

Classification: Public

Key Decision: Yes

Gravesham Borough Council

Report to: Cabinet

Date: 04 October 2021

Reporting officer: Daniel Killian, Director (Housing)

Subject: Armoury Drive Development - Contract Award

Purpose and summary of report:

To seek authority to award a build contract for the development of six new Council homes on land at Armoury Drive.

Recommendations:

1. That authority be delegated to the Director (Housing), in consultation with the Cabinet Member for Housing Services and Section 151 Officer, to award a build contract to the successful contractor following a selection process via the Kent Business Portal for the construction of six new Council homes consisting of 4 x 2 bed maisonettes and 2 x 1 bed bungalows with the provision of associated parking, cycle/refuse storage and landscaping.

1. Land at Armoury Drive (former St John's Ambulance Depot)

- 1.1 A planning application for the above development was submitted by the Council and presented to Planning Committee on 16 December 2020. The application 20200561 was recommended for permission subject to conditions. Full permission was subsequently granted on 23 December 2020.

2. Procurement

- 2.1 Potter Raper Limited (PRL) is appointed as the Council's Employers Agent, and in consultation with Council officers, they prepared the tender documentation based on the drawings submitted to the Planning Committee along with the Council's agreed Employer's Requirements, for submission to the Kent Business Portal to which the Council has membership.
- 2.2 Seven tender documents were received via the Kent Business Portal. In consultation with officers from Housing Strategy and Development and Finance, Potter Raper evaluated all tenders and provided a tender report for the Design and Build of 4 x 2 bed maisonettes and 2 x 1 bed bungalows.

- 2.3 Following the post-tender evaluation, Potter Raper Limited has recommended that the Longley Group be awarded the 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 & Funding

- 3.1 Officers from the Finance Department have assessed the viability of the scheme based on an Affordable Rent tenure using current Local Housing Allowance rates which gives a payback period of approximately 19 years.
- 3.2 As from April 2012, the Ministry for Housing, Communities and Local Government 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 MHCLG in the first quarter of 2012 thereby confirming a commitment to delivering affordable housing.
- 3.3 In return the authority agreed that 30% of the RTB receipts will be used to fund replacement stock and any unused receipts would be returned (after a period of three years from initial receipt) to the Secretary of State with interest at 4% above base rate.
- 3.4 Following a government consultation in 2018, the rules around using RTB receipts were reformed with the reforms coming into effect in April this year. These reforms included increasing the cap on the cost of a replacement home that can be met from RTB receipts from 30% to 40% for both Social and Affordable Rent homes. The period for which receipts could be retained also changed, and increased from three years to five years.
- 3.5 The balance of funds (60%) must be met from either the HRA's existing resources or using external borrowing. The HRA's resources are limited and therefore it is likely that the Council will secure external borrowing to fund most of the remaining cost of the scheme.
- 3.6 Officers will consider the most appropriate source and duration of borrowing at the time the funds are required, with the Public Works Loan Board (PWLB) being the source of last resort, if an alternative funding source, offering preferential rates, cannot be secured. Recent changes to PWLB have restricted access to loans for some schemes. However, Housing schemes remains one of the permitted uses.

4. BACKGROUND PAPERS

- 4.1 16 December 2020 - Planning Committee Report

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	A legally compliant tender process has been undertaken to ensure compliance with the Councils Procurement Strategy and EU procurement regulations
Finance and Value for Money	<p>As detailed in the report, the works have been tendered competitively via the Kent Business Portal to ensure value for money.</p> <p>40% of the total value of the contract will be funded by retained Right to Buy (RtB) receipts, with the remaining 60% funded through external borrowing. The Council's Principle Accountant (HRA) will source the most competitive rate of borrowing at the point the funds are required.</p>
Risk Assessment	<p>The financial suitability of the contractors has been evaluated by PRL and officers from GBC Finance.</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 gdpr@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. 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. no</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 - Safeguarding residents</p>
Climate Change	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.
Crime and Disorder	Developing on this redundant land will help to minimise any potential for anti-social behaviours in the area.

Digital and website implications	None
Safeguarding children and vulnerable adults	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