

**Committee Name and Date of Committee Meeting**

Cabinet – 15 June 2020

**Report Title**

Update on the Site Clusters Programme

**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  
Uzma Sattar, Housing Development Coordinator

**Ward(s) Affected**

Boston Castle, Dinnington, Maltby, Valley

**Report Summary**

The Site Clusters Programme, which will deliver 217 new homes of a range of types and tenures across seven sites in Canklow, Maltby, Dinnington and East Herringthorpe, is now almost complete. The purpose of this report is to provide Cabinet with an update on progress and outcomes, explain the impact of Covid-19 on the programme, and set out the final cost position.

**Recommendations**

1. That progress with the Site Clusters Programme be noted.
2. That the anticipated final cost position of the Site Clusters Programme as set out in Appendix 4, be noted.

**List of Appendices Included**

Appendix 1 Equalities initial screening  
Appendix 2 Equalities full assessment  
Appendix 3 Summary of progress and outcomes  
Appendix 4 Confidential financial information (exempt)

**Background Papers**

Cabinet report 12<sup>th</sup> September 2016: Site Cluster Tender Award  
<https://moderngov.rotherham.gov.uk/ieListDocuments.aspx?CId=1003&MId=13745&Ver=4>

Cabinet report 10<sup>th</sup> July 2017: Site Cluster II  
<https://moderngov.rotherham.gov.uk/ieListDocuments.aspx?CId=1003&MId=13753&Ver=4>

Cabinet report 18<sup>th</sup> March 2019: Site Cluster Programme Amendments  
<https://moderngov.rotherham.gov.uk/ieListDocuments.aspx?CId=1103&MId=14504&Ver=4>

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**  
Overview and Scrutiny Management Board – 10 June 2020

**Council Approval Required**  
No

**Exempt from the Press and Public**  
Yes – partially exempt

An exemption is sought for Appendix 4 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 report contains sensitive commercial information of letting a tender. It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information, as the Councils commercial interests could be prejudiced by disclosure of this commercial information.

## **Update on the Site Clusters Programme**

### **1. Background**

- 1.1 Cabinet approval for the Site Clusters programme was granted in July 2017 and work commenced by Wates in October 2017. The programme will deliver 217 new homes across seven different sites. It includes a mixture of open market sale, shared ownership and council rent tenures. As at 15<sup>th</sup> May 2020, 132 homes have been completed. By mid-June 2020, a further 27 homes will have been completed on Braithwell Road in Maltby, and the remaining 58 in Canklow are projected to finish by 28<sup>th</sup> August 2020.
- 1.2 The project continues to deliver high quality homes of a range of types and tenures, bringing significant regeneration and other benefits to Rotherham's communities. A summary of progress and outcomes has been included as Appendix 3.
- 1.3 A total of 94 new homes are to be retained by the Council for Council rent. 36 have been completed and handed over in Canklow, Dinnington, Maltby and East Herringthorpe and are occupied by people from the Housing Register.
- 1.4 The Site Clusters programme includes four homes (also completed and handed over) to support specific needs. Two of these are for Children and Young People, and the others are to meet the needs of adults with learning disabilities and / or autism.
- 1.5 The programme also includes 15 shared ownership apartments for older people which provides a new opportunity for people to downsize into a home that better meets their needs. This should reduce the pressure on existing council bungalows, while also enabling more people to remain living independently in their own homes. 21 other shared ownership homes have been delivered in East Herringthorpe and these are proving popular with one already occupied and five others reserved.
- 1.6 The homes for open market sale in Maltby have also proved to be popular, with 46 homes sold and occupied already and a further 12 reserved. This represents high demand compared with other similar developments and has confirmed that the Braithwell Road site was ideal for the private sales market. The income from these sales has helped to fund homes for Council rent in other areas, and overall the Clusters approach has led to the delivery of more council stock, in areas where there is a high need for affordable homes.
- 1.7 Significant investments have been made by Wates throughout the Borough as part of their Corporate Social Responsibility targets, with highlights including:
  - A total of £67,000 has been invested in local communities and charity projects
  - Community Days were arranged in Maltby and Canklow
  - £14.8m has been spent with small business with £49,000 invested into Social Enterprises
  - 18 local people have benefitted from Employment and Training initiatives on this project with 1836 training/employment weeks created

for local people and a total of £917,000 investment from Wates into training local people

- 1.8 The Covid-19 pandemic has affected the programme, causing delays and cost increases, but the impacts have been kept to a minimum through careful management by Wates, that has allowed work to continue safely on the remaining sites in Maltby and Canklow.
- 1.9 The original budget for the project was calculated based on estimates. As work progressed, the true cost of developing this complex project on a range of challenging sites became clearer, and a further report was presented to Cabinet in March 2019, seeking an increase to the capital budget based on the information known at the time. Now, close to project completion, the anticipated final costs are understood. This final figure also reflects recent additional costs resulting from the Covid-19 pandemic. This is set out in exempt Appendix 4.
- 1.10 The project is funded from the Housing Revenue Account (HRA), the overspend on Site Clusters will be an additional cost to the approved overall HRA capital programme 2020/21 to 2023/24. However, for 2020/21 the total capital programme will not change as projected underspends/slippage will be utilised to cover the in-year requirement, with those underspends needing to be re-provided for in 2021/22.

## **2. Key Issues**

- 2.1 The Council Plan includes a target for the number of homes delivered as a result of Council intervention. The target for 2019/20 was 175 and the outturn was 177. The Site Clusters programme makes a significant contribution towards achieving this target (217 homes) as well as delivering the benefits described below.
- 2.2 The Site Clusters programme is delivering significant benefits to Rotherham, increasing and accelerating the amount of new affordable housing and providing a range of additional outcomes, including specialist accommodation and economic growth (for example through extensive employment and training opportunities). The social value outcomes of the programme are captured at the end of Appendix 3.
- 2.3 From mid-March the impact of Covid-19 started to affect the Site Clusters Programme with the formal Government announcement made on 23 March 2020, identifying the steps to be implemented across the country at a health, social, educational, transport and industry level. Wates immediately received notification from a significant number of their sub-contractors and trades that they would not be able to continue working on the sites. The decision from sub-contractors not to continue working was based on varying factors, from concerns over safe working and travel, to, most importantly health conditions of individuals and/or their families. Wates reported that more than 60% of trades were unavailable. The impact of this was determined by Wates in the weeks that followed, reporting output had fallen to 25—45% from the pre Covid-19 position. At this point the Council started to consider options to minimise cost increases, which included temporary suspension of works.

- 2.4 Wates responded to the guidance issued by Construction Leadership Council and Public Health England for construction sites and adapted their working practices to ensure the safety of everyone on site, whilst progressing with works. Wates also reported on the impact of Covid-19 on the supply and availability of materials, which in turn impacted on the programme. Sub-contractors and trades took a varied approach to the continuation on site. The programme was significantly impacted, as one trade could, potentially, stop others from progressing with their work on site. Wates also considered extending their supply chain to replace critical trades (who were unavailable) to ensure works were progressing. Wates submitted options with costs to provide the Council with choices in terms of proceeding, terminating or suspending works. Whilst, it was not possible to determine the length of delay caused directly by Covid-19 and therefore cost impact could not be determined in totality, a cost for delays on a monthly basis provided the financial information required to evaluate the options put forward.
- 2.5 Various steps taken by Wates to reflect the impact of Covid-19, such as programme revisions, options available and daily communications including reporting on the number of trades and sub-contractors on site each week, have allowed the situation to be managed. Wates also clearly explained the steps implemented on site i.e. a bespoke Site Operating Procedure and the robust measures taken to enable Wates to continue on site during these times, albeit in difficult and ever-changing circumstances. Wates have continued to progress construction despite delay and disruption on site due to (but not limited to) self-isolation, isolation to protect vulnerable persons, furloughed subcontractors, material supply issues and unavailability, and regular and changing guidance from the Government.
3. **Options considered and recommended proposal**
- 3.1 Option 1 – increase the overall HRA capital programme allocation for housing growth to accommodate the higher final cost. This is not recommended, as it would potentially result in increased HRA borrowing and the increases can be accommodated from elsewhere in the current capital programme.
- 3.2 Option 2 – fund the additional costs of the Site Clusters programme by reallocating resources from other underspent budgets. This option is being progressed with details noted in Appendix 4.
4. **Consultation on proposal**
- 4.1 Key consultations have taken place with Wates Management Team, the Council's Finance, Procurement and Legal Services, and the Council's Employers Agent Rider, Levett Bucknall (RLB). Regular updates on progress are provided to the Housing and Regeneration Programme Delivery Board, and engagement with Ward Members and local communities has taken place throughout the project.

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

- 5.1 If approved, the capital programme funding adjustment will be made by Finance Services, and as stated in section 1, the programme will be completed by the end of August 2020.
- 5.2 The Assistant Director for Housing has overall accountability for the programme.

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

- 6.1 The financial implications of the Site Clusters programme are detailed within the exempt Appendix 4, due to commercial sensitivity.
- 6.2 The proposed recommendation would be managed in accordance with Regulation 72 (Modification of Contracts During Their Term) of the Public Contracts Regulations 2015.

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

- 7.1 The cost increase set out in this report will be reflected in a contract variation. Save for this there are no further legal implications arising from the recommendations in this report.

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

- 8.1 There are no Human Resource implications arising from this report.

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

- 9.1 The Site Clusters programme supports Adult Care and Children and Young People strategic priorities through inclusion of specialist accommodation for children, and for adults with learning disabilities / autism. Engagement has taken place with local communities and schools throughout the project.

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

- 10.1 Homes are allocated in accordance with the Councils Allocations Policy which is subject to regular review and complies with Equalities legislation.

## **11. Implications for Ward Priorities**

- 11.1 Significant investments have been made by Wates throughout the borough through their Corporate Social Responsibility targets. A total of £67,000 has been invested in local communities and charity projects in areas including Maltby, Boston Castle and Wickersley. The Site Clusters Programme addresses strategic housing need in the Boston Castle, Maltby, Dinnington and Valley wards.

## 12. Implications for Partners

- 12.1 The Council has worked in partnership with Wates, and a large number of sub-contractors including local small and medium businesses have been employed as part of the programme.

## 13. Risks and Mitigation

- 13.1. Covid-19: If further social distancing requirements are introduced, or existing measures increased as a result of any further surges in cases, this could lead to delays and cost increases. However, the scheme is very close to completion and Wates have included this risk in their final out-turn cost, therefore this risk is considered to be low.
- 13.2 Housing market conditions: The funding of the scheme relies on a level of income from sales of open market sale and shared ownership homes. The impact of the pandemic on the housing market is as yet unknown, but industry experts are recommending a 5% drop in market values be factored into projections. This has been reflected in the calculations set out in exempt Appendix 4 and a new sales strategy and programme has been agreed with W H Brown, the appointed sales and marketing partner.
- 13.3 Further cost increases: The risk of further increases is very low, as all construction related risks are now fully understood and have been factored into the final cost.

## 14. Accountable Officers

Tom Bell, Assistant Director for Housing  
Jane Davies, Head of Strategic Housing and Development  
Uzma Sattar, Housing Development Co-ordinator

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	01/06/20
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	28/05/20
Head of Legal Services (Monitoring Officer)	Bal Nahal	28/05/20

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