

Report of the Portfolio Holder for Resources and Personnel Policy

NEW BUILD SITES ADDITIONAL APPROVALS1. Purpose of Report

To seek approval for revisions to the 2023/24 and 2024/25 capital programme specifically relating to the new build programme for 79 new homes on Council owned land and increased scheme costs; to seek approval to proceed into contract at the Inham Nook pub site; and to approve a variation to the Council's proposed purchase of the 26 affordable homes at the Field Farm, Stapleford site.

2. Recommendation

Cabinet is asked to RESOLVE that:

1. **The revisions to the Capital Programme in 2023/24 and 2024/25 for the housing new build schemes at the Chilwell and Watnall garage sites and the Inham Nook site, as set out in the confidential appendix, be approved.**
2. **The revisions to the Capital Programme in 2023/24 and 2024/25 for the housing new build schemes at the Bramcote Crematorium site, as set out in the confidential appendix, be approved subject to confirmation from the Council's external accountant that the scheme can be accommodated within the HRA Business Plan,**
3. **The increase in overall scheme costs, as set out in the confidential appendix, be approved.**
4. **Delegated authority be made to the Deputy Chief Executive and Section 151 Officer, following consultation with the Portfolio Holder for Resources and Personnel Policy, to allocate additional funding for these schemes using the Section 106 commuted sum budget and additional prudential borrowing.**
5. **Delegated authority be made to the Deputy Chief Executive and Section 151 Officer, following consultation with the Portfolio Holder for Resources and Personnel Policy, for all key approvals relating to the assessment of tender returns for the main construction contract, including qualitative criteria and the subsequent award of the building contracts for the redevelopment of the Inham Nook site.**
6. **The Council proceeds with charging social rents at the Field Farm, Stapleford site, as required by the Section 106 agreement.**

3. Detail

New Build Schemes – Budget Updates

The capital programme for the new build housing schemes was approved in June 2022. However, the programme has been revised recently based on the changes to the timetables associated with the schemes, additional scheme costs and due to a rapid increase in construction costs over the last nine months. The confidential appendix to this report shows the difference between the approved capital programme and the proposed revisions to the programme for 2023/24 and 2024/25 and sets out the revised scheme costs on a site by site basis.

The proposal is to fund the increase in costs by using commuted sums from the Section 106 budget to subsidise the programme, in addition to further prudential borrowing. The Council is currently reviewing the viability assessments for new build schemes with the Council's external consultant accountant, in light of recent increases in borrowing costs.

Inham Nook Building Contract

In September 2021, the Housing Committee approved the proposals to demolish the Inham Nook pub site (subject to planning) and the submission of a planning application to redevelop the site for affordable housing. Planning permission was recently approved to provide 15 units of one, two and three bedroom homes for rent. Cabinet agreement is now required for all key approvals relating to the assessment of tender returns to enter into the building contract following the tendering of the construction work in March and April 2023. As such, delegation authority needs to be made to the Deputy Chief Executive and Section 151 Officer, following consultation with the Portfolio Holder for Resources and Personnel Policy, for all key approvals relating to the assessment of tender returns for the main construction contracts.

Field Farm Update

The Section 106 agreement for the allocated housing site at Field Farm in Stapleford restricts the rents that can be charged to 'social rents' not 'affordable rents'. The charging of social rents will extend the payback period for the 26 rented and shared ownership houses to year 35. This has been confirmed by the Council's external accountant as being acceptable and can be accommodated within the HRA Business Plan.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

The Capital Programme for 2023/24 to 2025/26 was approved by Cabinet on 7 February 2023 and included the various housing new build schemes referred to

above. Further details in terms of the agreed budget and the proposed increases in costs are provided the confidential appendix.

These schemes are being financed by a combination of Homes England grants, Section 106 funding and prudential borrowing. The proposed increase in costs across the schemes will be met by a combination of Section 106 commuted sums and additional prudential borrowing.

In light of recent increases in construction and borrowing costs, the Council is working with its external consultant accountant to review the viability assessments for new build schemes. This will ensure that these schemes are feasible and sustainable in the long-term.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

The relevant implications for each site will be considered as each is brought forward for development. 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, as works, goods and services required to deliver the schemes must be procured by the Council in strict compliance with the Public regulations 2015 and the Council's financial regulations. Additionally, 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.

6. Human Resources Implications

The comments from the Human Resources Manager were as follows:

N/A

7. Union Comments

The Union comments were as follows.

N/A

8. Data Protection Compliance Implications

N/A

9. Equality Impact Assessment

N/A

10. Background Papers

Nil