

The Grange Development Project (part of HRA 250) Outline Business Case [public report]

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1. Introduction

The Council's Housing Revenue Account (HRA) is funded through rents and service charges received from council tenants and leaseholders, and meets the costs associated with maintaining and managing the council's housing stock and can also be used for funding the development or acquisition of new council homes and other related capital projects.

In Summer 2019, Barnet Council commissioned a review of the HRA's capacity by Savills. This review concluded that there is the potential for 250 more new homes to be developed by the Council through the HRA.

It was proposed that the projects comprising the 250 units should be delivered by Barnet Homes, acting as development agent for Barnet Council, as part of the "HRA 250" programme of sites. The completed homes would stay within the ownership of the Council. The income generated from these units will be fed back into the HRA.

This Outline Business Case (OBC) seeks approval to progress the first site in the HRA 250 programme, through planning submission and contractor tendering to Full Business Case stage (FBC), for an affordable housing development on land owned by the Council on the Grange Estate and neighbouring areas of Tarling Road and Brownswell Road N2. These sites are collectively referred to as "The Grange Estate" development.

Barnet Homes acting as development agent for Barnet Council has secured £4,300,000 grant funding from the Greater London Authority (GLA) to deliver 43 new homes at The Grange. These properties will be let at London Affordable Rent.

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 £81.034m was originally allocated to the HRA 250 programme in February 2020. From the start of this financial year 2021/22, the remaining budget is £80.803m. The total estimated budget for the Grange is £19.5m, which includes historic spend as well as future construction and project on costs. £15.1m of this would be met by the capacity in the HRA and the remaining £4.3m by GLA funding.

In accordance with paragraph 4.12 of the Council's Housing Allocation Scheme, it is proposed that some of the new homes will be allocated through a Local Lettings Policy. This applies to existing council tenants on the estate who are highly banded (Band 1 or Band 2) in the period before the development completes.

The remaining 207 homes that make up the wider programme of 250 homes will be subject to a separate Business Cases, likely to be presented to committee in Q2 2022/23.

2. Project Definition

2.1 The site

The Grange Estate is an established estate owned by Barnet Council in East Finchley, N2. It

consists of a mixture of houses and flatted blocks. There are several concrete courtyard areas which are used for informal parking. Next to Brownswell Road there is an area containing a ball court, grassed land and an electric substation. The proposed new homes would be built across four separate sites located on: Tarling Road, Brownswell Road, Central Avenue and High Street.

2.2 Unit mix

The proposed unit mix is summarised in the below table:

Site	Unit Numbers	Mix
Site 1 – Tarling Road	3	2 x 3B5P Houses 1 x 3B5P Wheelchair House
Site 2 – Brownswell Road	24	6 x 1B2P Flats 1 x 2B3P Flat Wheelchair Flat 1 x 3B4P Wheelchair Flat 7 x 3B4P Flats 6 x 3B6P Flats
Site 3 – High Road	8	2 x 1B2P Flats 6 x 2B4P Flats
Site 4 – Central Avenue	8	1 x 1B2P Wheelchair Flat 6 x 1B2P Flats 1 x 2B3P Wheelchair Flat
	43	

An experienced professional team have been appointed including Levitt Bernstein Architects and Potter Raper as Employer's Agents. The designs for The Grange have progressed through RIBA Stage 2 and will soon be ready for submission to planning and design development into RIBA Stage 3.

The original unit estimates for the Grange hoped to achieve approximately 104 new units across The Grange site. These estimates were approximate and dependant on the outcome of further design work and surveys of the area and existing buildings. The design work that has been undertaken and has shown that the actual capacity for the site yields 43 units. This reduction is due to a number of reasons:

- Structural surveys indicated that the existing buildings would not be able to support rooftop extensions
- The key objective of the scheme has altered to better meet Council objectives by providing more large family units and larger fully wheelchair accessible properties despite this requiring a reduction in unit numbers
- Pre-application meetings with LBB's Planning Department lead to the reduction of density across all of the proposed sites
- Consultation with key stakeholders including existing residents, LBB's Highways and Tree departments and Local Councillors indicated that they would not be able to support a larger scale development than is now being proposed
- The reduction in unit numbers on some sites meant that they were no longer financially viable, and they had to be removed from the proposals

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.

2.3 Land assembly

Three properties on Brownswell Road will need to be demolished in order to provide the 23 new units on the Brownswell Road site. These three houses (50, 51 and 52 Brownswell Road) consist of two Council tenants and one freeholder.

2.4 Landscaping and public realm

Barnet Homes has also appointed landscape architects Groundworks. The Grange development is an opportunity to provide some estate improvements that will benefit both the new residents and the existing estate residents. The original scope of these works has had to be scaled back somewhat now that the unit numbers have been reduced as the estate works must be proportionate to the size of the development. However, a proposal has been put forward for the grassed area next to Brownswell Road that will provide a new multi-use games area (MUGA), landscaped amenity space, improved access and lighting to enhance the useability and security of this space

The overall design focuses on placemaking by ensuring that resident's enjoyment and safety, in the place that they live, is prioritised in the design process.

2.5 Environmental impact and sustainability

Barnet Homes' new build developments embrace sustainable design and contribute to the Barnet Council's new Sustainability Strategy. The aspiration of Barnet's new Sustainability Strategy is to build new social housing to a minimum EPC of 'B' adopting sustainable methods. All new build commissions are planned for net zero carbon emissions by 2025, with this achieved by 2030.

The new Sustainability Strategy identifies that 58% of emission within Barnet come from stationary energy sources, namely buildings, two-thirds of which relate to residential buildings. With an average EPC rating of 'D', the retrofitting of the existing housing stock will be the key challenge in the borough.

Sustainable development for new housing in Barnet is guided by the National Planning Policy Framework (NPPF) and the new London Plan 2021, alongside the Councils existing Local Plan and emerging draft Local Plan.

These principles and policies are further supported by building regulations that collectively set the ground rules for energy efficiency.

Barnet Homes closely monitors the evolving building regulations, in particular, the emerging Future Homes Standard and will update its Employer's Requirements accordingly to address, Part L (conservation of fuel and power) and F (ventilation), Part O (overheating) and Part S (electric car charging points). These changes are set to reduce carbon emissions of 75-80% compared to the current regulations.

The Grange Estate proposes that the new homes are designed to Passivhaus principles. In line with Barnet Council's 'Net Zero by 2030' targets the project aims to create highly energy efficient new dwellings. The mechanical and electrical design will meet the requirements of the Building regulations, the London Plan and Barnet's Local Plan ensuring the emissions meet all of these requirements. Currently, the design proposes the installation of heat pumps for heating and hot water, whole house heat recovery ventilation, solar photovoltaic panels and LED lighting to all homes.

3. Rationale

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:

- **Autumn Budget and Spending Review 2021:** The government reaffirmed its commitment to support the £11.5 billion Affordable Homes Programme, 35% of which is to be delivered in London. In addition £1.8 billion of new funding was pledged to assist housing supply via land regeneration.
- **The London Plan 2021:** The new London Plan came into force on 2 March 2021 and identifies places with capacity to grow, including Opportunity Area and town centres. The target is for over 52,000 new homes per year in London, 50% of which are to be genuinely affordable. The ten-year target for net housing completions in Barnet, between 2019/20 and 2029/29 is 23,640, of which 4,340 are to be earmarked for smaller sites. The Plan specifies a target for older person housing between 2017 and 2029 of 275 per annum.

The wider population context for London is a projected growth of 70,000 per year, reaching 10.8 million in 2041. Currently London is home to 1.2 million disabled people. The proposal for The Grange would provide 43 new homes of which 4 are fully accommodated for wheelchair users.

- The **Barnet Plan 2021-2024** sets out the Council's four priorities for the borough. This has been developed against the backdrop of the Covid19 pandemic. The plan focuses on the key outcomes we are seeking to achieve and how we will work to achieve those outcomes.

The council and its partners will focus on four priorities over the next four years to realise our vision:

Clean, safe and well run

A place where our streets are clean and antisocial behaviour is dealt with so residents feel safe. Providing good quality, customer friendly services in all that we do.

Family friendly

Creating a Family Friendly Barnet, enabling opportunities for our children and young people to achieve their best.

Healthy

A place with fantastic facilities for all ages, enabling people to live happy and healthy lives.

Thriving

A place fit for the future, where all residents, businesses and visitors benefit from improved sustainable infrastructure & opportunity.

The plan will focus on prevention, by delivering some services and activities in different, or more joined up ways. We are committed to enabling and supporting individuals and communities to be more resilient; to identifying problems early; and to enabling 'selfserve' and other effective solutions.

It will focus on equalities by supporting all our communities to thrive in an environment that is free of harassment and discrimination is a core strand running through all our priorities and fundamental to how we work as a council.

- **Draft Local Plan 2021-2036:** 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 Draft Local Plan estimates that over 32,200 new homes will be developed by 2030.
- **Barnet Growth Strategy 2020-30:** The Growth Strategy for Barnet sets out a proposed programme of activity between 2020 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.

By 2030 around 30,000 more homes are required in Barnet to house a growing number of households in the most populous borough. Average house prices are 15 times the median income, underlining affordability is challenge to many.

- **Joint Health and Wellbeing Strategy 2021-25:** The Barnet Joint Health and Wellbeing Strategy (JHWS) outlines the commitment to improving the health and wellbeing of all who live, work and study in Barnet. It's based around 3 key areas: creating a healthier place and resilient communities; starting, living and ageing well; and, ensuring delivery of coordinated and holistic care, when needed. 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 affordable 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

3.2.2 Critical Success Factors

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 its contract procedure rules and in compliance with 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
The Grange	43	£82,470	£108,815	£64,500	£255,785

The temporary accommodation cost avoidance per annum for non-accessible units is calculated at £2,572 for a one bed unit, £2,944 for a two bed unit and £3,064 for a three bed unit. All costs are per unit per annum.

The Council tax bands are estimated from the Council's website. The property bands are not yet known for the proposed properties and so they have been estimated at £1,500 per unit per annum based on similar properties in the area and the 2021/22 rates.

Wheelchair savings are calculated at £16,494 per unit per annum.

The estimated total revenue benefit inclusive of savings to Barnet Council is **£255,785** per annum.

3.2.3 Value for money

As set out in section 3.4, the construction sector is currently experiencing high cost inflation due to materials and labour shortages. This is pushing up the price of tender returns to prices not previously seen.

However, it is still felt that this project delivers value for money. Typically, we have developed a majority of 2-bed accommodation yet this project is delivering around 50% 3-bed family homes, for affordable rent, which are in acute need across the borough.

The Barnet Homes contractor tender process requires that contracts are awarded on the basis of 40% Cost : 60% Quality. This ensures a high quality service and product, offering good value for money.

At The Grange, around £350,000 worth of public realm works are being delivered for the benefit of existing and new residents, which would otherwise not be delivered. This has a positive impact on the environment and health of local residents.

The project also offers operational value for money, whereby the construction of energy efficient and high quality housing will reduce maintenance costs for Barnet Council and energy bills for residents.

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 applicable contract procedure rules with tenders being sought. The tenders shall be evaluated on the basis of cost and quality. Barnet Homes propose to procure the building contractor via a framework, such as Network Homes or Catalyst Housing's, to which they are a third-party member. A mini-competition would be held with up to six suitable contractors invited to tender.

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, especially the specific requirements of working adjacent to a primary school. 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.

The project is funded through a combination of grant from the GLA and HRA borrowing. The HRA borrowing is serviced through rental income from the new homes delivered in the project.

A sum of £81.034m was originally allocated to the HRA 250 programme. From the start of this financial year 2021/22, the remaining budget is £80.803m. The total estimated budget for the Grange is £19.5m, which includes historic spend as well as future construction and project on costs. £15.1m of this would be met by the capacity in the HRA and the remaining £4.3m by GLA funding.

The budget profile was updated in January 2022 to reflect the next phase of the programme and will be presented to Policy & Resources Committee in February 2022.

GLA grant has been awarded, of £100k per unit, amounting to £4.3m for The Grange project contained within this OBC.

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 delegated authority is sought for the approval of the Full Business Case before entering into a build contract. This report proposes to delegate authority to the Deputy Chief Executive to approve the Full Business Case once planning has been determined and the project has been tendered. If the tender price exceeds the approved budget a bid request for additional funding will be submitted to the Policy & Resources Committee for approval.

In accordance with paragraph 4.12 of the Council's Housing Allocation Scheme, it is proposed that some of the new homes will be allocated through a Local Lettings Policy. This applies to existing council tenants on the estate who are highly banded (Band 1 or Band 2) in the period before the development completes.

4. Options

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"> • Status quo of estate maintained, in terms of number of homes and public realm. 	<ul style="list-style-type: none"> • Social housing stock within the borough continues to decline through RTB sales without replacement homes being constructed. • The expected project benefits will not be delivered.

Option 2 – Develop these homes, funded by the HRA

This option is likely to cost in the region of £19 million. 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"> • Additional affordable housing units created and owned by Barnet Council 	<ul style="list-style-type: none"> • Initial up front cost borne by the HRA.

<p>delivering future rental income into the HRA</p> <ul style="list-style-type: none"> • Management of the existing homes and new homes on the estate remains with one party (Barnet Homes). • The project benefits will be realised. 	
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Option 3 – Develop these homes, through on-lending to Opendoor Homes

Advantages	Disadvantages
<ul style="list-style-type: none"> • Scheme could be completed at nil cost to Barnet Council, with financial benefits including the homeless dividend. • Barnet Homes would still act as the development agent. 	<ul style="list-style-type: none"> • Higher rents may not be affordable to all Homelessness customers • ODH could not viably deliver the project without some form of subsidy such as gifted Right to Buy receipts

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

5. Expected Benefits

5.1 Benefits table

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 Temporary Accommodation is not required for 38 families allocated the general needs accommodation	Council	£108,815 per annum	2025/26 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2019/20
Benefit 2: Financial cashable Council tax revenue	Council tax revenue from the 43 new dwellings .	Council	£64,500 per annum	2025/26 onwards	Council	Calculated on an annual basis using Council tax rates	Using average Council tax rates 2020/21 rates for net new homes
Benefit 3: Financial cashable Wheelchair cost avoidance savings	A financial saving will be made through avoided costs, where Temporary Accommodation	Council	£82,470	2025/26 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2019/20

	for Wheelchair Users is not required for 5 families.						
Benefit 4: Financial cashable Strategic objective	Rental income for 43 new homes at London Affordable Rent	Council	£315,167 per annum	2025/26 onwards	HRA	Gross rent calculated on an annual basis using London Affordable Rent	London Affordable Rent
Benefit 5: Non-financial Strategic objective	Maintain the supply of social housing provision within the borough through levering in public subsidy in the form of GLA grant of £100,000 per home £4.3m	Council / those in housing need	Provides occupation for 43 households	2025/26 onwards	HRA	Measure occupancy rates	N/A
Benefit 6: Non-financial Strategic objective	Improvements to the existing estate's public realm	Residents / local community	Expected increase in customer satisfaction	2025/26 onwards	Barnet Homes	Measure resident satisfaction	N/A
Benefit 7: Non-financial Strategic objective	Integrate the proposed additional homes into the existing community	Residents / local community	Expected increase in customer satisfaction	2025/26 onwards	Barnet Homes	Measure resident satisfaction	N/A

	ty through the use of shared estate facilities						
Benefit 8: Non-financial	Local Lettings Policy	Local residents	Existing council tenants on the estate who are highly banded (Band 1 or Band 2)	2025/26 onwards	Barnet Homes	Amount of eligible residents	N/A
Benefit 9: Non-financial Strategic objective	Social value required through the build contract	Residents / local community	Expected increase in customer satisfaction, employability, health and wellbeing	2023 onwards	Barnet Homes	Measure resident satisfaction	N/A

5.2 Social value and local labour

Barnet Homes actively encourages its development partners to contribute in leaving a legacy within the communities we serve through social value. Whilst a key objective is to ensure our customers have homes that they feel safe in, we encourage developers to provide support and investment into communities in other ways.

Barnet Homes has a minimum social value requirement for this contract, including but not limited to:

- The provision of apprenticeship opportunities for local young people per year set out within Section 106 requirements (trade or office based)
- Providing 3 x 2 -week work experience placements per annum for a minimum of 3 candidates
- Hosting or sponsoring an annual community events that promotes the contractual partners work, presence and investment in the community
- Attending employment and recruitment events to promote career options and if applicable promote live vacancies within their business
- Hosting 3 x 1-day training programs per year that supports people into employment

- Sponsorship of an annual £2k education bursary scheme that will support 6 individuals per year
- Support to SME's through mentoring, coaching and business planning
- Support in the refurbishment of a community assets that provides benefit to local people, through the supply of materials, tools and staff resources through an employee volunteering scheme
- Provide a minimum of £1k financial investment into an annual community based project or initiative that will contribute to improving the lives of our most vulnerable customers. (food poverty, digital inclusion, gangs and youth violence)
- Provide a minimum of £1k financial sponsorship toward an annual awards event that recognises and celebrates the contributions our residents and contractors make in our communities
- Contribution of human resource (manpower), equipment and materials to support community based initiatives that will improve the local environment

As the build contract is expected to exceed £250,000, Barnet Homes will ensure that the contractor includes within their price employment and training of local labour which represents 20% of the total number of person-weeks required on site. It also requires as part of the 20% target that:

- 25% shall be from black and ethnic minorities
- 25% will be employed trainees or placements from a local training provider
- 10% shall be female

Such employees shall be engaged on an hourly wage, no less than the London Living Wage.

The Contractor will also include for the selection and employment of apprentices from suitable London based training establishments and manage the process from securing apprenticeship training to enrolments. These targets are all reported and monitored at monthly progress meetings.

In addition, the Contractor provides additional social value to the project via contributions to either community events, local charities or schools. This forms part of their Considerate Contractor status that is required for each project.

6. Risks

Risk	Controls and mitigations in place	Impact	Likelihood	Risk Score
Design and planning				
That the design is not fit for purpose	<ul style="list-style-type: none"> • Appointment of an experienced architect and early instruction of surveys and investigations • Robust employer's requirements drafted • Housing Management teams have commented on design 	4	2	8
That Planning consent is not granted or sites are aborted	<ul style="list-style-type: none"> • Appointment of an experienced and competent architect and professional team • Pre-application consultation with the Planners • Identification of alternative sites • Local stakeholder consultation held • Ward members notified of proposed project 	3	3	9
Utilities and statutory bodies not consenting to diversions	<ul style="list-style-type: none"> • Early application to the statutory bodies will be made. 	4	3	12
Expectations of Highways, on a small and constrained project	<ul style="list-style-type: none"> • Engagement with Highways early in the process 	4	3	12
Expectations on the Tree department, on a small and constrained project	<ul style="list-style-type: none"> • Engagement with Trees early in the process 	4	3	12
Existing residents, local councillors and other stakeholders not supporting the scheme	<ul style="list-style-type: none"> • Early engagement with residents is taking place • Resident Interest Group for steering has been developed • The scheme design has been changed to reflect stakeholder comments • Instinctif have been appointed as communication consultants 	4	3	12

	<ul style="list-style-type: none"> • In addition consider the appointment of an Independent Tenant and Leaseholder Advisor (ITLA) • Clear concise information should be circulated to residents and stakeholders 				
Financial					
That the tender price will come back higher than the budget	<ul style="list-style-type: none"> • Robust tender process with a minimum of three contractors • Regular cost plans issued by cost consultant and sector monitoring • Consider value engineering • Apply for further grant • Regular financial monitoring 	3	4	12	
That the grant deadlines are not met and the grant is returned	<ul style="list-style-type: none"> • Ongoing dialogue with the GLA to keep them informed • Instruction of an experienced design team with capacity to deliver to timescales 	4	3	12	
That a funding source cannot be identified	<ul style="list-style-type: none"> • Consider delivery by Opendoor Homes, with financial benefit to LBB • Use GLA grant as cross-subsidy • Consider converting some affordable rent to shared ownership, to cross-subsidise cost 	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"> • To be closely monitored by BH and construction consultants 	4	3	12	
Delivery					
Delay to project delivery	<ul style="list-style-type: none"> • Timely instructions from Barnet Council • Regular project monitoring and reporting • Regular monitoring of the market conditions • Request contractor's programme as part of invitation to tender • Compare programme to BCIS benchmarks of similar projects 	4	3	12	

	<ul style="list-style-type: none"> • Ensure regular programme reporting is requested and monitored 				Yellow
Lack of interest from tendering contractors	<ul style="list-style-type: none"> • Early engagement with the market and soft-market testing • Use of frameworks 	3	2	Green	6
Legal					
That there are title issues with the site at the Council does not have clean legal title.	<ul style="list-style-type: none"> • Title and site constraints reports have been prepared by HBPL. Barnet Homes/Capita Estates conclude there are no concerns with the legal title that would deem the site undevelopable. 	4	2	Green	8

7. Financial Appraisal

7.1 Capital costs

[Redacted]

7.2 HRA modelling

The draft expected total costs and the increased level of borrowing has been tested against the current HRA Business plan to stress test the scenario. All costs have been included in the HRA Business Plan.

This project, as part of a wider programme, has been included in the HRA Business Plan. It is expected that changes at a project level, unless significant, will not impact on the viability of the HRA model. Even if the volume of homes delivered in the project reduces, or the build cost increases, then the business plan is supported by the need to reduce Temporary Accommodation costs, provide accommodation for homeless people and increase the supply of affordable wheelchair accommodation.

7.3 Funding route

It is proposed that the scheme is funded through the Housing Revenue Account.

A sum of £81.034m was originally allocated to the HRA 250 programme. From the start of this financial year 2021/22, the remaining budget is £80.803m. The total estimated budget for the Grange is £19.5m, which includes construction and project on costs. £15.1m of this would be met by the capacity in the HRA and the remaining £4.3m by GLA funding.

The budget profile was updated in January 2022 to reflect the next phase of the programme and will be presented to Policy & Resources Committee in February 2022.

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 £4.3m 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 2023 and the new homes must be let at London affordable rents.

8. 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.

8.1 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.

8.2 Programme 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	Spring 2022	September / October 2022	November 2022 – December 2022	January 2023	February 2023	Q4 2024/25
Milestones	<ul style="list-style-type: none"> • OBC approved • Planning applications submitted 	Planning determination	<ul style="list-style-type: none"> • Main contractor tenders on single stage basis • Contractor pricing finalised and contract sums agreed • Stakeholder consultation throughout 	FBC approved	Start on site date in line with programme	<ul style="list-style-type: none"> • Scheme handed over on time and on budget • New homes let with minimal void period • Lessons learnt review undertaken

9. Project Assurance

Deliverable / Product	Quality Criteria	Author	Reviewers	Acceptor
Construction of 43 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 existing residents	Improvements made to parking, refuse areas, internal communal areas and new play areas	Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team
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 subsides 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-co-ordinated approach to decanting the residents at 50-52 Brownswell Road
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 and will continue to be engaged in the lead-in to planning submission. Representatives from Housing Options have assisted in agreeing the preferred unit mix, notably the demand for 3-bed homes. Input from the Occupational Health team has also been received regarding the wheelchair adapted homes. Estate Management have assisted in discussions regarding refuse collection and grounds maintenance.

Representatives from Major Works, Repairs & Maintenance and H&S Compliancy teams will review and comment on the proposals ahead of planning submission. This has historically added value to the proposals specifically in relation to fire safety and emerging building regulations.

Barnet Homes first contacted the ward members in September 2020 to notify them of the proposed project and to invite them to a walkabout on the estate to visualise the proposed development. They have since then kept them updated with the Director of Development at Barnet Homes as key point of contact. The ward members have expressed concern about the rehoming of residents from Brownswell Road as well as the development on grass space at Brownswell Road and Tarling Road.

NewmanFrancis were appointed as resident engagement advisers at the start of the project. They have coordinated the circulation of newsletters, created a project website and

facilitated 5 online exhibitions and workshops to date. They conducted estate outreach when possible.

The design team met with GCSE age students from the Archer Academy to hold a workshop on the development proposals. The group were engaged and the session was a success.

Following the online exhibitions and workshops, the design team reassessed the proposals in line with feedback received from the Local Planning Authority, the local community and ward members. A summary of the “you said, we did” is as follows:

Your comments	What we have done in response
A common comment on the last set of designs was that the new blocks looked too big and would be bulky and overbearing	<i>We have changed the designs so that the blocks are smaller and set further back from other properties.</i>
	<i>We have also looked carefully at how the estate uses different building materials and designed the new blocks so that they use the same or similar materials so that they do not look out of place.</i>
	<i>Last time we showed you a set of proposals that showed 64 new homes. The new proposals show 47 new homes, this is because of the reduction in size of the blocks.</i>
Residents were concerned about the loss of the play space at Brownswell Road	<i>There will now be up to 28 new homes on this site which is fewer than previously shown. A lot of work has gone into providing a design for an outside space that can be enjoyed by local children. A new ball court will be provided as well as a new play area. This has been designed to be safe and secure so that families feel comfortable using the area.</i>
Parking and traffic around the estate and neighbouring roads is also a key concern	<i>We will create new parking spaces and organise existing parking so that it is more efficient as well as less dangerous to pedestrians. This will maximise the parking available to people living in the area. We will be meeting with the Highways department again before Christmas so that they can make more comments on the proposals and to ensure that we find the best possible solution.</i>

A Resident Interest Group has also been established. The members consist of both tenants and leaseholders. They meet once a month with representatives of Barnet Homes and the community engagement adviser. These meetings have been well attended and residents have shared a lot of useful feedback and information.

The community engagement and consultation for the project has been challenging, worsened by the prevailing Covid19 restrictions meaning that face to face consultations have generally not been possible.

In January 2022, Barnet Homes appointed Instinctif Partners as their new community engagement advisers. This is to bring a refreshed approach to consultation and they are thought to be a positive fit to take The Grange forward into planning and onto site. The change has been well received by the Resident Involvement Group.

Following the government's announcement that Plan B Covid19 restrictions are to be lifted at the end of January 2022, in person consultation events will be scheduled with the local community ahead of the planning submission. Further workshops with young people and local stakeholders are also planned.

The project is making use of the locally available facilities. The next consultation event has been booked to take place at the Tarling Road Community Centre. The centre is centrally located for the residents to ensure as many people as possible are able to engage in the consultation process. This ensures that the consultation events are tailored to utilise the local community resources and provide for local residents. Providing the feedback from residents on the venue is positive it is envisaged that this venue will be used again for project consultation events.

12. Equality Impact Assessment

An Equality Impact Analysis (EIA) has been prepared to accompany the Outline Business Case. The purpose of this tool is to analyse, from the perspective of existing Resident and Service users, the likely effect of the proposal to build new homes at the Grange, in terms of equality duties the Council is required to promote.

These include documenting the effect on the equality strands: age, disability, gender, race / ethnicity, religion or belief, sexual orientation, or gender reassignment. In this way a systematic approach is taken to ensuring there is no potential for discrimination or adverse impact. Furthermore, all opportunities to promote equality have been taken.

The EIA assessment identified that a few groups are impacted negatively by the delivery of the project, primarily due to the rehoming of three households at Brownswell Road and disruption during the construction period. However, it is assessed that these are short term impacts only and that they are outweighed by the longer-term benefits of the project.

There are clear mitigations for the short-term negative impacts, including a communications plan and appointment of a Resident Liaison Officer, which in the longer-term will help to establish good relationships and build trust with the community.

Document Control

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Date	Version	Reason for change	Changes made by

Distribution List:

Name	Role	Date
Derek Rust	Director of Growth & Development, Barnet Homes	XX Jan 2022
Meera Bedi	Head of Development, Barnet Homes	XX Jan 2022

Approvals:

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

Name	Role	Signature	Date	Version
Susan Curran	Head of Housing & Regeneration, LBB		XX Jan 2022	1.0
Sangita Mistry	Finance Manager for Housing, LBB		XX Jan 2022	1.0
Ian Goldsmith	Senior Property Lawyer, HBPL		XX Jan 2022	1.0

¹ 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.