



Housing and Growth Committee

17th February 2022

Title	Approval of the Little Strand, NW9, Full Business Case
Report of	Chairman of the Housing & Growth Committee
Wards	Colindale
Status	Public with accompanying exempt report : (i) Exempt from publication in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 on account that it contains information relating to the financial or business affairs of any particular person including the authority holding the information (ii) Exempt from publication in accordance with paragraph 5 of Schedule 12A of the Local Government Act 1972 - information in respect of which professional legal privilege could be maintained in legal proceedings.
Enclosures	<ol style="list-style-type: none">1. Full Business Case – public version2. Existing red line site plan3. Red line proposed site plan4. Equalities Impact Assessment
Key	Yes
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Summary

In 2019 Barnet Homes, acting as development agent for Barnet Council, secured £8.7m grant funding from the Greater London Authority (GLA) to support the delivery of 87 new homes across three sites; under a development programme known to the Council as “GLA 87”. Little Strand, NW9 is part of this GLA and HRA development programme. As the programme progressed, constraints within the design and planning process led to a reduction in units, with 81 units currently predicted across the three sites and a reduction to £8.1m GLA grant. Delegated authority to approve Little Strand’s Outline Business Case was given to the Deputy Chief Executive in consultation with the Chair of Housing & Growth Committee by the Urgency Committee in April 2020. The delegated powers report was subsequently approved on 22/06/20. It is the most developed site within the GLA 87 programme in terms of having secured planning permission and has gone through a procurement exercise in preparation of appointing a building contractor.

Little Strand is a cul-de-sac off Great Strand on the Grahame Park estate. The proposed development is spread over three plots and consists of demolishing 46 garages and 8 vacant bungalows at Dowding, to provide 35 new homes. 5 of these homes will be built to M4(3) standards meaning they fully accommodate wheelchair users. 12 of the homes will be 3 and 4-bed properties, providing accommodation for larger families.

Planning approval with a unilateral undertaking was approved in October 2021.

The project presents an opportunity to improve the street scene of Little Strand with enhanced passive surveillance, better organised car parking etc. It will also renew public highways and create new amenity space for existing and new residents to enjoy.

The new homes would be owned by the London Borough of Barnet and managed by Barnet Homes.

The total budget for the next phase of Little Strand is £14.235m and was approved at Capital Strategy Board in January 2022, with final approval due at Policy & Resources Committee in February 2022. This budget includes £3.5m of GLA grant plus £270k of One Public Estate grant. The build cost estimate is informed via a recent procurement exercise, with tender returns received in December 2021. The tender clarification process is not expected to conclude until early February, and therefore a preferred contractor has not yet been determined.

Subject to the approval of the Full Business Case, Barnet Homes will be able to progress awarding the building contract by the end of this financial year and thus enable start on site by summer 2022, with the aim of completion in spring 2024.

Decisions
1. That the Housing and Growth Committee notes and approves the Full Business Case for the Little Strand, NW9 project.
2. That the Housing and Growth Committee delegates authority to the Director of Growth to agree the appointment of the preferred contractor once they are identified. This is dependent on the final contract value sitting within the approved budget and satisfactory financial due diligence checks being undertaken.

1. WHY THIS REPORT IS NEEDED

- 1.1 Barnet Homes has been commissioned to act as development agent on behalf of Barnet Council to develop a pipeline of affordable housing as part of the GLA funded programme known as the "GLA 87". The Outline Business Case for the Little Strand site was approved in April 2020 by the Urgency Committee and enabled Barnet Homes to secure planning permission and undertake the procurement exercise.
- 1.2 Little Strand, NW9 will provide 35 new homes for London Affordable Rent with parking provision, as well as make improvements to the public realm.
- 1.3 The approval of the Full Business Case is required in order to proceed with the project enabling entering into a build contract to deliver the scheme.
- 1.6 The current scheme budget was approved at Capital Strategy Board in January 2022, with final approval due at Policy & Resources Committee in February 2022. As such Full Business Case approval is the final governance milestone prior to letting the build contract.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The development, across three infill areas, proposes to demolish the 46 garages and 8 tenanted bungalows at Dowding to provide 35 new homes, 5 of which are fully accessible wheelchair flats and 12 of which are larger 3 and 4 bed family homes. These are some of the most in demand property types within the Borough.
- 2.2 Barnet Homes has vacant possession of the land and no ongoing concerns have been raised with regards to land title etc.
- 2.3 The estimated total revenue benefit inclusive of savings to Barnet Council is £217,463 per annum.
- 2.4 Approximately £1.66m will be spent on the public realm, including a new pocket park, extensive highways and footways renewal, new street lighting etc.
- 2.5 Barnet has the largest population of any London Borough with 394,400 residents. The figure is expected to grow by 452,000 by 2036. With a third of the borough designated green belt, Barnet Council has to be innovative in how new homes can be built in the

borough. To deliver an increase in housing completions the Council and wider public sector needs to increase its own pipeline of housing delivery. To that end the Council is reviewing its assets to consider all suitable sites for redevelopment potential.

- 2.6 The Council's Housing Strategy 2019-2024 identifies that delivering more homes that people can afford is a key priority.
- 2.7 The delivery of new affordable rented homes, funded in a variety of ways, will ensure the Council's estate is used to help meet the Housing Strategy objective - this is to prevent and tackle homelessness by reducing the use of temporary accommodation, to help meet Housing Committee savings.
- 2.8 The Draft Local Plan (2021-2036) sets out the vision for growth and development in the borough and the delivery of 32,200 new homes and 20,000 new jobs by 2030. The Regeneration Strategy builds on this, articulating the Council's approach to delivering growth and focusing on the places that need intervention.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Option 1 – Do not proceed with these developments

An alternative option is to **do nothing**, but it would limit the Council's ability to deliver much-needed affordable housing. There would be reputational damage with the GLA and the return of £3.5m of grant. The same would apply with the £270k of OPE grant, administered by the MCLG. Abortive costs of c £732k would also be incurred.

3.2 Option 2 – Develop these homes, through on-lending to Opendoor Homes

The scheme could be completed at nil cost to Barnet Council, with financial benefits including the homeless dividend. The scheme would not be viable unless we introduce a number of market sales units to the scheme, with a higher level of rent being charged on the remaining properties, likely at 65% of market rent. However, available GLA grant per property would either reduce or be unavailable. In this option, the homes would not sit in the HRA.

4. POST DECISION IMPLEMENTATION

- 4.1 Subject to approval of the Full Business Case, Barnet Homes will work with our Employers Agent – Rund – to identify the proposed contractor.
- 4.2 The remaining homes that form the GLA programme of 87 new homes will be subject to separate approval of their respective Business Cases.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 **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 its 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 'self serve' 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.

- 5.1.2 The London Plan 2021 and Draft Local Plan 2021-2036 recognise the need to deliver more housing in the Borough. The council's Housing Strategy 2019-2024 continues to emphasise that delivering more homes that people can afford is a key priority and sets out how the council will deal with a number of challenges including high prices, a shortage of affordable housing and the potential threats to the qualities that make the Borough attractive.
- 5.1.3 Delivering additional housing and an improved public realm at Little Strand contributes towards the council's Growth Strategy.
- 5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

A sum of £27.625m was allocated to the Council's Housing Revenue Account budget for the GLA 87 capital programme, funded partially by £8.7m GLA grant funding. This was approved by Policy & Resources Committee in June 2019. As at the start of this financial year 2021/22, there is £26.889m remaining on the capital budget. The estimated budget to complete Little Strand from 21/22 is £14.235m, which includes construction and project on costs. The total scheme cost (historic and future) is £14,796,162. GLA grant has been awarded, of £100k per unit, amounting to £3.5m for Little Strand and contained within this FBC. In addition, a further £270k has been secured from the One Public Estate fund.

- 5.2.1 The estimated total revenue benefit inclusive of savings to Barnet Council is £217,463 per annum.
- 5.2.2 However, within the build costs, there is also an estimated £1.66m of public realm enhancement works.
- 5.2.3 Barnet Homes has an established Development Team with the required experience to deliver this project. Barnet Homes manages the existing estate on behalf of London Borough of Barnet. They have successfully delivered works projects within occupied social housing settings and engaged with residents and leaseholders before, during and after the works are completed.
- 5.2.4 Barnet Homes will manage the project in accordance with the LBB 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.

5.3 Social Value

- 5.3.1 Expected social value from this project will be:
- The opportunity to improve the public realm of the estates, to benefit residents existing and new.
 - Contributing to the housing needs of residents within London Borough of Barnet.
 - Making savings in temporary accommodation costs through the ability to allocate to new homes for affordable homes.
 - Helping to address the shortfall of available accommodation within the Borough.
 - New affordable homes which will provide a higher quality of accommodation and greater level of security for households currently living in temporary accommodation and/or in poor private rented sector accommodation.
 - Net increase in Council tax revenues.
 - A much-improved street scene with a high-quality design.
- 5.3.2 Additionally, the main contractor will be required to provide opportunities for employment, training and apprenticeships for local people and use local suppliers where appropriate. Where the contract value exceeds £250,000, Barnet Homes ensures that, via their Employer's Requirements, the Contractor includes within their price for 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 and 10% shall be female. Such employees shall be engaged on an hourly wage, no less than the London Living Wage.
- 5.3.3 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.

5.4 Legal and Constitutional References

- 5.4.1 Council Constitution Article 7.5 states that the remit of the Housing and Growth Committee includes responsibility for regeneration strategy and oversight of major regeneration schemes, asset management, employment strategy business support and engagement.
- 5.4.2 Procurement of public works and services contracts over the relevant value thresholds must observe the requirements of the Public Contracts Regulations 2015, to include the placing of notices where such contracts are not drawn down from a compliant framework. The estimated value of the Council's spend for this project will exceed the procurement threshold for works which would require a full procurement exercise under the Public Contract Regulations 2015. However, accessing a framework that is already compliant means that a further procurement exercise need not be undertaken by the Council.
- 5.4.3 As set out in the in the attached Business Case, officers are undertaking a competition under a Framework Agreement to appoint a contractor for the works. Officers must satisfy themselves that the Framework Agreement was tendered in accordance with the Public Contracts Regulations 2015 and lists the Council as one of the authority that can access this Framework Agreement. Officers must also follow the process set out in the Framework Agreement in selecting the contractor and must also adhere to the procurement principles of equal treatment, fairness and non-discrimination.
- 5.4.4 In the event the delivery option for the proposed development is with the assistance of a loan/grant then the Council must note that under State Aid rules, in order to avoid the distortion of competition and trade within the European Union, no advantage should result from funding that is granted by public authorities on a selective basis to any organisations. It is essential that all legislation concerning State Aid is met, in particular such loans should be at normal commercial rates. This means there are limits to what the grant can be spent on.
- 5.4.5 The project should be carried out in compliance with the conditions on which the relevant grants have been given to the Council.
- 5.4.6 In entering into contracts, the Council is required by the Public Services (Social Value) Act 2012 to consider—
- (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
 - (b) how, in conducting the process of procurement, it might act with a view to securing that improvement and whether to undertake any consultation in relation to the same.

5.5 Risk Management

- 5.5.1 The main business and service risks associated with the potential scope for this project are noted below.

Financial

5.5.2 The construction sector is currently suffering from shortages of both labour and materials, which in turn is causing price fluctuations for contractors and making accurate cost estimation difficult. Whilst this problem is largely avoided by our contracts being fixed price (with minor exceptions), cost pressure on the contractors will increase the likelihood of them submitting loss & expense claims for unforeseen delay that are caused by third parties. We will monitor closely and have included a larger than normal contingency to cover such eventualities.

Delivery

5.5.3 A number of tasks are required that involve the consent of third parties (stopping up of Highways land, addition of a second electrical substation, diversion of sewers etc). Whilst early dialog has been positive, an element of risk remains. Specialist transport and utility consultants will be employed by the contractor and progress against programme will be monitored closely.

5.6 Equalities and Diversity

5.6.1 Under the Equality Act 2010, the Council must have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- b) advance equality of opportunity between those with a protected characteristic and those without.
- c) promote good relations between those with a protected characteristic and those without.

The 'protected characteristics' referred to are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regards to eliminating discrimination.

5.6.2 The Council is committed to improving the quality of life for all, and wider participation in the economic, educational, cultural, social, and community life in the Borough.

5.6.3 The development at Little Strand will make a contribution to the provision of additional high quality affordable rented housing in the Borough, as well as the promotion of construction jobs in the borough.

Barnet Homes have completed an Equalities Impact Assessment (EIA), reviewing the impact of the project delivery on the existing residents.

5.6.4 The EIA assessment identified that a few groups are impacted negatively by the delivery of the project, primarily due to 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.

5.6.5 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.

5.6.6 At this stage, the proposal does not raise any issues under the Council's Equalities Policy and does not have a bearing on the Council's ability to demonstrate that it has paid due regard to equalities as required by the legislation.

5.7 Corporate Parenting

5.7.1 Barnet Council have a small number of care leavers in temporary accommodation. Increasing the supply of affordable housing is therefore a corporate parenting issue.

5.8 Consultation and Engagement

5.8.1 Little Strand public resident consultation took place on the 29th January 2020 with 300 residents invited. The main concerns were around lack of parking and this like other matters were addressed through the Planning process, with planning permission secured in October 2021.

5.8.2 Once the successful tenderer is awarded the build contract, the Contractor will communicate with residents on their proposed site logistics, which will relate to parking, refuse collection and ingress and egress of cars and pedestrians. This could include, notice boards, monthly newsletters, resident liaison officers etc.

5.8.3 In addition, residents on the Grahame Park Estate will be informed of the forthcoming development in the general estate letter that is distributed quarterly.

5.9 Insight

5.9.1 The Council's Housing Strategy and Local Plan respond to evidence such as the Strategic Housing Market Assessment and other needs assessments that have identified a need for increased housing delivery. Barnet has 393,000 residents and this figure is expected to grow by 76,000 over the next 25 years: an increase of 19%.

5.9.2 The delivery of new affordable rented homes will help to meet the objective in the Council's Housing Strategy to prevent and tackle homelessness, by reducing the use of temporary accommodation. There are currently more than 2,700 households living in temporary accommodation which presents significant budgetary pressures for the Council.

5.9.3 Barnet's Health and Wellbeing Strategy recognises the importance of access to good quality housing in maintaining Well-Being in the Community.

5.9.4 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.

5.10 Environmental Impact

At Little Strand, Barnet Homes is aiming to meet the zero-carbon targets as set out by Council's sustainability strategy, whilst maintaining affordability. A stage 3 energy statement conducted by the Architect, sets out the intention via initial design to:

- Achieve above ECP B rating to A which includes triple glazed windows.
- Introduce Electric vehicle charging points
- Include a car club space as part of the Travel Plan requirements and also encourage more sustainable means of travel for new residents via travel incentives such as bike vouchers and oyster card vouchers.
- Introduce a central heating plant room in the block of flats that proposes includes Air source heat pumps and underfloor heating to the flats.
- Introduce photovoltaics on the roofs of the flats and houses
- Water management through the construction of at least two water attenuation tanks
- Increase the biodiversity of the estate and borough through new green spaces and new trees as well as a wild meadow planting fronting Great Strand.

6 BACKGROUND PAPERS

Delegated Powers Report, 20 June 2020, approval of Outline Business Case:

[Decision - Approval of the Little Strand, NW9 and Broadfields Estate, HA8 Infill Development Outline Business Cases | Barnet Council \(modern.gov.co.uk\)](#)

Urgency Committee, 27 April 2020, Approval of Emergency Decisions and Delegations to Chief Officers, Appendix E: Housing and Growth Committee:

<https://barnet.modern.gov.co.uk/documents/s58621/Appendix%20E%20-%20Housing%20Growth%20Committee.pdf>

Policy and Resources Committee, 17 June 2019, Business Planning 2020-24 and Budget Management 2019/20:

<https://barnet.modern.gov.co.uk/documents/s52996/Business%20Planning%202020-24%20and%20Budget%20Management%20201920.pdf>