, the Council has a robust understanding of the scheme costs and delivery timescales.

| <b>Milestone</b>                                 | <b>Date</b> | <b>Accountable Officer</b> |
|--|-------------|----------------------------|
| Council approval: inclusion in Capital Programme | 30 Oct 2019 | Tom Bell                   |
| Submission of bid to Homes England               | Nov 2019    | Tom Bell                   |
| Enabling Contract Award                          | Nov 2019    | Tom Bell                   |
| Confirmation of SCR funding                      | 18 Nov 2019 | Tom Bell                   |
| Confirmation of Homes England funding            | Dec 2019    | Tom Bell                   |
| Main Contract Award                              | Dec 2019    | Tom Bell                   |
| Start on site                                    | Feb 2020    | Tom Bell                   |
| First completions                                | Q1 2021/22  | Tom Bell                   |
| Final SOAHP-funded completions                   | Q3 2021/22  | Tom Bell                   |
| Final completions                                | Q4 2021/22  | Tom Bell                   |

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- 5.2 A dedicated Housing Development Coordinator for the scheme, based within the Strategic Housing and Development Service, is responsible for co-ordinating day-to-day client arrangements with the Contractor. The Coordinator will be supported by the Employer's Agent, Gleeds, who will also provide the Clerk of Works function.
  - 5.3 Progress will be overseen by the Town Centre and Housing and Regeneration Programme Delivery Board, which is attended by the Cabinet Member for Housing and the Cabinet Member for Jobs and Local Economy, as well as the Chief Executive and Strategic Directors for Regeneration and Environment, and for Adult Care, Housing and Public Health.

## **6. Financial and Procurement Advice and Implications**

- 6.1 The project already has an approved budget within the Council's capital programme of £592k, for the delivery of site investigations, detailed design and pricing. This report proposes to earmark the required funding for the physical delivery of the 171 new homes, and its inclusion within the Council's capital programme. The exempt Appendix 5 provides the details of the planned expenditure profile, and funding required.
- 6.2 The 171 new homes delivered will be mixed tenure, comprising 92 Council rent, 31 shared ownership and 48 market sale. Each tenure type will have a varying impact on the Council's finances. The Council rent (Affordable Rent) properties will be absorbed into the HRA, increasing the annual rental income stream for the Council by £469k per annum. The shared ownership properties will both generate an initial capital receipt to the Council for the part of the property sold, and then increase the Council's annual rental income stream by £81k per annum for the element rented to the new home owner. The market sales properties will generate a capital receipt to the Council.

### ***Capital receipts***

- 6.3 The capital receipts from market sale properties and shared ownership properties must be ring-fenced to the HRA. This step is crucial as the HRA will be subsidising the delivery of the scheme whilst the new properties are constructed, up until the point that these properties can be sold. Once sold, effectively the receipts will be used to repay the HRA contribution. If this step is not taken the Council risks the HRA cross-subsidising the delivery of sale properties. If the receipts generated are greater than the HRA contribution then the additional receipt will be used to repay the General Fund contribution.

### ***External funding***

- 6.4 A bid has been submitted to the SCR Housing Fund for a grant contribution towards the scheme, specifically to cover the site and design abnormalities. An initial Strategic Business Case has been approved by the SCR; the Full Business Case is subject to agreement by the Combined Authority on 18 November. The use of this grant would be structured to prevent any cross-subsidy of the market sale or shared ownership properties by the HRA. By using the grant to bridge the gap between expected costs per unit and expected sale prices we could ensure that the HRA contribution can be recovered by the sales receipts.
- 6.5 A separate bid will be submitted to Homes England's Shared Ownership and Affordable Homes Programme, for a contribution towards the delivery of 123 affordable homes. The principle of Homes England investment has been provisionally agreed subject to confirmation of the SCR funding outlined above. The Council will be required to sign up to a planned delivery programme, with key timescales and deliverables in order to draw down the grant.

### ***Appropriation of Land Values***

- 6.6 To enable the delivery of the project the Council will need to appropriate the three sites (Sheffield Road, Millfold House, and Henley's Garage) held within the General Fund to the HRA. The Council is also acquiring 74-76 Wellgate (Eastwood Domestics) to extend the Millfold Road site. The Council is forgoing potential capital receipts totalling £835k from the sale of the sites for their current uses.

### ***Financial assessment***

- 6.7 A financial assessment of the viability of the project has been carried out to assess the impact on the Council's finances. This is detailed in Appendix 5. The Council will not recoup its initial investment through sales receipts or future rental streams. However, the Council has defined the project as a strategic priority and the financial implications of the decision should be considered alongside the strategic importance of delivering the scheme and the impact of not doing so.
- 6.8 The delivery of the scheme will see a number of broader financial benefits as the delivery of new build housing will contribute to the Council's financial planning assumptions for Council Tax income as set out within the Medium Term Financial Strategy. In addition it is expected that this scheme will generate further financial benefits to the Council and the economy of Rotherham as the new housing helps to regenerate the town centre offer, and link in with the wider Town Centre Masterplan.

### ***Revenue implications***

- 6.9 Once all properties are fully completed and occupied there will be a net revenue benefit to the Council of £147k per annum. In addition, the HRA revenue budgets will receive 4% of sales receipts from the sale properties to support the administration costs of managing the process.

### ***Financial risks***

- 6.10 Aside from the funding risks above, there are a number of other financial risks facing this scheme. These risks predominantly focus around increases in project costs; they will be mitigated through regular monitoring and through the provision of an appropriate contingency budget, as disclosed in the exempt Appendix 5. These are:
- Unforeseen cost increases during the construction period, which could have an impact on the General Fund if greater resources are required for sale units.
  - Increased costs due to the Council needing to or wanting to change the scope of housing delivery on the sites.
  - Uncertainty in the UK economy due to EU Exit and unknown cost implications of the outcome of EU exit. For example, delays to, or difficulties in, accessing materials from or through the EU.
  - Right to Buy purchases on the new Council rent properties
  - Delays on site could lead to Homes England delivery targets being missed and grant withheld. However, officers will work closely with Homes England to manage this risk and reassure them of the deliverability.

- 6.11 Whilst the projected sales values could increase from the market sales properties, making the scheme more financially viable, there are possible risks facing these sales. Firstly, the Council is trying to create a market for housing in the town centre: there is a risk that the market sale homes don't generate the required interest. In addition there is a risk that uncertainty in the UK economy now, and post EU exit makes gaining a mortgage more difficult. For example, if the bank rate rises, and with it the cost of mortgages, this could reduce the Council's target market and the level of capital receipts generated. Mitigation of this risk is set out in Section 12.

### ***Procurement implications***

- 6.12 All procurement activity outlined in this report has been conducted in compliance with the Public Contracts Regulations 2015 and the Council's own Financial and Procurement Procedure Rules. Any new procurement activity that may be undertaken as a result of decisions made must also be carried out in compliance with the Rules and Regulations.
- 6.13 As detailed below (mitigation of risks) set out in Section 12, it is proposed that the Council enters into a Pre-Construction Services Agreement. Entering into this type of arrangement is appropriate in these circumstances to ensure successful progression of the project but does not commit the Council to enter into the final build contract, if agreement on the final proposal cannot be reached.

## **7. Legal Advice and Implications**

- 7.1 The SCR Housing Fund grant will be used partly to support the development of the market sale homes and in certain circumstances this could be considered State Aid. Accordingly, the Council has sought external legal advice on this point. The advice is that there is a very strong argument that, because the Council is not engaged in an economic activity but is carrying out its public purpose in accordance with its strategic development plan (namely the development of mixed housing), it will not be receiving state aid in connection with any grant funding it may receive. Furthermore, there are also strong arguments that the Council is providing a local service and that its activities do not affect trade between Member States and therefore any grant funding will not involve state aid to the Council.
- 7.2 The Assistant Director of Legal Services will sign and execute sale agreements for market sale and shared ownership properties.

## **8. Human Resources Advice and Implications**

- 8.1 Sheffield Road car park currently provides Council staff permit parking for 99 FTE equivalents. Parking Services will make alternative arrangements in other Council car parks for those staff affected. Options include, for example: Unity Place, The Statutes and Wellgate multi-storey (subject to capacity). Some of the alternatives, being closer to the town centre, are £10/month more expensive. There are no further HR implications.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 The scheme will introduce new build family housing into the town centre, encouraging families into the area. Financial contributions are anticipated via the Planning process to ensure sufficient capacity in local schools.
- 9.2 Homes for older people are included in the scheme, supporting people to live independently in their own homes.

## **10. Equalities and Human Rights Advice and Implications**

- 10.1 The equality analysis for the scheme is attached at Appendix 4. This sets out the key equalities issues and mitigations identified.

## **11. Implications for Partners**

- 11.1 The development of these sites will bring significant positive changes and benefits for other local businesses and partners, improving the viability of some town centre businesses and services. Regular updates have and will continue to be provided to the Rotherham Strategic Housing Forum, which brings together a range of organisations including Voluntary Action Rotherham, the CCG and local housing associations. The relevant links will also be made with the wider Rotherham Together Partnership structure.
- 11.2 The Strategic Housing and Development Service is working in close partnership with both Homes England and the Sheffield City Region, as set out in 12.5.

## **12. Risks and Mitigation**

- 12.1. Four main risks require ongoing mitigation as follows:

### **Costs**

- 12.2 Mitigation to date: in contrast to previous schemes in the Council's housing growth programme, an 'invest-to-save' approach has been taken to this project, with substantial work already undertaken, at risk, to provide greater cost certainty at this decision point. The Council is in receipt of a tendered price for the construction of the scheme based on detailed planning applications, themselves based on comprehensive, intrusive site investigations. This upfront investment has allowed robust cost projections, informed by expert analysis from Gleeds to identify and correct any omissions during the pricing process.
- 12.3 Ongoing mitigation: notwithstanding the work already undertaken to provide cost certainty, there are some costs that cannot be known until work begins on site, and there will always be unanticipated costs. Risk allocation between Council and contractor is key to mitigating these and the price submitted by WDCL is based on agreed risk sharing principles. This follows detailed, collaborative risk workshops with the contractor in which the Council has been advised by Gleeds, in order to ensure an appropriate balance of risk, where the contractor is incentivised to pursue cost-effective solutions to any issues that arise.

### ***External funding***

- 12.4 Mitigation to date: securing external funding for this project is essential to delivering the scheme and the Council has ensured that the strategic importance of this scheme, both to the borough and the wider City Region, is recognised by both Homes England and the SCR. Officers are working closely with both organisations regarding the broader regeneration agenda across the town centre and that is reflected in Homes England's confirmation of their intent to invest in the 123 affordable homes proposed. Further funding has been sought from the SCR Housing Fund and it is clear from the approval of our initial Strategic Business Case that this scheme represents an outstanding strategic fit with the objectives of the fund.
- 12.5 Ongoing mitigation: assuming the required funding is secured, grant conditions will need to be met in order to draw it down. By delaying submission of bids until planning applications had been submitted and a Cabinet decision was imminent, the Council has placed itself in an excellent position to meet all delivery milestones. Regular contract review meetings are in place with Homes England, as well as regular joint town centre meetings with them and the SCR. These provide an opportunity to monitor progress, raise any issues and resolve them flexibly and collaboratively.

- 12.6 Proposed mitigation: the grant funding from Homes England would be predicated on achieving starts on site by March 2020 and completions by March 2022. A decision on the SCR funding is expected on 18 November. However, if there were a delay in confirmation of the SCR grant funding, or in agreeing the funding agreement with the SCR, that could put the Homes England grant, and therefore the scheme, at risk. To mitigate this, it is proposed to enter into a pre-contract agreement with the contractor to undertake post-Planning design, demolition, site clearance and preparation, which would allow the project to continue pending SCR funding being secured. Whilst this investment would be made by the Council at risk, it would increase the value of the sites and place the Council in a stronger position to secure alternative grant funding, in the event that SCR funding was not approved.

### ***Demand***

- 12.7 Within the tenure mix there are 48 houses for market sale, which is not a new build product that currently exists in the town centre. At the former Henley's Garage site, 31 shared ownership homes are proposed, which for that tenure is a scale of development not seen in Rotherham until the Council's recent development at Bellows Road, a scheme just coming to completion. In both cases the Council is attempting to create a market, which carries inherent risks.
- 12.8 Mitigation to date: part of the mitigation strategy is to provide a variety of housetypes (apartments, traditional houses, back-to-backs, waterside homes) to maximise the breadth of potential sales demand. A range of market intelligence has been used to refine the mix, including the Strategic Housing Market Assessment and a specific report on shared ownership demand within the borough, commissioned from consultants Arc4. For example, the latest evidence shows that three bed houses are the most popular housetype amongst potential buyers, so the proportion of three beds has been increased accordingly.
- 12.9 Ongoing mitigation: the scheme will be marketed using the Rother Living brand that is proving successful on the Council's existing housing development schemes, and will build on the work being done to promote shared ownership as a low cost home ownership product across the borough. There will always be a risk that some properties do not sell and the fall-back position could be that these revert to Council rent. For shared ownership homes this will be subject to the agreement of Homes England. This option has been discussed with Homes England and they would assess on a case-by-case basis.

### ***Programme***

- 12.10 The delivery of the proposed scheme represents a complex and challenging programme over multiple sites. There are numerous eventualities that could lead to slippage in the programme.

- 12.11 Mitigation to date: engaging a contractor at the start of the design process has allowed any changes to be modelled by the contractor's Planning Manager who will be responsible for the delivery of the scheme, factoring in the impact of changes on the contractor's supply chain. This has allowed realistic assessment of the milestones to ensure they remain achievable. Submitting planning applications in advance of Cabinet approval will enable a prompt start on site once external funding is in place.
- 12.12 Ongoing mitigation: the project steering group meets on a fortnightly basis to assess the ongoing risk register and anticipate and mitigate any issues with the programme.

### **13. Accountable Officers**

Tom Bell, Assistant Director of Housing Services

Approvals obtained on behalf of Statutory Officers:-

|  | <b>Named Officer</b> | <b>Date</b> |
|--|----------------------|-------------|
| Chief Executive  | Sharon Kemp          | 07/10/19    |
| Strategic Director of Finance & Customer Services<br>(S.151 Officer) | Judith Badger        | 04/10/19    |
| Head of Legal Services<br>(Monitoring Officer)                       | Bal Nahal            | 04/10/19    |

*Report Author:* *David Mason, Housing Development Coordinator  
01709 255083 or david.mason@rotherham.gov.uk*

This report is published on the Council's [website](#).

## **Appendix 1: Sheffield Road Car Park**



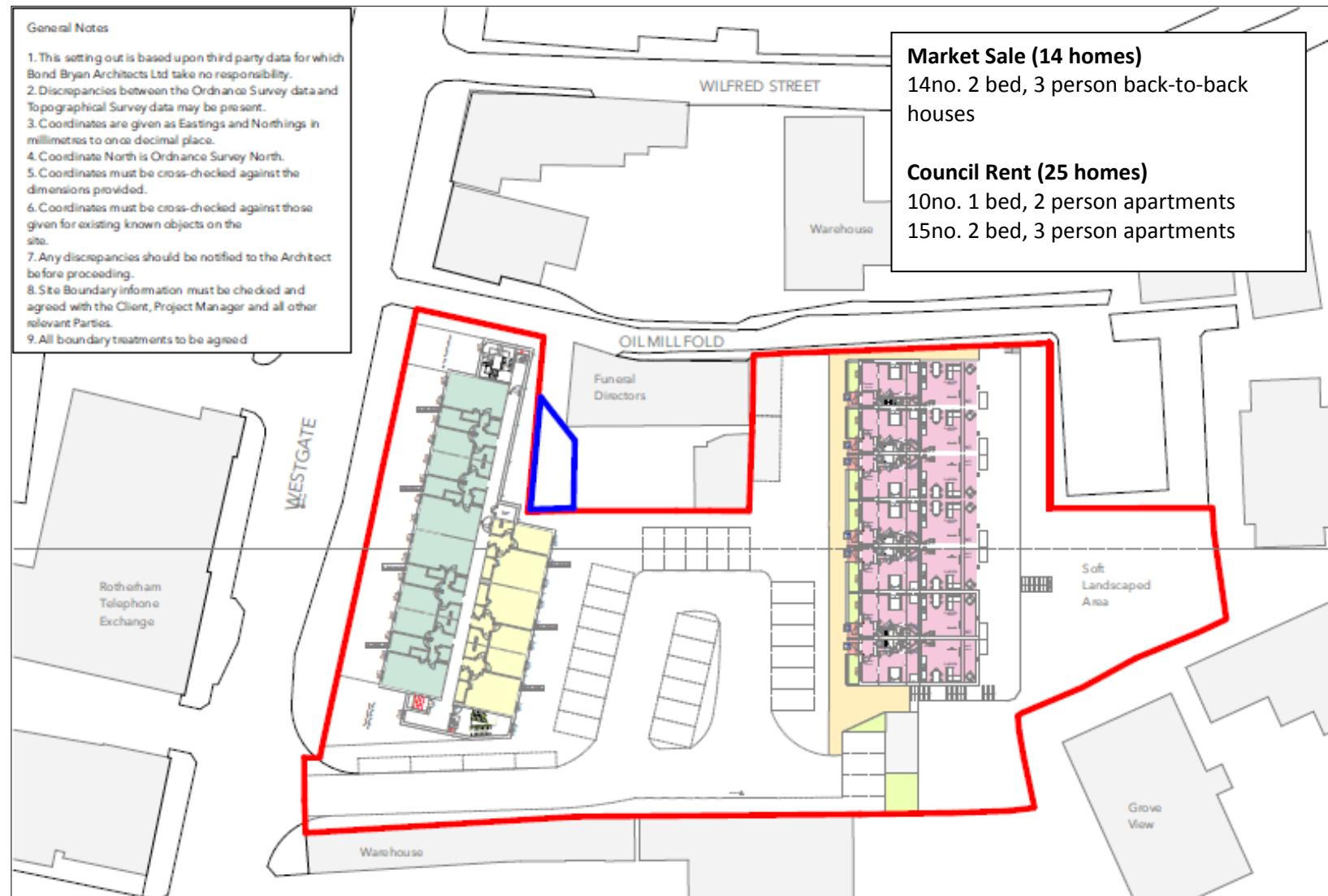
## Market Sale (34 homes)

- 8no. 3 bed, 6 traditional houses
- 5no. 3 bed, 6 person riverside houses
- 8no. 2 bed, 4 person houses
- 8no. 2 bed, 3 person back-to-back houses
- 5no. 2 bed, 3 person riverside houses

## Council Rent (44 homes)

21no. 1 bed, 2 person apartments  
23no. 2 bed, 3 person apartments

## Appendix 2: Millfold House



## Appendix 3: Former Henley's Garage



### Shared Ownership (31 homes)

10no. 3 bed, 6 person houses  
10no. 2 bed, 4 person houses  
6no. 1 bed, 2 person apartments  
5no. 2 bed, 3 person apartments

### Council Rent (23 homes)

12no. 1 bed, 2 person apartments  
11no. 2 bed, 3 person apartments