

Classification: Public

Key Decision: Yes

Gravesham Borough Council

Report to: Cabinet

Date: 4 January 2021

Reporting officer: Director (Planning and Development)

Subject: Development on Land at Constable Road/Rembrandt Drive

Purpose and summary of report:

To seek authority to award a build contract for the development of 7 new Council homes on land at Constable Road/Rembrandt Drive.

Recommendations:

1. That authority be delegated to the Director (Planning and Development) in consultation with the Leader of the Executive and the Section 151 Officer, to award a build contract to Westridge Construction Limited following a selection process via the South East Consortium for 7 x 1 bed bungalows and associated parking, landscaping and improvements to the wider green space on land at Constable Road/Rembrandt Drive.

1. Constable Road/Rembrandt Drive

A planning application for the above development was submitted by the Council and presented to the former Regulatory Board (now Planning Committee) in February 2020. The application (reference 20190833) was recommended for permission subject to conditions. Full permission was subsequently granted at that meeting.

2. Tender Process

- 2.1 Potter Raper Limited is appointed as the Council's Employers Agent. PRP has prepared tender documents based on the drawings submitted to the LPA and the Council's agreed Employer's Requirements, and has submitted these to the South East Consortium (SEC) Framework to which the Council has membership.
- 2.2 Potter Raper Limited provided an estimate for the works which was confirmed as being in excess of the Key Decision threshold of £100,000.
- 2.3 Tender documents have been received and Potter Raper Limited, in consultation with officers from the Housing Strategy and Development team, has evaluated the tenders and provided a tender report for the Design and Build of 7 x 1 bed bungalows.

- 2.4 Following post-tender evaluation, Potter Raper Limited has recommended Westridge Construction Limited be awarded the Design and Build Contract for the scheme. Details of the costs can be found at Appendix 2 which is in the private part of this agenda.

3. Viability

- 3.1 Officers from the Finance Department have assessed the scheme based on an Affordable Rent tenure using current Local Housing Allowance rates which gives a payback period of approximately 38 years.

4. Funding.

- 4.1 As from April 2012, the Department for Communities and Local Government (now MHCLG) announced that it would allow a local housing authority to retain some Right to Buy (RTB) receipts, provided that it could demonstrate that it had spent a sufficient amount on replacement affordable housing. Gravesham Borough Council signed the agreement with CLG in the first quarter of 2012 thereby confirming a commitment to delivering affordable housing.
- 4.2 In return the authority agreed that RTB receipts will not make up more than 30% of total spend on additional stock and to return any unused receipts (after a period of three years from initial receipt) plus interest at 4% above base rate to the Secretary of State.
- 4.3 On 25 February 2020, Full Council approved the Housing Capital Programme for 2020/21 which included £11.575m of capital funding for the council's New Build/Acquisition Programme. Development of this site will form part of the delivery of this programme.
- 4.4 The construction of the new homes will be met by the most appropriate source of funding such as the HRA reserve or borrowing, with the net increase in homes being funded in part by 30% retained RTB receipts and the remaining 70% being funded from the most appropriate source as part of the Council's entire borrowing requirement for 20/21 and 21/22.

5. Finance Update

- 5.1 On 9 October 2019 HM Treasury announced that it would increase the interest rates on all new loans from the Public Works Loan Board (PWLB) by 100 basis points (one percentage point) on top of usual lending terms. This appeared to be in response to a substantial increase in the use of PWLB by local authorities over recent months, given the cost of borrowing had fallen to record lows. This action would have likely made the PWLB the lender of last resort for HRA-related borrowing.
- 5.2 This meant that Officers would have needed to identify alternative sources of funding. Shorter term funding, up to five years, from some local authorities and banks but securing longer term funding could have proved more difficult. Borrowing from the market longer term requires additional time both for planning and administration and, even then, it may not have been possible to find a lender that matched the specific requirements, forcing the Council to take on more expensive debt.
- 5.3 However, on 11 March 2020, the Chancellor of the Exchequer, Rishi Sunak, presented the Spring Budget for 2020 to the House of Commons. During his

speech it was announced by Government that it was introducing a new, discounted rate of PWLB lending to support social housing. The new Housing Revenue Account (HRA) rate is available for loans arranged on or after 12 March 2020 and will be 100 basis points (1%) below the rate at which the local authority can usually borrow from the PWLB.

- 5.4 Therefore, officers will review all options available at such time and will make the necessary steps to securing funding, in accordance with the Council's Treasury Management Strategy Statement and in consultation with the Council's Section 151 Officer.

6. Implications

- 6.1 Please see Appendix 1

7. BACKGROUND PAPERS

- 7.1 Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS	APPENDIX 1
Legal	The Council has entered into a contract with Potter Raper Limited for the delivery of their professional services. A contract will be entered into with the contractor appointed to carry out the work. The procurements of services and works through the use of frameworks are compliant with the relevant procurement law..
Finance and Value for Money	<p>As detailed in the attached report, the works have been tendered via the SEC and the works will exceed the Key Decision threshold of £100,000.</p> <p>This scheme forms part of the 2020/21-2021/22 HRA Capital Programme.</p> <p>The borrowing implications for this scheme are set out in this report.</p> <p>Expenditure will be incurred on C933</p>
Risk Assessment	<p>Contractors are admitted to the SEC framework following legally compliant competitive tenders and are appointed after evaluation of their experience, resources and financial and technical suitability.</p> <p>The financial suitability of all contractors on the framework is further subject to annual re-evaluation.</p> <p>The contract with the selected contractor will be entered into through consultation with Legal Services.</p>
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner's Office website via the above links.</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdp@medway.gov.uk.</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer.</p> <p>No</p>

	<p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p>Yes</p> <p>The new homes will be advertised on Kent HomeChoice (choice based lettings) with all eligible applicants being able to bid for the homes through this process.</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	<p>#1 People: quality living (Deliver an ambitious and diverse programme of building)</p> <p>#1 People: quality living (Safeguard Residents)</p>
Crime and Disorder	<p>There are no known crime and disorder implications relating to this proposed development.</p>
Climate Change	<p>The new homes will benefit from energy efficient heating systems and will exceed Building Regulations Part L by at least 30%, achieving an estimated EPC Rating of B.</p>
Digital and website implications	<p>The scheme will be promoted on the Council's website and other social media.</p>
Safeguarding children and vulnerable adults	<p>Provision of the new homes will provide extra capacity within the Council's housing stock to enable households living in unsuitable accommodation to move into appropriate housing that better meets their needs.</p>