

**Committee Name and Date of Committee Meeting**

Cabinet – 25 January 2021

**Report Title**

Quarterly Housing Development Update Report – January 2021

**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)**

Jane Davies, Head of Strategic Housing Development  
David Bagnall, Housing Development Manager

**Ward(s) Affected**

Various

**Report Summary**

In September 2020, Cabinet approved the 2020/21 Housing Development Programme which listed a range of Housing Revenue Account (HRA) sites to be developed for housing, and potential strategic acquisitions. It was agreed that a quarterly update report would be presented to Cabinet, setting out progress. Given the nature of the programme it is recommended that future updates are provided on a six monthly basis rather than quarterly.

In order to align future annual reports with the HRA Business Plan (which Cabinet considers in December of each year), the new annual report (2021/22) will be brought to Cabinet in April, with an update report in October 2021.

Since the September Cabinet report, new external funding opportunities have arisen and one of the recommendations of this report is to delegate authority to officers to enable bids to be submitted and agreements to be entered into with the Sheffield City Region, to draw down grant resources. Two sites currently held in the General Fund could benefit from grant funding to enable between 40 and 50 homes to be delivered, and a further recommendation of the report is to appropriate this land into the HRA to allow HRA resources to be expended as match funding.

**Recommendations**

1. That progress made with the 2020/21 housing development programme be noted.

2. That authority be delegated to the Assistant Director of Housing, in consultation with the Cabinet Member for Housing and the Section 151 Officer, to enter into a Brownfield Housing Fund agreement with the Sheffield City Region where this will serve to increase the number of new homes delivered in Rotherham.
3. That the appropriation of Netherfield Court and York Road car park (both in Eastwood) from the General Fund to the HRA, be approved.
4. That a change to six monthly rather than quarterly update reports, be approved.

**Appendices**

Appendix 1 Initial Equality Screening (Part A)

Appendix 2 Equality Analysis (Part B)

**Background Papers**

Annual Housing Development Report (Cabinet 21<sup>st</sup> September 2020)

HRA Business Plan 2021-22 (Cabinet 21<sup>st</sup> December 2020)

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

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## Quarterly Housing Development Update Report – January 2021

1.	<b>Background</b>
1.1	The Annual Housing Development report in September 2020 explained the importance of housing growth and the various approaches the Council will take. It included a list of HRA sites to be progressed in 2020/21 either through Council build or development by housing associations, and potential strategic acquisitions.
1.2	<p>The recommendations from the September 2020 Cabinet report were as follows:</p> <ol style="list-style-type: none"> <li>1. That Cabinet approves the release of the Council owned sites listed in Appendix 3a for early residential development, subject to development being undertaken directly for council stock with the Council retaining ownership of the land and homes, or by a registered social landlord with the Council retaining tenancy nomination rights where this is deemed to offer better value, and subject to written confirmation of agreement by the relevant Ward Members.</li> <li>2. That Cabinet note that proposals to deliver more than ten homes on any individual site, will continue to require a separate Cabinet report.</li> <li>3. That Cabinet gives delegated authority to the Assistant Director for Housing, with agreement from the Section 151 Officer, Cabinet Member for Housing and local Ward Members, to substitute or accelerate sites from the list included as Appendix 3b (strategic pipeline), if any of the primary sites in Appendix 3a prove to be unviable or if additional resources are identified to bring forward more housing.</li> <li>4. That Cabinet approve the programme of strategic acquisition opportunities listed in exempt Appendix 4, and that authority is delegated up to a maximum value of £1.118m, to the Assistant Director for Planning, Regeneration and Transport to purchase homes from private developers or the open market to add to the Council's stock, upon confirmation of support by the Assistant Director for Housing with agreement from the Section 151 Officer and Cabinet Member for Housing, and subject to the governance processes set out in section 5. This delegation is sought for a period of 12 months and subject to an annual review.</li> <li>5. That Cabinet agrees to receive a quarterly report to update on progress of delivery and any changes made as a result of these delegations.</li> </ol>
1.3	<p><b>Progress on recommendation 1:</b></p> <p><u>SOAHP Small Sites</u></p> <ul style="list-style-type: none"> <li>• Both sites have been redesigned to accommodate more new homes – Braithwell Road will now deliver six new homes instead of five and Arundel Avenue will now deliver eight new homes instead of seven,</li> </ul>

	<p>making a total of 14 for the whole scheme, and all the new homes will be bungalows</p> <ul style="list-style-type: none"> <li>• Contract partner identified and start on site anticipated January 2021</li> <li>• Discussions held with Homes England in respect of submitting a Continuous Market Engagement (CME) bid to seek additional Shared Ownership and Affordable Homes Programme (SOAHP) grant funding to support the two extra homes</li> </ul> <p><u>East Herringthorpe Site Assembly</u></p> <ul style="list-style-type: none"> <li>• Worked in collaboration with Procurement to establish a new procurement strategy to be trialled with this scheme</li> <li>• The trial will involve a two-stage procurement process, the first being to enter into a pre-contract services agreement (PCSA) with a contractor to be drawn from an established framework – this will allow the Council to work with the contractor to survey and assess the site conditions and design a suitable scheme, with the intended benefits of this approach being to reduce risk and thereby increase cost certainty before entering into an actual build contract</li> <li>• Identification of contract partner and entry into a pre-contract services agreement anticipated by end of financial year</li> </ul> <p><u>Thrybergh Site Assembly</u></p> <ul style="list-style-type: none"> <li>• Currently exploring the potential for delivery through the Council's existing repairs and maintenance contracts with Engie and Mears</li> </ul> <p><u>Wingfield Site Assembly</u></p> <ul style="list-style-type: none"> <li>• A strategic appraisal of the scheme has been conducted which has indicated that either land transfer to a housing association partner or land sale on the open market are likely to represent the most appropriate delivery route</li> <li>• A pre-market engagement exercise has been issued to gauge likely housing association interest in developing this scheme through a land transfer arrangement</li> <li>• Implemented a list of preferred housing associations, which will improve the process for delivery via this route</li> </ul>
1.4	<p><b>Progress on recommendation 2:</b></p> <p>The 2020/21 programme does not incorporate any individual sites with an estimated capacity for greater than 10 new homes.</p>
1.5	<p><b>Progress on recommendation 3:</b></p> <p>No sites are currently proposed for substitution or acceleration.</p>
1.6	<p><b>Progress on recommendation 4:</b></p>

	<p>Following approval of the September report, the Council has progressed negotiations with each of the site developers/owners and is now actively pursuing three of the four opportunities set out in the original exempt appendix. The fourth scheme is not considered to represent a viable opportunity at this time and is therefore not progressing further, but the Council will continue to monitor the market for other opportunity acquisitions which may come forward.</p> <p>In view of the £1.118m maximum expenditure to be approved under the delegated authority granted by Cabinet, it is anticipated that one scheme will be progressed to exchange of contract by the end of this financial year. The remaining schemes will be subject to further budgetary approvals to be sought in a future report.</p>
1.7	<p><b>Progress on recommendation 5:</b></p> <p>This is the first update report to be brought to Cabinet following approval of the Annual Housing Development Report – 2020/21 report in September.</p> <p>In order to align future annual reports with the HRA Business Plan (which Cabinet considers in December of each year), the new annual report (2021/22) will be brought to Cabinet in April, with an update report in October 2021.</p>
1.8	<p><b>Other highlights since the September report</b></p> <ul style="list-style-type: none"> <li>• Completion of the Site Clusters Programme (217 homes in Canklow, Maltby, Dinnington and East Herringthorpe)</li> <li>• Completion of The Bellows in Rawmarsh (58 homes)</li> <li>• Demolition of Millfold House and excellent progress with other housing sites in Rotherham Town Centre</li> <li>• Contracts entered into and works commenced on Chesterhill Avenue and Whinney Hill (Dalton and Thrybergh) for the construction of 237 new homes</li> <li>• Approval of the 2021-22 HRA Business Plan on 21<sup>st</sup> December 2020 which identifies circa £114m of investment to support future housing growth</li> </ul>
1.9	<p><b>New issues</b></p> <p>A new external funding opportunity has arisen since the September Cabinet report, and the Strategic Housing and Development Service is currently developing proposals to maximise grant funding to support the Council's HRA investment into new homes. The devolved Brownfield Housing Fund (administered by the Sheffield City Region) provides grant funding, both capital and revenue, for residential development on brownfield sites.</p> <p>The second recommendation of this report is to delegate authority to the Assistant Director for Housing, in consultation with the Cabinet Member for Housing and the Section 151 Officer, to enter into a Brownfield Housing Fund</p>

	<p>agreement with the Sheffield City Region once robust business cases have been developed.</p> <p>Some of the sites to be submitted for grant funding have already been approved by Cabinet. A further two sites, currently held in the General Fund Asset Register, are proposed for inclusion in the grant funded programme:</p> <ul style="list-style-type: none"> <li>• Netherfield Court (former care home, now demolished) in Eastwood</li> <li>• York Road car park in Eastwood</li> </ul> <p>Appropriation of these sites for delivery through the HRA will support the implementation of the Town Investment Plan: Eastwood Investment Projects, which identifies both sites as being suitable for early targeted intervention in Eastwood and support for this proposal has been obtained from Asset Management Board colleagues.</p> <p>The third recommendation of the report is to appropriate these assets into the HRA, so that HRA resources can be expended on site preparation works and for match funding.</p>
1.10	<p><b>Next steps</b></p> <p>It is intended that the following actions are to be taken before the next report to Cabinet:</p> <ul style="list-style-type: none"> <li>• Start on site at Arundel Avenue, Treeton and Braithwell Road, Ravenfield to build 14 council bungalows</li> <li>• Enter into a pre-contract services agreement for the East Herringthorpe scheme as part of the trial of a new procurement strategy</li> <li>• Determine the feasibility of commissioning the Thrybergh scheme through one of the Council's existing repairs and maintenance contractors</li> <li>• Conclude the pre-market engagement exercise to determine likely housing association interest in the Wingfield scheme as a land transfer agreement.</li> <li>• Enter into contract on the first of the three strategic acquisition opportunities which are actively being pursued</li> </ul> <p>In addition, the Council will:</p> <ul style="list-style-type: none"> <li>• Hold virtual Housing Development update event during January 2021</li> <li>• Apply for external grant funding support from Homes England (SOAHP) and Sheffield City Region (Brownfield Housing Fund)</li> <li>• Hold a workshop for Members on garage site residential development</li> <li>• Have completed remediation works on all three town centre housing sites</li> </ul>
<b>2.</b>	<b>Key Issues</b>
2.1	The key issues associated with the annual programme are detailed in the Cabinet report 21 <sup>st</sup> September 2020.

2.2	<p>The Strategic Housing and Development Service is liaising with SCR and Homes England regarding external funding opportunities, and also collaborating closely with officers in the Regeneration and Environment Directorate to align housing development projects with the wider Towns Fund programme. Due to the high abnormal costs of development on Council owned sites it is essential to bring in as much grant funding as possible, to improve the financial position of the HRA.</p>
2.3	<p>The Sheffield City Region Brownfield Housing Fund 2020-25 is a £40.3m capital fund devolved to the Mayoral Combined Authority (MCA) to support the development of housing on brownfield land. The fund also has £0.841m of revenue funding available.</p> <p>The fund is currently available to the South Yorkshire geographical area and is specifically intended to enable the development of brownfield land which would otherwise not happen without intervention. The Council’s housing development programme is predominantly based on small brownfield sites which are difficult and costly to develop, and recent experience shows that as much as 20% of the overall build cost can be attributable to site remediation and preparation, sometimes more, making the fund an ideal source of funding support.</p> <p>The programme is currently open to formal bids for ‘early delivery’ schemes and activities and it is intended that capital funding bids will be submitted in support of:</p> <ul style="list-style-type: none"> <li>• The 20/21 housing development schemes set out within the report</li> <li>• Proposed targeted intervention of new family housing in Eastwood as set out in the Rotherham Town Investment Plan</li> <li>• Proposed strategic housing intervention in Canklow which will help to further uplift the area, improve the local tenure mix, and complement the potential future sale of Council owned land at Warden Street / Castle Avenue for the development of new housing</li> </ul> <p>It is also proposed that significant revenue funding will be sought to help the Council work up plans and proposals for key strategic sites, which will help the Council to deliver on its ambition to regenerate the town centre and which would complement the Council’s existing and extensive investments into new housing at Westgate Riverside and Millfold Rise, and Forge Island. Revenue funding will also be sought for the aforementioned Eastwood and Canklow interventions which are situated on the periphery of the town centre.</p> <p>Brownfield Housing Fund grant is not assumed within the HRA business plan but successfully obtaining grant will help to expand and extend the programme and deliver more new homes overall in the long-term.</p>
2.4	<p>The September Cabinet report set out the budget parameters for the Housing Development Programme and a full finance update will be provided in the 2021/22 Housing Development Programme Cabinet report due to be presented to April’s Cabinet meeting.</p>

<b>3.</b>	<b>Options considered and recommended proposal</b>
3.1	N/A as this is an update report.
<b>4.</b>	<b>Consultation on proposal</b>
4.1	<p>Ward Members will continue to receive specific briefings on potential sites in their wards and their feedback will be taken into account. Where any site substitutions or additions are required, this will only be done by agreement with local Ward Members as well as the Cabinet Member for Housing and Section 151 Officer.</p> <p>Residents will be consulted via the Planning process, but the Strategic Housing and Development Service has also worked with the Neighbourhood Service to assist with disseminating information about development in localities, identifying alignment with ward priorities.</p>
<b>5.</b>	<b>Timetable and Accountability for Implementing this Decision</b>
5.1	The Assistant Director for Housing has overall responsibility for implementing the housing development programme.
5.2	<p>The indicative timetable for the next actions is as follows:</p> <ul style="list-style-type: none"> <li>• SCR Brownfield Housing Fund, submit 'early delivery' bid – January 2021</li> <li>• Homes England SOAHP, submit CME bid for extra units on SOAHP Bungalows scheme – January 2021</li> <li>• SOAHP Bungalows, start on site – January 2021</li> <li>• Hold virtual Housing Development update event – January 2021</li> <li>• Wingfield, pre-market engagement exercise concluded – February 2021</li> <li>• Undertake ward member consultation for East Herringthorpe, Thrybergh and Wingfield schemes – February 2021</li> <li>• East Herringthorpe, enter into a pre-contract services agreement – March 2021</li> <li>• Thrybergh, determine feasibility of commissioning through one of the Council's existing repairs and maintenance contractors – March 2021</li> <li>• Hold Members workshop on garage site residential development – March 2021</li> <li>• Town Centre, complete remediation works – March 2021</li> <li>• Netherfield Court, appropriate to HRA – March 2021</li> </ul>
<b>6.</b>	<b>Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)</b>
6.1	The appropriation of Netherfield Court and York Road car park from the General Fund to the HRA will increase debt servicing costs for the HRA by £4.6k per annum based on current book values. The General Fund will show an equivalent reduction in costs. Planned development costs associated with



	<p>the sites have been assessed as affordable as part of the HRA Business Plan.</p> <p>Netherfield Court was previously in use as a care home but has been cleared ready for development and has no other use at this time. The primary use of the York Road site is as a 'pay and display' car park and the Council's Asset Management team has obtained feedback from Parking Services which has identified that the car park is under-utilised and the business rates are higher than the income, meaning commercially it is at a financial detriment to the Council to keep it open.</p> <p>The Asset Management team has also provided updated valuations for each site on the basis of potential use, that being the estimated capital receipt if the land was to be sold, based on a range of comparables. The valuation of Netherfield Court is £190k and York Road £160k. These are the potential values of lost capital receipts should the properties sell on the open market.</p> <p>Land Release Fund was utilised to support the cost of demolition of Netherfield Court and a condition of the funding was for the site to be disposed of by March 2021 therefore the appropriation to the HRA will take place before this date to ensure that funds do not need to be repaid. The appropriation of York Road at a later date once a scheme has been prepared and the procurement strategy determined.</p> <p>There are no other direct financial implications as a result of the recommendations in the report.</p>
6.2	Procurement implications are detailed within the main body of this report. Where sites require the procurement strategy to be determined, this route selected must be undertaken in compliance with the Public Contracts Regulations 2015 (as amended) and the Council's own Financial and Procurement Procedure Rules.
<b>7.</b>	<b>Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)</b>
7.1	There are no substantive legal issues arising from this report. Legal Services recommends early engagement with them where any legal work is required, for example entering into and completing any external grant funding agreement.
<b>8.</b>	<b>Human Resources Advice and Implications</b>
8.1	There are no Human Resources implications arising from this report.
<b>9.</b>	<b>Implications for Children and Young People and Vulnerable Adults</b>
9.1	The development programme includes two, three and four bedroom homes which will allow families with children to access high quality, affordable homes, thus contributing to improving children's health, wellbeing and

	opportunity.
9.2	Bungalows and, where appropriate, accessible apartments will be delivered which will allow older and disabled people to live in safe, suitable accommodation that meets their needs and allows them to live independently for longer.
<b>10.</b>	<b>Equalities and Human Rights Advice and Implications</b>
10.1	The Council holds a wealth of housing intelligence data which will be used to determine local housing need and prioritise areas for investment. Overall, Rotherham needs more homes for older people, people with disabilities, people seeking affordable home ownership and single person households, and there is a clear need for more affordable housing, in general, across the borough. These needs will be reflected in the range of tenure, types and sizes of homes included in the programme. Delivery of this programme will therefore offer more opportunities for older people, disabled people, families with children and single people to access high quality and affordable homes.
10.2	Surveys will be carried out with the occupants of new homes, and equality and diversity results analysed and compared with other relevant data sets such as the Housing Register. This will allow the Council to understand whether any protected characteristic groups are over or under-represented in new build homes and take appropriate action if required.
<b>11.</b>	<b>Implications for Ward Priorities</b>
11.1	The Strategic Housing and Development Service will liaise with Neighbourhoods Team and Ward Members to ensure any social value opportunities are aligned with local priorities.
<b>12.</b>	<b>Implications for Partners</b>
12.1	The 2020/21 delivery cycle and longer-term development programme will provide a number of opportunities for new partnerships to be formed as individual schemes are brought forward.  As a blended programme with no 'one size fits all' approach to procurement and delivery, there will be opportunities for both large and small (SME) private sector construction companies and Registered Providers (housing associations) to work with the Council. This will help to both support and diversify the local construction industry.
<b>13.</b>	<b>Risks and Mitigation</b>
13.1.	Risks and mitigation measures associated with the annual programme are detailed in the Cabinet report 21 <sup>st</sup> September 2020.
<b>14.</b>	<b>Accountable Officers</b>
	Tom Bell, Assistant Director for Housing

	Jane Davies, Head of Strategic Housing and Development
	David Bagnall, Housing Development Manager

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	11/01/21
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	07/01/21
Head of Legal Services (Monitoring Officer)	Bal Nahal	07/01/21

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