

Public Report with Exempt Appendices Cabinet

Committee Name and Date of Committee Meeting

Cabinet – 22 January 2024

Report Title

Housing Delivery Programme Report - 2024/25

Is this a Key Decision and has it been included on the Forward Plan? $\ensuremath{\mathsf{Yes}}$

Strategic Director Approving Submission of the Report

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health

Report Author(s)

David Bagnall, Housing Development Manager

Ward(s) Affected

Borough-wide

Report Summary

This report sets out proposals which will continue to support the delivery of hundreds of new council homes by March 2026, through a combination of development on Council owned land and the acquisition of homes from the private sector.

Appendix 3 provides a list of sites proposed for development, including several further sites held within the Council's General Fund, details of which are at Appendix 4. Exempt Appendix 5 provides a list of potential acquisition opportunities.

Cabinet is also asked to note that the East Herringthorpe Small Sites scheme is now delivering against the principles of the 2019 Cabinet report "Delivery of 12 Bungalows using Modern Methods of Construction".

It is proposed that Housing Delivery Programme update reports continue to be presented to Cabinet on a six-monthly basis.

Recommendations

That Cabinet:

1. Approves the Council-owned sites listed in Appendix 3 being brought forward to deliver new Council homes.

- 2. Approves the appropriation of specified General Fund sites to the Housing Revenue Account. Further detail about the sites proposed for appropriation is provided in Appendix 4.
- 3. Approves the purchase of homes from any of the schemes identified in Exempt Appendix 5.
- 4. Notes that authority to purchase up to 100 homes from the market has been delegated to the Assistant Director for Housing following approval of the Housing Acquisitions Policy Cabinet report on 16 October 2023. The 100 homes provision is now reflected in Exempt Appendix 5.
- 5. Notes that the East Herringthorpe Small Sites scheme is now delivering the principles of the January 2019 Cabinet report "Delivery of 12 Bungalows using Modern Methods of Construction" and approve that the associated budget allocation is allocated back to the wider housing delivery programme to support Council delivery on other sites.
- 6. Agrees to continue to receive an update on the housing development programme every six months.

List of Appendices Included

- Appendix 1 Delivery timeline Jan 2018 to November 2023
- Appendix 2 Photographic summary of delivery
- Appendix 3 Council-owned sites
- Appendix 4 General Fund sites appropriation schedule
- Appendix 5 EXEMPT Acquisitions
- Appendix 6 Initial Equality Screening (Part A)
- Appendix 7 Equality Analysis (Part B)
- Appendix 8 Carbon Impact Assessment

Background Papers

Housing Strategy 2022-25 Housing Delivery Programme – 2023/24 Update

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Improving Places Select Committee (via the Housing Strategy)

Council Approval Required

No

Exempt from the Press and Public

Yes – Appendix 5 (purchase of homes from the open market)

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 is requested, as this part of the report contains commercially sensitive information.

When purchasing homes from the open market the Council is in competition with others. Appendix 5 sets out a number of planned acquisitions which will be subject to negotiation and publishing this information would therefore put the Council at a competitive disadvantage. It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information.

Housing Delivery Programme Report – 2024/25

1. Background

- 1.1 There is a need for affordable homes across the Borough and as the cost-ofliving continues to affect communities, more people than ever will turn to the Council for financial support, advice, and housing. Without creating more affordable housing options, household finances will continue to be pressured and more people will fall into hardship, creating much wider implications for the health and wellbeing of local people and communities.
- 1.2 This need is clearly reflected in the fact that there were over 7000 individuals and households on the Council's Housing Register. The Council's ability to meet this housing demand is also diminishing annually because of the Right to Buy which has seen 956 Council homes sold between January 2018 and November 2023.
- 1.3 In response to this continuing affordable housing need, the Council set a target to deliver hundreds of new Council homes between January 2018 and March 2026.

Programme Progress Since Last Update

- 1.4 From January 2018 to November 2023, the Council has successfully delivered 505 affordable homes; 379 homes for rent and 126 homes for shared ownership:
 - 385 of these homes have been delivered through Council-led construction.
 - 16 homes have resulted from conversion of existing Council assets into new homes, and
 - 104 are from the acquisition of homes from private developers and the open market.

The Council has also built 125 new homes for market sale. A photographic summary of delivery achieved during this period is provided in Appendix 2.

- 1.5 The previous Housing Delivery Programme update report set out progress to May 2023. From June 2023 to November 2023, the Council has:
 - Started on site for the East Herringthorpe Small Sites build scheme which will deliver 10 new homes.
 - Taken handover of four further homes from the Wentworth View development in Thorpe Hesley.
 - Taken handover of three further homes from the Laughton Gate development in Throapham.
 - Exchanged contracts and taken handover of seven homes from The Paddocks development in Wickersley.
 - Taken handover of two further homes from the Millstone Park development in Swallownest.

- Exchanged contracts and completed the acquisition of one home from the Welling View development in Kimberworth.
- Exchanged contracts to acquire six homes from the North Farm Close development in Harthill.
- Exchanged contracts and completed the acquisition of two homes from the Eldertree Lodge development in Thorpe Hesley.
- Exchanged contracts to acquire 22 homes from the Poppyfields development in Ravenfield and taken handover of the first two homes.
- Secured £431k grant funding from Brownfield Land Release Fund 2 to support the development of three Council-owned sites.
- Submitted an updated Expression of Interest to the Brownfield Housing Fund scheme.
- Commenced demolition of the vacant structures on the Addison Road and Larch Road sites in Maltby in preparation for development.
- Obtained scheme specific approvals from Cabinet for the Canklow, Eastwood, and Maltby developments, which all comprise sites which will deliver more than 10 homes.

Site	Area	Ward	New Homes
Warden Street	Canklow	Boston Castle	13
Netherfield Court	Eastwood	Rotherham East	19
York Road	Eastwood	Rotherham East	12
Carver Close	Harthill	Wales	7
Addison Road	Maltby	Hellaby & Maltby West	27
Elm Tree Road	Maltby	Hellaby & Maltby West	2
Larch Road	Maltby	Hellaby & Maltby West	16
Ship Inn (Dun Street)	Swinton	Kilnhurst & Swinton East	4
Albert Road	West Melton	Hoober	4
Princess Street	West Melton	Hoober	6
		Total	110

• Concluded the pre-planning design process on the following Councilowned sites to support submission of formal planning applications:

- 1.6 As at the end of November 2023, the Council is in contract to deliver a further 68 homes for rent and 13 for shared ownership. This means a cumulative total of 586 affordable homes already completed or contracted for completion by March 2026.
- 1.7 The latest programme position is summarised below with further detail provided in Appendix 3 and Exempt Appendix 5. The position incorporates over-programming to allow for schemes not coming to fruition or delivery numbers being lower than forecast. This explains why the HRA Business Plan for 2024/25 includes fewer homes than the pipeline outlined below.

Appendix 3 – Council Build					
Programme Status	Appendix Reference	Rent	Shared Ownership	Market Sale	Total
Homes completed	Table 1.1	295	106	125	526
Homes in contract	Table 1.2	10	0	0	10
Approved pipeline	Table 1.3	157	0	0	157
New opportunities	Table 1.4	73	0	15	88
	Totals	535	106	140	781

Appendix 5 – Acquisitions					
Programme Status	Appendix Reference	Rent	Shared Ownership	Market Sale	Total
Homes completed	Table 2.1	84	20	0	104
Homes in contract*	Table 2.2	58	13	0	71
Approved pipeline**	Table 2.3	285	0	0	285
New opportunities	Table 2.4	46	0	0	46
	Totals	473	33	0	506

Combined Programme					
Programme Status	Appendix References	Rent	Shared Ownership	Market Sale	Total
Homes completed	1.1 + 2.1	379	126	125	630
Homes in contract*	1.2 + 2.2	68	13	0	81
Approved pipeline**	1.3 + 2.3	442	0	0	442
New opportunities	1.4 + 2.4	119	0	15	134
	Sub totals	1008	139	140	1287

*There are 22 further homes currently in contract which are due for delivery after March 2026 and are therefore excluded from these figures. **Approved Pipeline now includes the provision for up to 100 market acquisitions further to Cabinet's approval of the

Housing Acquisitions Policy report on 16 October 2023.

Programme Changes

Appendix 3 and Exempt Appendix 5 set out the latest programme position. 1.8 The specific changes since the July 2023 Housing Delivery Programme Update Cabinet report are summarised below.

Council-owned sites added to the programme – Appendix 3, Table 1.4		
Site	Est. Homes	
Boswell Street, Herringthorpe	45 (30 rent)	
Symonds Avenue (Site B)	4	
Grayson Road, Greasbrough	16	
Tenter Street, Thornhill	15	
Denman Road (Site B), Wath	4	
Denman Road (Site C), Wath	4	

Council-owned sites removed the programme – Appendix 3, Table 1.6		
Site	Est. Homes	
None	0	

Acquisitions added to the programme – Appendix 5, Table 2.4		
Site	Est. Homes	
Three schemes (SME Homebuilder)	46	
Market acquisitions	100	

Acquisitions removed the programme – Appendix 5, Table 2.6	
Site	Est. Homes
One scheme	16

Market conditions

1.9 Market conditions continue to be highly challenging, with much of the construction sector experiencing significant inflation owing to a range of factors. This is leading to build cost inflation and delays, caused in part by workforce and materials shortages. This report seeks the necessary approvals to enable delivery of the Council's Housing Delivery Programme to progress with pace and agility.

2. Key Issues

Delivery on Council Land

- 2.1 The Housing Revenue Account (HRA) does not hold land assets of sufficient scale to achieve the Council's housing development ambition. The Housing Delivery Programme therefore needs to be multi-faceted, blending delivery through Council-owned sites held in the HRA and Council-owned sites held in the General Fund, along with acquisitions from the market.
- 2.2 The pipeline of sites provided at Appendix 3 details all previously approved Council land assets as well as new sites which have recently been identified as having potential for development.
- 2.3 Inclusion within the approved pipeline does not however guarantee that development will take place, as all sites are subject to a full appraisal and pre-contract design process which follows the Royal Institute of British Architects (RIBA) Plan of Work. Given that all pre-contract development work is potentially abortive, sites need to be approved onto the pipeline to facilitate this activity taking place, meaning sites are usually added to the pipeline far in advance of actual development taking place.
- 2.4 As most land assets held within the HRA are small, generally garage sites or infill land, delivery is supplemented through the inclusion of larger land assets held within the General Fund and Appendix 4 sets out proposals to add three further General Fund sites into the programme. Subject to Cabinet approval, actual appropriation will take place once planning approvals have been secured, with the HRA expected to take on any holding costs for the sites in the meantime.

Acquisitions

2.5 In addition to building on the Council's own land, the programme has delivered a significant number of new homes through acquisitions from the market, which have predominantly been through 'Section 106' (S106) affordable housing planning policy provisions. Whilst S106 acquisitions have formed a significant aspect of the programme, the number of further homes which could be delivered through this route by March 2026 are now almost exhausted. Consequently, no new S106 opportunities are identified within Appendix 5.

- 2.6 The Housing Acquisitions Policy was approved by Cabinet in October 2023, setting out the aspiration to purchase up to 100 existing homes from the market, a majority of which are expected to be the buyback of former Council homes previously sold under the Right to Buy, in addition to the existing activity to acquire S106 homes. This commitment significantly expands upon the previous pipeline provision for up to 30 "opportunity acquisitions" and the uplifted provision is included within Exempt Appendix 5.
- 2.7 In addition, the Council has previously launched the Small Sites Homebuilder Initiative, designed to encourage smaller developers to sell schemes to the Council "off plan", and interest in the initiative has been strong. Whilst no schemes have yet achieved exchange of contracts, two schemes have previously been approved into the pipeline and three further schemes are now proposed for inclusion within the pipeline at Appendix 5.

MMC Bungalows

- 2.8 In January 2019, Cabinet approved a report setting out proposals to deliver 12 bungalows using Modern Methods of Construction (MMC) across three sites: Symonds Avenue in Rawmarsh, along with Hounsfield Crescent and Hounsfield Road in East Herringthorpe.
- 2.9 The project was intended to trial MMC as a delivery method, however significant ground issues were later found with the largest of the sites, Symonds Avenue, meaning the intended delivery could no longer be achieved.
- 2.10 To retain alignment with the principles of the 2019 approval, two of the sites, Hounsfield Crescent and Hounsfield Road, were subsequently brought into the East Herringthorpe Small Sites development, approved by Cabinet in September 2020. These sites are now in build and will deliver two, two-bed bungalows along with a four-bed Wheelchair User Dwelling, with 10 homes being built in total utilising MMC. The original Symonds Avenue site remains in the programme, but only a smaller section is developable.
- 2.11 Cabinet is therefore asked to note that the East Herringthorpe Small Sites scheme is now delivering against principles of the "MMC Bungalows" proposals, and that the associated MMC Bungalows budget provision will be allocated back to the wider programme to support Council delivery on other sites. The MMC Bungalows budget includes a provision for grant funding, therefore the net value of monies to be directly reallocated back into the programme will be lower than the budget.
- 2.12 Separately, the Council has also delivered MMC in the form of steel frame construction across the Westgate Riverside and Millfold Rise apartment blocks in the Town Centre, and it remains the case that MMC could play a significant part of the forward build programme.

- 2.13 Findings from these recent projects are that MMC can serve to expedite delivery over traditional construction methods, but there is currently a trade-off in additional cost.
- 2.14 A Market Engagement Questionnaire issued in advance of procurement activity planned for the New Year specifically stated that the Council is "keen to hear from prospective partners who can deliver Modern Methods of Construction (MMC), particularly where this will serve to accelerate delivery timescales", whilst respondents were also asked to confirm whether they could deliver MMC, and if so in what form.

Ongoing Programme Updates

2.15 The Delivery Programme will continue to evolve as the opportunities within the new homes pipeline are further progressed. A report will be brought to Cabinet every six months to provide an update on progress, and to renew and seek new approvals to support ongoing delivery as necessary.

3. Options considered and recommended proposal

3.1 Option 1: Only develop HRA sites, in addition to acquisitions

The inclusion of General Fund sites is required to support delivery of the additional homes needed. Whilst there are HRA sites available, these are predominantly small sites which may deliver as little as a single home, meaning they are inefficient to deliver in respect of development resources and associated cost, comparative to the number of new homes achieved.

This option is not recommended.

3.2 <u>Option 2: Develop all sites listed in this report, including General Fund sites</u> and pursue acquisitions, including opportunity acquisitions.

The inclusion of General Fund sites brings improved efficiencies of scale and increased delivery of new homes. Opportunity acquisitions will also be important to help supplement delivery, should any elements of the programme become challenging to progress.

This option is recommended.

4. Consultation on proposal

4.1 Residents will be consulted via the Planning process along with all statutory consultees. The Strategic Housing and Development Service will further continue to work with the Neighbourhoods Service to assist with disseminating information about development in localities, identifying alignment with Ward priorities. Information about housing development has and will continue to be disseminated through the Council tenants' quarterly magazine, 'Home Matters.'

- 4.2 As individual schemes are progressed into design, Ward Members will be consulted through the neighbourhood working model at an early stage ahead of planning permission being sought.
- 4.3 Ongoing engagement is undertaken with developers, housing associations, and external funders through a range of communication channels, including the Strategic Housing Forum.
- 4.4 The Strategic Housing and Development Service will use all stakeholder feedback to shape the future programme and help ensure continuous improvement in the development of new council homes.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Assistant Director of Housing will have responsibility for implementing the programme.
- 5.2 Further reports will continue to be presented to Cabinet on a six-monthly cycle through to March 2026 to keep Cabinet appraised of progress, refresh existing approvals and to seek new approvals as required.

6. Financial and Procurement Advice and Implications

- 6.1 The release of sites identified in Appendix 3, Appendix 4 and the programme of acquisition opportunities listed in Exempt Appendix 5 will be subject to business cases and assessed for affordability within the context of the assumptions in the HRA Business Plan and the resources approved as part of the Council's Capital Programme.
- 6.2 The financial implications for individual schemes will be addressed in line with Capital Governance Principles. Issues highlighted such as supply chain pressures on materials and labour costs could affect the overall outcomes of the housing growth programme.
- 6.3 The appropriation of General Fund sites into the HRA for housing development will increase the HRA Capital Financing Requirement (CFR) by the value of the land being appropriated. The General Fund CFR will be reduced by the same value. The annual cost of capital charged to the HRA will be increased on a permanent basis.
- 6.4 Housing Growth has been modelled in the HRA business plan for affordability. The model assumes that all capital receipts from sales of private and shared ownership properties are used to fund the housing growth programme. Therefore, capital receipts generated from sales of private and shared ownership properties will be used for this purpose in accordance with corporate financing arrangements.
- 6.5 The HRA business plan model assumes that a significant amount of grant funding will be available to support the delivery programme. Affordability of individual schemes will be assessed if grant funding is not secured.

- 6.6 The latest iteration of the HRA Business Plan model assumes that all new social housing properties will be let on Social Rent values. As the Council is not currently in a housing supply delivery agreement (HSDA) with Homes England Affordable rent cannot be charged. However, final rents will be determined on a scheme-by-scheme basis, should the Council enter into an HSDA with Homes England and once full costs are known. The preference will be for Social Rent to be applied, subject to an assessment of the financial viability of the proposed development, prior to grant funding bids being submitted. Any schemes that are not grant funded will use Right to Buy 'one-for-one' monies and are assumed to be let on a Social Rent basis. Affordable Rent is higher than Social Rent, so any deviation from this will improve affordability within the HRA business plan.
- 6.7 Due to the significant amount of work required, an Employers Agent has been procured to expediate the Council build programmes. The cost of this has been included in the capital build cost within the HRA business plan model. Appropriate revenue budgets have been set in place for marketing purposes.
- 6.8 Procurement activity is detailed within the main body of this report. Housing Services are engaging with the Procurement Team to ensure procurement activity is being undertaken in compliance with the Public Contracts Regulations 2015 (as amended) and the Council's own Financial and Procurement Procedure Rules.

7. Legal Advice and Implications

- 7.1 The delegations sought under this report are consistent with the Council's Constitution and allow for quicker and more flexible decisions to be made in respect of potential housing developments.
- 7.2 There are no direct legal implications arising from this report. The relevant implications for each site will be considered as each is brought forward for development or acquisition. Legal Services recommends early engagement with them where any legal work is required, for example entering into and completing any external grant funding agreements, purchasing any properties, or entering into any legal contracts, which will be executed in accordance with the Council's Scheme of Delegation.

8. Human Resources Advice and Implications

8.1 There are no Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 The development programme will deliver 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 The programme is further delivering bungalows and more specialised 'disabled person units' (DPU) 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.

10. Equalities and Human Rights Advice and Implications

- 10.1 Through its wider development programme, the Council will increase the local supply of high quality, affordable homes to meet a range of needs. The Council holds a wide range of data which is used to determine the different needs and influence the types of homes being acquired. For example, of Rotherham's 265,800 residents, around 26% are aged 60 years or over and 9% are aged 75 years or over and the proposed acquisitions include bungalows that are suitable for older people, as well as people with disabilities.
- 10.2 The Council's development programme is critical to supporting families who are on the Housing Register, into high quality and affordable accommodation. Any new homes offered for rent by the Council are managed through the Council's Allocations Policy to ensure a fair and transparent approach to helping people in the greatest housing need to gain access to suitable and appropriate accommodation.
- 10.3 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.

11. Implications for CO2 Emissions and Climate Change

- 11.1 Climate change poses a significant threat to environments, individuals, communities, and economies on local, national, and international scales. In recognition of this the Council has aimed to be net carbon neutral as an organisation by 2030, and for Rotherham as a whole to achieve the same position by 2040.
- 11.2 Council Build: Through its own delivery programme, the Council has the ability to ensure that the new homes are high quality and energy efficient, which will contribute to reducing domestic carbon emissions in the longer-term.
- 11.3 Acquisitions: The level of carbon emissions allowed for all new homes is subject to increasing controls. Changes to Part L of the building regulations came into force in June 2022, requiring a 31% reduction in CO2 emissions compared to 2013 standards. All new homes that submit plans after June 2022 or which have not begun construction before June 2023 must comply. New homes acquired by the Council from private builders are specified and built to the housebuilder's usual specification with some changes paid for by the Council to ensure the Council's requirements are met. Further to this the Council will examine whether further changes can be agreed, on a case-by-

case basis, to reduce carbon emissions beyond the requirements of building regulations.

11.4 Both Council-build and acquisitions will ultimately increase emissions. Whilst mitigations are in place, with an explicit aim to exceed Building Regulations Part L requirements where feasible, the overall net carbon emissions status of Rotherham's social housing stock will increase in the short term. Homes brought forward with electrically sourced heating and hot water provision, however, should become effective carbon neutral once the electricity grid itself achieves zero-carbon. In addition to delivering new homes, the Council continues to improve and sustain its existing homes, including investment to maintain the Decent Homes Standard and improve energy and thermal efficiency.

12. Implications for Partners

12.1 Housing associations continue to play an important role in delivering affordable housing in Rotherham. The Council has a successful track record of working with housing associations to bring land forward for development and maintains strong relationships with many of the largest and most reputable organisations through the Rotherham Strategic Housing Forum, although no land is proposed for sale to Housing Associations at this time.

13. Risks and Mitigation

13.1 The key risks are summarised in the table below. A detailed risk assessment will be provided alongside the business case for individual schemes as they are brought forward.

Risk	Mitigation
Pressure on construction labour and materials (both in terms of supply and costs) resulting from the Covid pandemic, EU Exit and invasion of Ukraine.	Regular risk reviews, advance ordering, and storage of materials where appropriate / possible, ongoing monitoring of impacts.
Site suitability - even at a late stage in the process, sites can be found to be unsuitable (for example due to severe contamination or high flood risk) or need to be restricted in terms of the type and numbers of new housing which can ultimately be achieved.	Scheme procurement is likely to take place via a two-stage 'design and build' process which will allow sites to be appraised and suitable designs to be determined in advance of the Council entering into build contracts. This will help ensure that particularly problematic sites are dealt with and potentially removed from the programme before the Council is contractually committed to build. Grant funding will also help the Council to mitigate against the cost of ground remediation works but where a site is ultimately unsuitable for development it will not be brought forward.

Delays to housing development schemes	Early engagement with relevant organisations and internal services, and
resulting from utilities	robust project management processes in
connections and other	
	place with realistic contingencies for costs
statutory undertakings	and delays
Internal staff capacity – Housing, Legal,	Explore different partnering arrangements to reduce client-side resource pressures,
Procurement, Asset	including pre-contract service agreements
Management etc	whereby the contractor carries out early
	feasibility work at risk. Ongoing dialogue
	between services regarding forward
	planning and resource requirements, and
	HRA contributions to staffing costs in key
	supporting services.
Community opposition	Early and regular consultation with Ward Members, communication strategy to provide information on the schemes and
	explain the rationale. Formal consultation also takes place as part of the Planning process.
Funding availability / eligibility	Continual dialogue with external funding bodies. Investment of time in robust
	business case preparation to ensure overall costs remain within approved HRA Business
	Plan affordability modelling and Capital
	Programme approvals. Regular meetings
	with Finance colleagues to monitor
	programme.
	F J

14. Accountable Officers

James Clark, Assistant Director of Housing

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	Date
Chief Executive	Sharon Kemp	08/01/2024
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	03/01/2024
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	03/01/2024

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This report is published on the Council's <u>website</u>.