

**Outline Business Case (OBC): Broadfields Estate Infill Development Project (part of GLA 87 programme)**

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Author:	Susanna Morales, Development Manager, Barnet Homes
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Service /	Barnet Homes
Dept:	New Build Team

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## 1. Introduction

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This Outline Business Case (OBC) seeks approval to progress through planning submission and contractor tendering to Full Business Case stage (FBC) for an affordable housing development on land owned by the Council at the Broadfields Estate, HA8. It should be noted that the 'Land at Broadfields School' project is not connected to this project or Outline Business Case.

Barnet Homes have secured £8.7m grant funding from the Greater London Authority (GLA) to deliver a total of 87 new homes through a development programme known to the Council as "GLA 87".

Barnet Homes, acting as development agent for Barnet Council, has identified a potential residential development that will deliver 47 new affordable homes for London Affordable Rent.

The remaining homes that make up the wider programme of 87 homes will be subject to separate Outline Business Cases. They may be brought forward as part of a larger scheme, potentially from 'HRA 250' funded development programme, which would help achieve greater economies of scale.

The Broadfields estate consists of typically suburban housing constructed during the 1930s, 1960s and 1970s. The proposed development includes 47 new homes to be constructed across a number of infill plots within the estate area. These plots are on a combination of garaged land, book-ends to existing terraces, infill on redundant land and on green spaces that could be better utilised. Significant improvements to the public realm are proposed including a new 'village green', play zones, community spine and production zones that include allotment gardening and edible planting.

The new 47 homes include 5 that can be built to M4(3) standards, meaning they fully accommodate wheelchair users. 5 of the homes will be 5-bed properties, providing accommodation for larger families.

The ability to construct new homes will help the Council to mitigate further pressures on the general fund in meeting increasing temporary accommodation costs and to maximise value of existing assets. The ability to construct new homes will also enable those who require housing within the borough to be housed in accommodation which is fit for purpose.

A sum of £27,625,000 has been allocated to the Council's Housing Revenue Account budget for the GLA 87 programme, including £8.7m of GLA grant funding. The estimated budget for the Broadfields Estate is £16.048m, which includes construction and project on costs.

Design solutions have been proposed for the development and the relevant surveys have been commissioned to ensure buildability. Pre-application meetings with the Planners have been held and feedback has been incorporated into the proposals. The housing management teams have been consulted, with their comments considered within the proposals. Barnet Homes have carried out local consultation, including with ward members. The planning application is now being prepared, ready for submission.

## 2. Project Definition

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Barnet Homes has been commissioned as development agent to deliver a programme of new affordable housing. Barnet Homes will manage the development process on behalf of Barnet Council, working closely with the Commissioners.

Barnet Homes has successfully secured a £8.7m grant from the Greater London Authority (GLA) through their Building Council Homes for Londoners programme. This equates to £100k per new home. The grant requires a start on site by March 2022 and the new homes must be let at London affordable rents.

Barnet Homes has identified a potential residential development at Broadfields Estate, HA8 that will deliver 47 new affordable homes for London Affordable Rent. The remaining homes that make up the wider programme of 87 homes will be subject to separate Outline Business Cases.

Barnet Homes have appointed RCKa Architects for architecture design services to RIBA stage 3. Potter Raper Plc have been appointed as construction consultants. Both parties have significant experience in designing and delivering residential housing development, particularly affordable housing in a regeneration context.

The Broadfields Estate consists of 1930s, 1960s and 1970s housing. The plots included in this Outline Business Case are within the area developed in the 1960s and 1970s. This part of the estate is typical of many estates built in the 1960s and 1970s with separation of pedestrian and vehicular access, alleyways and open spaces with little overlooking from adjacent homes, dead ends and large areas of green space with no clear use. There are a number of non-residential buildings on the estate including a boxing club, various religious buildings, schools, a retirement home, an adult support day centre and some shops.

The existing homes are generally two storey terraced houses. Each terrace comprises four to eight houses which are identical in appearance and construction. There are also four, three storey apartment blocks which line Bushfield Crescent.

The estate is located on the northern boundary of the London Borough of Barnet, within close proximity to the A41, M1 and Midland Mainline railway, however, the site is poorly connected other than by car. The nearest tube station is Edgware which is the terminus of the Edgware branch of the Northern Line and is 2km from the site. Queensbury tube station on the Jubilee line is 4km away and Mill Hill Station on the Midland Mainline is 2.5km away. There is only one bus route, the 288, which services the estate and links it to Queensbury and Edgware tube stations.

The estate is dominated by open green spaces; however, these are generally of poor quality and prone to anti-social behaviour and fly tipping. These open spaces have no clearly defined uses and there are no formal play areas. The existing estate has issues with poor surveillance of open spaces and footpaths and private gardens backing onto public spaces.

The proposed development includes demolishing a number of garages and three properties at 1-3 Fulbeck Walk, to provide 47 new homes across multiple infill plots. One of the three houses at Fulbeck Walk has been void since 2014 as extensive structural and fire safety remediation works are required, with a cost estimate of £457k.

The 47 new homes will be a mixture of flats and houses. 5 of these homes will be built to M4(3) standards meaning they fully accommodate wheelchair users. A breakdown of the

accommodation schedule is shown as follows:

Unit size	Number of units
1b2p	18
2b3p	18
3b5p	6
5b7p	5
<b>Total</b>	<b>47</b>

This is the first Council led development scheme for many years to provide larger family accommodation.

The new homes have been designed using RCKa Architect's Common Home model. Common Home is a systemised approach to delivering affordable housing. It was developed by RCKa to minimise construction wastage, cost and unnecessary complexity. The system utilises modern methods of construction and can be fully modular or part modular to suit local supply chains and site conditions. Component parts of developments are consistent and configured to provide multiple options while taking advantage of economies of scale.

The Common Home model has been designed specifically for constrained and often difficult to access sites. A modular building system has been developed to address these issues, minimising construction time, reducing cost and improving build quality. This 'Modern Method of Construction' (MMC) employs Structural Insulated Panels (SIPs) to deliver a lightweight building which is fabricated off-site and quickly assembled on site with lighter foundations and a shorter build programme. The highly insulated envelope helps achieve the sustainability levels required for the house.

Pedestrian, vehicular and emergency service routes are to be maintained throughout the estate so that existing residents can access their properties. Existing trees are to be retained wherever possible and new and improved amenity spaces are to be created.

The development present an opportunity to transform this part of the estate into a welcoming environment, with improved passive surveillance and better organised car parking. It also creates generous new amenity space with play space as well as allotment gardening and edible planting.

A new communal village green and village square is proposed at the heart of the development. It will provide a new usable open space for existing and new residents that will provide some opportunities for both active and passive recreations.

Children's play is an integral part of creating an exemplar community where people live and work side by side. Whilst there are some local parks within walking distance, there is very little freely accessible play provision. Given the character and scale of the development it is proposed to provide play for under 10 year olds on site only.

The Common Home model has been designed to maximise sustainable features and future-proof it against ever changing national policy and regulations. Heat recovery systems are used rather than gas central heating and solar panels, thermal water heating, efficient appliances both for power and water efficiency are also incorporated. The buildings will be highly insulated and built to Passivhaus equivalent air tightness.

It is highly important to Barnet Homes that a high-quality housing scheme is delivered. A number of checks and balances are in place to ensure this happens. A highly experienced and skilled design team have been appointed, who ensure that the 'golden thread' of design integrity starts at the beginning of the project. The design is compliant with and ensures that a robust set of employer's requirements can be prepared, which is what the build contractors will use as a minimum standard. The contractor tender process will ensure an emphasis on quality, with the tenders usually analysed on a cost:quality ratio of 40:60. During the build process, Barnet Homes will appoint a Clerk of Works to carry out weekly site inspections; this acts as another layer of quality control for the latter stages of the project.

The new homes will be constructed in line with current and expected building regulations, including emerging changes following the Grenfell Tower tragedy. This includes the use of non-combustible materials and sprinkler systems where applicable.

### 3. Rationale

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This OBC has been prepared using the agreed standards and format for business cases, as set out in the HM Treasury Green Book business case methodology.

The agreed format is the Five Case Model, comprising the following:

- the strategic case
- the economic case
- the commercial case
- the financial case
- the management case

#### 3.1 Strategic case

The Strategic Case sets out the rationale, business needs and constraints for development of new homes on Housing Revenue Account (HRA) land.

The strategic external and internal drivers for this investment and associated strategies, programmes and plans are as follows:

- **Spring Statement 2020:** The government reaffirmed its determination to support the housing market. The government set out intentions to cut interest rates on lending for social housing by 1% and provide funding of £12bn to support an affordable housing programme.
- **London Plan 2016:** This Plan sets an annual average housing supply monitoring target for LBB for 2015 – 2025 of 23,489, with an annual monitoring target of 2,349 - the proposal for Broadfields Estate would provide 47 new homes.
- **New London Plan, emerging draft, 2019:** The New London Plan is in draft format and includes updated housing targets for LBB, which we need to be mindful of in respect of this business case. The draft Plan describes that London has seen waves of growth over recent years which is set to

continue, with population increase projected at 70,000 every year, which means that just to meet demand, at least 66,000 new homes need to be built – along with space for tens of thousands of new jobs – every single year. The 10-year housing target for LBB contained within the draft Plan is 31,340 between 2019-29, with an annualised average of 3,134.

- **Corporate Plan Barnet 2024:** Barnet 2024 sets out the Council’s vision and strategy for the next five years. The challenge is set to continue with the process of finding further savings getting increasingly more difficult. The Corporate Plan has been developed alongside the Council’s Medium-Term Financial Strategy (MTFS) so that investment and resources are focused on the areas that matter most. Barnet 2024 sets out three main Outcomes the Council wishes to achieve. A set of key priorities sit underneath each outcome, including detail of the Council intends to deliver this, a number of which are relevant to this business case, as follows:
  - A pleasant, well maintained Borough that we protect and invest in;
    - Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents;
    - Investing in community facilities to support a growing population, such as schools and leisure centres;
    - Responsible delivery of our major regeneration schemes to create better places to live and work, whilst protecting and enhancing the Borough;
  - Our residents live happy, healthy, independent lives with the most vulnerable protected;
    - Supporting our residents who are older, vulnerable or who have disabilities, to remain independent and have a good quality of life
  - Safe and strong communities where people get along well;
    - Keeping Barnet safe;
    - Focusing on the strengths of the community and what they can do to help themselves and each other.
- **Local Plan 2012:** The current LBB Local Plan 2012 outlines the overall strategy to manage growth in Barnet so that it meets needs for homes, jobs and services in a way that conserves and enhances the character of the Borough. Where there is already planned or approved pipeline growth this is consolidated in areas in need of renewal and investment and where regeneration delivers significant and lasting economic and wider benefits to the residents and communities of Barnet, particularly in the west of the Borough. The current Local Plan estimates that over 28,000 new homes will be developed by 2026.
- **Barnet Growth Strategy 2019-30 (emerging):** LBB is bringing forward a Growth Strategy for Barnet which sets out a proposed programme of activity between 2019 to 2030, accompanied by a Delivery Plan that sets out key projects, how the council will direct future investment, the approach to securing funding, and strategic partnerships. The Growth Strategy focuses on five cross-cutting objectives:

- A growing Borough;
  - A connected Borough;
  - An entrepreneurial Borough;
  - A Borough of thriving town centres; and
  - A great Borough to live in and visit.
- **Joint Health and Wellbeing Strategy 2015-20:** The Strategy has two overarching aims, Keeping Well and Promoting Independence. Barnet's Health and Wellbeing Strategy recognises the importance of access to good quality housing in maintaining wellbeing in the community. The lack of affordable housing is highlighted in Barnet's Joint Strategic Needs Assessment (JSNA) as one of the top three concerns identified by local residents in the Residents' Perception Survey.
  - **Housing Strategy 2019-24:** The Council's Housing Strategy 2019-2024 sets out the intent to deliver homes that people can afford by increasing housing supply, regeneration and growth. The strategy sets out how a continuing pipeline of developing on Council Land will secure a range of tenures, including mixed tenure housing with affordable homes funded by private sales, new affordable homes to rent on existing Council housing land, Extra Care and wheelchair accessible homes to reduce demand for care, and private housing for rent. There are three themes that are of relevance to this business case:
    - 1) Delivering more homes that people can afford;
    - 2) Safe and secure homes;
    - 3) Tackling homelessness and rough sleeping in Barnet.
  - **The Barnet Group Strategic Plan 2019-2024:** this commits to deliver good services whilst supporting its customers and Barnet Council through the challenges they face. They want to continue their ambitious development and acquisition programmes in order to increase the housing supply within the Borough and help to meet growing demand across different tenures. Their mission is to:
    - Develop and empower people;
    - Provide customer-focused services;
    - Sustain their business through growth.

### 3.1.1 Investment objectives

The investment objectives for this project are as follows:

1. Increase the supply of social housing provision within the borough through the HRA.
2. Improve the existing estate and street scene appearance through the sensitive addition of new homes whilst bringing improvements to the existing estate and public realm.

3. Integrate the proposed additional homes into the existing community through the use of shared estate facilities.
4. Provide secure homes on flexible tenancies and mitigate costs to the general fund in providing temporary accommodation.

### 3.2 Economic case

#### 3.2.1 Critical Success Factors

The Economic case sets out the critical success factors (CSF) for the business case, appraising various options and indicating which is preferred. The CSF for the preferred design solution have been drafted taking into account:

- The constraints of the existing building and estate
- The views of LBB’s Planners through pre-application meetings
- The views of Barnet Homes’ Housing Options team on the types of homes which are in greatest need and that can be successfully incorporated

The following CSFs have been established:

1. **CSF1: community needs** – current and future community needs are met by the final preferred solution
2. **CSF2: strategic fit** – the final preferred solution contributes to the London Plan, LBB Corporate Plan and LBB Housing Strategy targets
3. **CSF3: benefits optimisation** – the final preferred solution optimises the potential return on expenditure and improves the overall value for money
4. **CSF4: potential achievability** – the final preferred solution enables successful and timely achievement based on strong community engagement

Barnet Homes is the preferred vehicle for delivery as it meets all the CSFs:

- Barnet Homes has experience of managing affordable housing projects and knows its customer base well.
- Barnet Homes will procure the works in accordance with the applicable contract procedure rules and in compliance with the Public Contract Regulations 2015 and OJEU requirements as necessary.

The economic benefits of the business case are set out in the table below.

Scheme	Number of units	Wheelchair home provision cost avoidance p/a	Temporary Accommodation cost avoidance p/a	Assumed Council Tax income p/a	Total LBB revenue benefit p/a
Broadfields Estate	47	£164,940	£62,752	£67,088	<b>£294,780</b>

The temporary accommodation cost avoidance per annum is calculated at £1,696 per unit for non-accessible units.

The Council tax bands are estimated from the Council’s website. Broadfields estate is likely to be band C at £1,427.41 per annum (2020/21 rates).

Wheelchair savings are calculated at £16,494 per annum. In this business case it has been assumed that 10no. fully adapted M4(3) wheelchair homes will be constructed, although this could increase to 18no.

The estimated total revenue benefit inclusive of savings to Barnet Council is **£294,780** per annum.

The existing property at 1 Fulbeck Walk has been void since 2014. It needs extensive structural and fire safety remediation works, estimated to cost £457,500. The proposed demolition and redevelopment will thereby present a saving to the Council through the cost avoidance of these works.

### **3.3 Commercial case**

#### **3.3.1 Land**

The site is owned by the London Borough of Barnet. Barnet Homes would act as development agent, through the ALMO’s management agreement.

#### **3.3.2 Procurement**

Procurement for main building contractors will be carried out in accordance with the relevant contract procedure rules with tenders being sought. The tenders shall be evaluated on the basis of cost and quality. Barnet Homes propose to use either the Network Homes or Catalyst Housing’s contractors frameworks, to which they are a third-party member. A mini-competition would be held with up to six suitable contractors invited to tender.

Barnet Homes have carried out early soft-market testing and a number of contractors have expressed an interest in tendering for the projects. The contractors will need to demonstrate experience of delivering estate infill development projects as well as have a robust resident liaison service to support the local communities throughout the works. These will be key quality questions in the invitation to tender, as well as their delivery programme, to ensure that the appointed contractor has a demonstrable track-record and is able to deliver a project with such complexities.

The contract will be delivered through a JCT Design & Build contract.

### **3.4 Financial case**

The Financial case considers the budgetary, financial and affordability impacts of this approach.

A total budget of £27.6m was approved at Policy and Resources Committee in June 2019 and is contained in the Council’s Housing Revenue Account capital programme. GLA grant has been awarded, of £100k per unit, amounting to £4.7m for the Broadfields Estate Infill Project contained within this OBC.

<b>Cost area</b>	<b>Cost</b>
Estimated construction cost	£14,065,000

Project on costs	£1,969,100
Decant costs	£14,000
<b>Total Scheme Costs</b>	<b>£16,048,100</b>
Build cost per sqm	£3,657
Build cost per unit	£299,255

The Broadfields Estate construction cost estimate is £14.065m. It should be noted that this estimate is based on current market intelligence and is subject to change. Including on costs and contingency, the estimated Total Scheme Cost for this project is £16.048m.

The estimated construction cost is reasonable for developments of this nature. Infill sites are complicated to construct and generally have higher unforeseen and abnormal costs.

An allowance has also been made in the budget for costs associated with decanting the two existing residents from 2-3 Fulbeck Walk.

If the tender price exceeds the approved budget then a value engineering exercise may be considered. If necessary, a bid request to the Policy & Resources Committee for additional budget approval would be made.

Barnet Homes have carried out an appraisal of the project using the Housing Revenue Account development cashflow model, as prepared by Savills. This assumes London affordable rents, nil land costs and construction costs as noted above. This model assumes that 75% of the GLA grant is available at start on site, with the balance at practical completion.

The cashflow model demonstrates that the year of debt coverage exceeds 50 years. This is higher than the target parameter of 50 years. However, this needs to be considered alongside the considerable benefits to the HRA through the temporary accommodation revenue savings of constructing new wheelchair suitable accommodation and larger family homes, amounting to £294,780 per annum.

The remaining balance on the project budget will be used to bring forward other developments, subject to other Outline Business Case approvals. They may be brought forward as part of a larger scheme, potentially from 'HRA 250' funded development programme, which would help achieve greater economies of scale.

### **3.5 Management case**

The management case provides the outline plan for programme management, governance, risk management and benefits realisation that will be required to ensure successful delivery. The project will follow the corporate project management guidelines, specifically around governance, reporting and risk management.

A Barnet Homes Project Manager will oversee the project and be responsible for the day to day running of the project. The project manager will report to the Development Manager who will act as the client for the purpose of the build contract.

The Project Manager will be responsible for liaising between relevant parties, managing communications with residents, including arranging and facilitating consultation events. The Project Manager will liaise with other departments within Barnet Homes and LBB as

applicable to ensure the correct resource is available at the required timeframes.

Barnet Homes has significant experience of successfully delivering works projects within occupied social housing settings and engaging with tenants and leaseholders before, during and after the works are completed. Such engagement requires cross-team working within the organization. The processes developed to support such works will be used and refined as required to support the delivery of this project.

Project delivery will be reported at the Affordable Housing Board attended by representatives of LBB and Barnet Homes. Barnet Council as provider of land and project capital will receive regular financial and project monitoring information and more regular exception reporting should this be necessary.

Reporting to the Council will include:

- Overall progress against programme
- Financial progress against programme
  - Quarterly cost update
  - Cash flow
  - Cost variations
- Risk profile updates

Following planning consent being granted and completion of the contractor tender process a Full Business Case will be presented to the Affordable Housing Board before entering into a build contract. This report proposes to recommend the Deputy Chief Executive to approve the final contract sum provided it is within the parameters of the budget agreed in the Housing Revenue Account Business Plan. If the tender price exceeds the approved budget a bid request for additional funding will be submitted to the Policy & Resources Committee for approval.

#### 4. Options

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Due to the project objective, limited options were considered due to the desired outcomes from the Commissioning client.

There are three principle options available which are explored in further detail below.

- **Option 1** – Do not proceed with the development of these new homes.
- **Option 2** – Develop these homes, funded by the HRA.
- **Option 3** – Develop these homes, through on-lending to Opendoor Homes.

#### Option 1 – Do not proceed with the development of these new homes

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Status quo of estate maintained, in terms of number of homes and public realm.</li> </ul>	<ul style="list-style-type: none"> <li>• Social housing stock within the borough continues to decline through RTB sales without replacement homes being constructed.</li> </ul>

	<ul style="list-style-type: none"> <li>The expected project benefits will not be delivered.</li> </ul>
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### Option 2 – Develop these homes, funded by the HRA

This option is likely to cost in the region of £16.048m. This option will ensure that the new homes remain in the ownership of Barnet Council and in the event that they are sold through the Right to Buy provisions there is a direct link between the long term tenant (leaseholder) and Barnet Council. The Council will benefit from the rent and service charges from these properties.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Additional social housing units created and owned by Barnet Council.</li> <li>Management of the existing homes and new homes on the estate remains with one party (Barnet Homes).</li> <li>The project benefits will be realised.</li> </ul>	<ul style="list-style-type: none"> <li>Initial up front cost borne by the HRA.</li> </ul>

### Option 3 – Develop these homes, through on-lending to Opendoor Homes

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Scheme could be completed at nil cost to Barnet Council, with financial benefits including the homeless dividend.</li> <li>Barnet Homes would still act as the development agent.</li> </ul>	<ul style="list-style-type: none"> <li>Level of GLA grant would reduce to £70k per unit.</li> </ul>

It is on this basis that Barnet Homes recommend Option 2 is progressed as part of this Outline Business Case.

## 5. Expected Benefits

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Benefit 1: Financial cashable  Cost avoidance	A financial saving will be made through avoided costs, where Tempora	Council	£62,752 per annum	2023/24 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2019/20

	ry Accommodation is not required for 37 families.						
Benefit 2: Financial cashable Council tax revenue	Council tax revenue from the 47 new dwellings	Council	£67,088 per annum	2023/24 onwards	Council	Calculated on an annual basis using Council tax rates	Using Council tax rates 2020/21 rates
Benefit 3: Financial cashable Wheelchair cost avoidance savings	A financial saving will be made through avoided costs, where Temporary Accommodation for Wheelchair Users is not required for 10 families.	Council	£164,940	2023/24 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2019/20
Benefit 4: Non-financial Strategic objective	Maintain the supply of social housing provision within the borough through the use of right to buy receipts to contribute towards	Council / those in housing need	Provides occupation for 47 households	2023/24 onwards	HRA	Measure occupancy rates	N/A

	the construction of replacement homes.						
Benefit 5: Non-financial Strategic objective	Improvements to the existing estate's public realm	Residents / local community	Expected increase in customer satisfaction	2023/24 onwards	Barnet Homes	Measure resident satisfaction	N/A
Benefit 6: Non-financial Strategic objective	Integrate the proposed additional homes into the existing community through the use of shared estate facilities	Residents / local community	Expected increase in customer satisfaction	2023/24 onwards	Barnet Homes	Measure resident satisfaction	N/A
Benefit 7: Financial cashable and strategic objective	Cost avoidance by demolishing 1 Fulbeck Walk	Council / residents / local community	£457,500 And expected increase in customer satisfaction	2023/24 onwards	Barnet Homes	Measure resident satisfaction	Cost estimate of remediation works

## 6. Risks

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Risk	Controls and mitigations in place	Impact	Likelihood	Risk Score
<b>Design and planning</b>				

That the design is not fit for purpose	<ul style="list-style-type: none"> <li>Appointment of an experienced architect and early instruction of surveys and investigations</li> <li>Robust employer's requirements drafted</li> <li>Housing Management teams have commented on design</li> </ul>	4	2	8
That Planning consent is not granted or sites are aborted	<ul style="list-style-type: none"> <li>Appointment of an experienced and competent architect and professional team</li> <li>Pre-application consultation with the Planners</li> <li>Identification of alternative sites</li> <li>Local stakeholder consultation held</li> <li>Ward members notified of proposed project</li> </ul>	3	3	9
Utilities and statutory bodies not consenting to construction and/or diversions, such as the presence of a culvert	<ul style="list-style-type: none"> <li>Pre-application meetings have been held where possible</li> <li>Early application to the statutory bodies will be made</li> <li>Early liaison with the Environment Agency where possible</li> </ul>	4	3	12
Expectations of Highways, on a small and constrained project	<ul style="list-style-type: none"> <li>Engagement with Highways early in the process</li> </ul>	4	3	12
<b>Financial</b>				
That the grant deadlines are not met and the grant is returned	<ul style="list-style-type: none"> <li>Ongoing dialogue with the GLA to keep them informed</li> <li>Instruction of an experienced design team with capacity to deliver to timescales</li> </ul>	4	3	12
That a funding source cannot be identified	<ul style="list-style-type: none"> <li>Consider delivery by Opendoor Homes, with financial benefit to LBB</li> <li>Use GLA grant as cross-subsidy</li> <li>Consider converting some affordable rent to shared ownership, to cross-subsidise cost</li> </ul>	4	3	12
Impact of coronavirus could slow down progress of the planning process and then impact on market conditions	<ul style="list-style-type: none"> <li>To be closely monitored by BH and construction consultants</li> </ul>	4	3	12
<b>Delivery</b>				
Delay to project delivery	<ul style="list-style-type: none"> <li>Timely instructions from Barnet Council</li> <li>Regular project monitoring and reporting</li> <li>Regular monitoring of the market conditions</li> </ul>	4	3	12

	<ul style="list-style-type: none"> <li>Request contractor's programme as part of invitation to tender</li> <li>Compare programme to BCIS benchmarks of similar projects</li> <li>Ensure regular programme reporting is requested and monitored</li> </ul>			
Lack of interest from tendering contractors	<ul style="list-style-type: none"> <li>Early engagement with the market and soft-market testing</li> <li>Use of frameworks</li> </ul>	3	2	6
<b>Legal</b>				
That there are title issues with the site at the Council does not have clean legal title.	Title and site constraints reports have been prepared by HBPL. The Barnet Homes/Capita Estates team will endeavour to negotiate buying out and/or to relocate the leased pram sheds at the Broadfields Estate, in order to deliver the scheme.	4	2	8

## 7. Financial Appraisal

### 7.1 Capital costs

A cost plan has been prepared by Potter Raper Plc, the project cost consultant, using the design-freeze planning pack. The estimated construction cost is currently £14.065m.

The anticipated project budget is therefore:

Cost area	Cost
Estimated construction cost	£14,065,000
Project on costs	£1,969,100
Decant costs	£14,000
<b>Total Scheme Costs</b>	<b>£16,048,100</b>
Build cost per sqm	£3,657
Build cost per unit	£299,255
Total cost per unit (including on costs)	£341,449

The project on costs include the following services:

- Barnet Homes development agent fee (3.5%)
- Design including architect, structural engineer, services engineer and landscaping
- Planning fees
- Professional team including employer's agent and cost consultant

### 7.2 HRA modelling

Barnet Homes have carried out an appraisal of the project using the Housing Revenue Account development cashflow model, as prepared by Savills. This assumes London affordable rents, nil land costs and construction costs as noted above. This model assumes

that 75% of the GLA grant is available at start on site, with the balance at practical completion.

The cashflow model demonstrates that the year of debt coverage exceeds 50 years. This is higher than the target parameter of 50 years. However, this should be considered alongside the significant revenue savings to the Council associated with this project. The temporary accommodation cost avoidance savings through the provision of new wheelchair accessible accommodation and larger family homes amounts to £227,692 per annum.

### **7.3 Funding route**

It is proposed that the scheme is funded through the Housing Revenue Account. A sum of £27,625,000 has been allocated to the Council's Housing Revenue Account budget for the GLA 87 programme, including £8.7m of GLA grant funding. The estimated budget for the Broadfields Estate project is £16.048m, which includes construction and project on costs; this is within the budget parameters of the programme.

It should be noted that a revised budget approval may be required if the tender prices are returned above the approved budget.

If the HRA does not have capacity to fund the project then the following funding sources could be considered:

- Delivery by Opendoor Homes with on-lending by LBB through the Public Works Loan Board
- Consider converting some affordable rent properties to shared ownership, to cross-subsidise cost

### **7.4 Affordable housing grant**

Barnet Homes has successfully secured a £8.7m grant from the Greater London Authority (GLA) through their Building Council Homes for Londoners programme. This equates to £100k per new home. The grant requires a start on site by March 2022 and the new homes must be let at London affordable rents.

## **8. Project Approach**

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### **8.1 Project approach**

The project will be managed by Barnet Homes in accordance with the Barnet Council project management toolkit, which has been adopted for the delivery of this scheme. It incorporates monitoring and controls to ensure the project is delivered effectively and that budgets and programme are maintained and reported through the appropriate channels.

### **8.2 Project controls**

The Affordable Housing Board consists of Council Commissioners and the senior members of the Barnet Homes Development Team. The project board has responsibility for:

- Sign-off at gateway reviews

- Monitoring the project programme
- Monitoring the project budget
- Reporting and reviewing progress
- Delivering project outputs and benefits

The project will also be reported to Barnet Homes' Board. The Committee will hear about the scheme's progress on site and handover and will monitor how the project is being managed.

The project team will be responsible for engaging with key stakeholders to ensure that all deliverables are delivered in line with service requirements and that the required quality standards are met.

### 8.3 Project plan and milestones

Stage	Planning submission RIBA stage 3	Planning Committee	Main contractor tendering	Full Business Case	Main contractor starts on site	Practical completion
Key dates	May / June 2020	September / October 2020	November 2020 – January 2021	February 2021	Q1 2021/22	Q1 2023/24
Milestones	<ul style="list-style-type: none"> <li>• OBC approved</li> <li>• Planning applications submitted</li> </ul>	Planning applications consented	<ul style="list-style-type: none"> <li>• Main contractor tenders on single stage basis</li> <li>• Contractor pricing finalised and contract sums agreed</li> <li>• Stakeholder consultation throughout</li> </ul>	FBC approved	Start on site date in line with programme	<ul style="list-style-type: none"> <li>• Scheme handed over on time and on budget</li> <li>• New homes let with minimal void period</li> <li>• Lessons learnt review undertaken</li> </ul>

### 9. Project Assurance

Deliverable / Product	Quality Criteria	Author	Reviewers	Acceptor
Construction of 47 new homes	Meets London space standards and local Planning criteria	Council / Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team
Improved estate environment for	Improvements made to parking,	Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team

existing residents	refuse areas, internal communal areas and new play areas			
Integrated communities	New dwellings accessed by main thoroughfares, improvements to public realm	Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team

## 10. Dependencies

The project is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme.

Scheme dependencies are summarised in the table below.

Dependent on	Nature of dependency
Government funding	Funding is mixture of GLA grant funding which subsidises the new homes and contributions from the authority's Housing Revenue Account (HRA).
Planning consent	Reliance on obtaining planning consent for the scheme.
Decant strategy	Reliance on a robust decant strategy that will ensure a well-coordinated approach to decanting the residents at 1-8 Dowding.
Highways	Reliance on the necessary highways applications being made and accepted as required.
Consultation and community engagement	Usual consultation requirements will need to be adhered to, alongside gaining local community involvement and engagement.
Member engagement	Members engagement required throughout the process.

## 11. Approach to Consultation

Barnet Homes has consulted with internal stakeholders throughout the design development process. Representatives from the Housing Management, Major Works, Repairs & Maintenance and H&S Compliancy teams have reviewed and commented on the proposals.

This has added value to the proposals specifically in relation to emerging building regulations, refuse arrangements and grounds maintenance proposals.

On 26 February 2020 an exhibition was held to consult the local community on the development proposals and over 300 local residents were invited.

31 responses to the consultation were received. The comments in the responses were themed as below:

Theme	Number of Comments
Subsidence	2
Parking / Traffic	6
Privacy	6
Daylight	4
Green Spaces	8
Antisocial Behaviour	3
Refuse Bins	4
Existing Infrastructure	4
Local Services	7
Road Access	4
Garages/ Pram Sheds	3
Fence / Security	1
Noise	1
Layout	2
General Proposal	5
Positive Feedback	5

Key theme	How it is being addressed in the proposal
Concern that green spaces may be lost	At present, the green spaces provide low quality amenity space. An exemplar public realm scheme has been proposed, which will create high-quality green and amenity space which new and existing residents can use.
Concern regarding the existing parking arrangement and future demand for spaces	Our independent transport consultants have undertaken a study looking at the existing parking stress and reviewed the maximum parking capacity of the site using Barnet's Highways Design Standards. We have designed a site with the maximum number of safe demarcated parking spaces and pedestrian paths. All spaces will be for the use of existing and new residents.
Concern regarding the impact to them of construction process	We will ensure that a construction management and health and safety plan is in place. This will detail how the contractor manages the site to minimise the impact on residents as well as how they manage noise, mess and security. We will also require the contractor to register with the Considerate Constructors Scheme. This means they must adhere to several guidelines including the

	protection of the environment and safety for workers and residents.
Concerns over loss of privacy	The new homes have been designed in accordance with national and local planning policy as well as the London Housing Design Guide.
General support for improvements to the public realm	Noted.

Barnet Homes has drafted a factsheet in response to these comments, which they will distribute as soon as Covid19 lockdown restrictions allow, ahead of the Planning submission.

Barnet Homes has also contacted the ward members to consult them on the proposed project and to take their feedback. No comments have been received to date.

### Document Control

Record the information relevant to this document in this section

<b>File path</b>	
<b>Reference</b>	
<b>Version</b>	
<b>Date created</b>	
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### Document History

If the document has been altered or amended please track the versions and changes in this section

Date	Version	Reason for change	Changes made by

### Distribution List:

Name	Role	Date
Derek Rust	Director of Growth & Development, Barnet Homes	27 May 2020
Meera Bedi	Head of Development, Barnet Homes	27 May 2020

### Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Outline Business Case for the Little Strand project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version
Paul Shipway	Head of Housing Strategy, LBB		27 May 2020	1.0
Damien Pantling	Head of Finance - Growth		27 May 2020	1.0
Sangita Mistry	Finance Manager		27 May 2020	1.0

<sup>1</sup> You should speak to your Head of Finance about any capital project you are proposing to undertake. They will help you to complete certain sections of the business case.