

MEETING**ASSETS, REGENERATION AND GROWTH COMMITTEE****DATE AND TIME****MONDAY 15TH DECEMBER, 2014****AT 7.00 PM****VENUE****HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ**

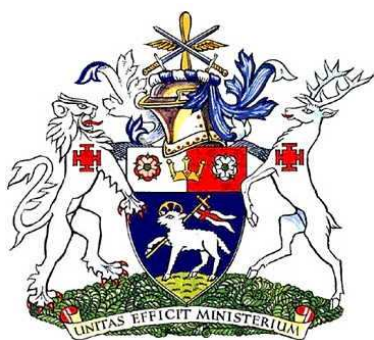
Dear Councillors,

Please find enclosed revised papers relating to the following items for the above mentioned meeting which will replace Agenda Item 19 as currently set out in the main agenda.

Item No	Title of Report	Pages
19 (a)	LOCAL AUTHORITY NEW HOUSING PROGRAMME (BARNET HOMES)	1 - 8
19 (b)	LOCAL AUTHORITY NEW HOUSING PROGRAMME (BARNET HOMES) - EXEMPT	9 - 24

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ASSETS, REGENERATION & GROWTH COMMITTEE

15 December 2014

Title	Local Authority New Housing Programme (Barnet Homes)
Report of	Cath Shaw, Enterprise & Regeneration Lead Commissioner
Wards	All
Status	Public with accompanying Exempt report
Enclosures	Appendix A: Accommodation schedule and list of sites
Officer Contact Details	Tony Piggott, Head of Development, Barnet Homes tony.piggott@barnethomes.org 020 8359 2264

Summary

At the Cabinet Resources Committee (CRC) of 24 June 2014, Barnet Homes was given approval to build 38 new affordable homes on behalf of the Council. The CRC agreed that the new homes would be funded through the Housing Revenue Account (HRA) surpluses and through usable capital receipts generated through the revised Right to Buy scheme.

The following sites were approved by the CRC:

- Brent Place, EN5
- Haldane Close, N10
- Tarling Road, N2
- Warwick Close, EN4

The CRC report named four potential sites for development and the Strategic Director Growth & Development (LBB) was given delegated powers to approve any necessary site substitutions. One site was removed and two sites added to the programme, meaning Barnet Homes proposes to build 40 new homes across six sites.

Barnet Homes has secured Planning consent for all sites in the programme (please see Appendix A for the accommodation schedule and list of sites).

The CRC report included an estimated cost of £7.093m to deliver the original programme of 38 homes, on the understanding that requests for additional funding would need to be approved at the relevant Council Committee.

Barnet Homes have carried out a two-stage tender exercise to procure a contractor to deliver the programme, further information is included in the exempt report.

The cost of delivering the development programme has increased by 11% from the estimated budget approved by CRC. This is because build cost inflation has increased at an unprecedented rate from June 2013 until now. Additional funding is requested to deliver the programme as well as the two extra homes.

The contents of this report have been approved by the Barnet Homes Asset Committee on Monday 17 November 2015 and by the Council and Barnet Homes Joint Development Pipeline Board on Friday 21 November 2014.

Recommendations

- 1. That the Committee note the substitution of sites on the programme.**
- 2. That the Committee approve the development of the further two units (40 units in total).**
- 3. That the Committee approve the amended budget and additional funding required to deliver the 40 unit programme across six sites.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Cabinet Resources Committee (CRC) of 24 June 2014 approved Barnet Homes to develop 38 new homes, across four sites, with a budget of £7.093m.
- 1.2 With approval from the Strategic Director Growth & Development (LBB) Barnet Homes revised the sites for the programme and proposes to deliver 40 new homes across six sites.
- 1.3 Barnet Homes requires additional funding to deliver the development programme. The revised budget requested is 11% higher than the original budget; the total additional funding required, because of building cost inflation and includes the two extra units, is £1,206,834.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The following factors have contributed to the increased construction costs and form the reasoning behind the recommendations made in this report:

- 2.1.1 The proposed programme is providing largely family accommodation and the gross internal floor areas have increased from what was originally envisaged.
- 2.1.2 In fill sites such as these carry high infrastructure costs due to their locations and the relatively small number of units being built on them.
- 2.1.3 The Planning process has resulted in a loss of units to some sites, thereby compounding the infrastructure costs.
- 2.1.4 Planning requirements mean some schemes have been designed in a more complex way than originally intended which has increased the cost of construction.
- 2.1.5 Tender prices have risen nationally by over 8% since June 2013 and by 13% within London.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Building fewer units on the sites or removing sites from the programme could be considered. However, this would result in disproportionate infrastructure costs and a higher overall cost per unit.
- 3.2 Not going ahead with the development programme could be considered. However, this would mean that the costs incurred to get to the tender stage, i.e. professional fees, are abortive. Also, construction costs are increasing at an unprecedented rate so further delays could increase the construction cost. Furthermore, the construction costs included in this report represent good value for money as they are based on the economies of scale achieved from delivering the six sites as one build programme.
- 3.3 Disposal of some sites could be considered. Having Planning consent would eliminate the risk associated with the acquisition of these sites by a would-be developer and therefore increases the disposal value. However, the Council is facing difficulties in meeting its obligations to provide housing for households in housing need in the borough and therefore should seek to increase its stock of affordable homes.
- 3.4 Continuing to hold the sites in their existing condition could result in unlawful occupation, management costs in maintaining security and fails to realise the value of the land which will assist in delivering other corporate objectives. The development of these sites for affordable residential purposes will provide much needed accommodation in the Borough.

4. POST DECISION IMPLEMENTATION

- 4.1 Barnet Homes will sign a build contract and the programme will start on site from January 2014, with phased completions by March 2016.
- 4.2 The monitoring of and on-going review of the progress of the development programme will be made by the Barnet Homes Asset Committee and the Council and Barnet Homes Joint Development Pipeline Board.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Corporate Plan 2013-2016 has a strategic objective to “promote responsible growth, development and success across the Borough”.
- 5.1.2 The Council's Estates Strategy 2011-2015 sets out our commitment to continually review the use of Council Assets so as to reduce the cost of accommodation year on year.
- 5.1.3 The Council's Housing Strategy 2010-2025 includes strategic objectives to provide new affordable homes.

5.2 Financial Resources

- 5.2.1 This is detailed in the exempt report.

5.3 Legal and Constitutional References

- 5.3.1 Council Constitution, Responsibility for Functions, Annex A – The Assets, Regeneration and Growth Committee has responsibility for “Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council”.
- 5.3.2 Council, Constitution, The Management of Assets, Property and Land Rules, Section 2.8 states that the “Strategic Asset Management Plan will govern decisions on the future direction of the development of the Council's Built Environment”.
- 5.3.3 Site specific legal matters for the six sites on the development programme have been explored and largely resolved through joint working with LBB Customer & Support Group and HB Public Law. These matters are detailed in the exempt report.

5.4 Risk Management

- 5.4.1 All sites have been evaluated by LBB Customer & Support Group and HB Public Law.

5.4.2 Planning approval has been achieved at each site.

5.4.3 It is proposed to fund the programme through usable right to buy receipts. Failure to spend these will result in the receipts being returned to the DCLG with interest. The project team will monitor the progress of the project and ensure risks to the programme are detected early.

5.5 Equalities and Diversity

5.5.1 The new affordable housing units will be let in accordance with the Allocation Policy. The Housing Allocations Scheme agreed in January 2011 was subject to a full equalities impact assessment which included extensive consultation with residents and housing applicants on the former housing register. A further equalities assessment of the revised planned Housing Allocations Scheme has been undertaken to ensure it does not disadvantage any households on the basis of ethnicity, faith, gender, disability, sexual orientation or age.

5.5.2 The proposals in this report do not raise any issues under the Council's Equalities Policy and does not have a bearing on the Council's ability to demonstrate that it has paid due regard to equalities as required by the legislation.

5.6 Consultation and Engagement

5.6.1 The residents and communities local to each site were consulted by Barnet Homes prior to the planning applications being submitted. A public resident consultation meeting was held at Tarling Road and individual consultations undertaken with other residents as requested.

5.6.2 The Planning service carried out a statutory consultation exercise as part of the planning process.

5.6.3 Ward councillors and the Lead Member for Housing have been fully consulted and updated with regards to our proposals and the project progress.

6. BACKGROUND PAPERS

6.1 Cabinet Resources Committee, 24 June 2013, 'Local Authority New Housing Programme'.
Available at:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=7457&Ver=4>

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Appendix A:
Local Authority New Housing Programme (Barnet Homes) Accommodation Schedule and List of Sites

Sites	Pre-app Meeting Date	Submission Date	Planning Approval	Units	No.	Type	GIA (SQM)
Bedford Road, NW7	07/01/2014	21/02/2014	30/07/2014	4	1	3b 5p hs	96
					1	3b 5p hs	106
					1	2b 3p wc fl	70
					1	1b 2p fl	50
					1	Communal	14
Brent Place, EN5	10/01/2014	02/06/2014	30/07/2014	5	1	3b 5p wc hs	117
					1	3b 5p hs	108
					3	2b 4p hs	84
					0	Communal	0
Haldane Close, N10	10/01/2014	06/06/2014	30/07/2014	9	3	3b 5p hs	111
					1	1b 2p fl	52
					2	2b 4p fl	75
					1	2b 3p wc fl	81
					2	3b 5p fl	95
Tarling Road, N2	14/01/2014	06/06/2014	30/07/2014	9	1	Communal	168
					5	1b 2p fl	53
					4	2b 4p fl	75
					1	Communal	80
					3	1b 2p fl	56
Wade Court, N10	19/03/2014	23/07/2014	17/09/2014	10	1	1 b 2 p wc fl	63
					6	2b 4p fl	71
					1	Communal	130
Green Lane, HA8	19/05/2014	25/07/2014	17/09/2014	3	2	3b 5p hs	102
					1	1b 2p bung	50
					0	Communal	0
				40	3473		

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AGENDA ITEM 19b

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