

Full Business Case (FBC): The Grange Project (part of HRA 250 programme)

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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.

An Outline Business Case (OBC) was approved by Housing and Growth Committee in February 2022. The OBC asked for 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 Brownsell Road N2. These sites are collectively referred to as "The Grange Estate" development.

The Grange Estate development received a resolution to grant planning permission on the 7th September subject to the completion of a legal agreement. The approval of this Full Business Case (FBC) is now required to appoint a contractor and continue with the development of the scheme.

The procurement of main contractor is currently in the tender evaluation phase and yet to be determined. As such, Barnet Homes seek approval of the FBC on a 'maximum price' basis. It is noted that Barnet Homes have a strong working relationship with the tendering contractors and because the quality of tender returns was high, Barnet Homes are comfortable appointing the eventual successful bidder, once the final build cost has been determined. This is subject to the final identified price being within the maximum price set out in this FBC.

The OBC requested that a scheme of 43 units be brought forwards. During the pre-planning design phase, the number of units was reduced to 16 units. Further explanation of this is provided later in this report.

Barnet Homes acting as development agent for Barnet Council has secured £1,600,000 grant funding from the Greater London Authority (GLA) to deliver 16 new homes at The Grange. These properties will be let at London Affordable Rent. The amount of funding has reduced since the OBC as it is calculated at £100,000 per unit to be built. To secure this funding, a start on site is required by March 2023. This is achievable subject to the approval of the FBC.

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 £79m. In addition to the £1.6m GLA funding, additional funding of £637,000 has been secured. The project budget is less than was previously presented at OBC stage due to the reduction in overall unit numbers.

The remaining 234 homes that make up the wider programme of 250 homes will be subject to separate future Business Cases.

Subject to the approval of the Full Business Case, Barnet Homes will be able to progress the awarding of the building contract by the end of this financial year securing the GLA grant and thus enable start on site by Q4 22/23, with the aim of completion in Q3 23/24.

2. Project Definition

2.1 Overview

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. As part of this the Grange Estate in East Finchley was identified as a potential location for estate intensification.

To support the delivery of the programme, the council has successfully secured a £1.6m grant from the Greater London Authority (GLA) through their Building Council Homes for Londoners programme. This equates to £100,000 per new home. The grant requires a start on site by March 2023 and the new homes must be let at London Affordable Rent. A further £637,000 of funding was secured via another funding route.

Barnet Homes successfully secured a resolution to grant planning from the Strategic Planning Committee on the 7th September 2022. A unilateral undertaking has been drafted and upon signing the formal planning approval will be published.

2.2 The Site

The Grange Estate is an established estate owned by Barnet Council in East Finchley, N2. A redline plan is appended as Appendix 3.2. It consists of a mixture of houses and flatted blocks. There are several concrete courtyard areas which are used for informal parking.

The OBC referred to four separate sites for development, namely: Tarling Road, Brownswell Road, Central Avenue and High Road. The two sites at Tarling Road and Brownswell Road are not being brought forwards for development. The Grange Estate development now comprises of the two areas at Central Avenue and High Road.

The proposed new homes will be built across two separate sites both within central concrete courtyard areas. A plan of the proposed developments is appended as Appendix 3.3.

The High Road development is a block of eight flats located between two of the existing estate blocks: Hilton House and East View House. The new block will be four storeys, in keeping with the neighbouring blocks. It will have a frontage onto the High Road and benefit from the use of the shared courtyard to the rear.

The Central Avenue development is a block of eight flats situated in the courtyard faced onto by two existing estate blocks: Willow House and Craven House. Willow House wraps around two sides of the courtyard and Craven House creates a third side. The new block will be situated on the fourth side of the square.

The existing courtyards are primarily concrete based and are used for non-demarcated parking and bin storage. Amenity space and greenery is limited due to the high level of hardstanding and the informal nature of the parking and vehicular access causing a hazard to pedestrians or children at play.

The development will provide a reconfiguration of the courtyards which will provide a rationalisation of the parking bays and the provision of upgraded amenity space which is not accessible to vehicles as well as further improvements to the public realm.

2.3 Unit Mix

An experienced professional team were appointed including Levitt Bernstein Architects and Potter Raper as Employer's Agents. The designs for The Grange successfully achieved a resolution to grant planning permission.

The table below identifies the scheme mix:

Unit Type	High Road	Central Avenue
1 bed 2 person Wheelchair flat	1	1
2 bed 3 person Wheelchair flat	0	1
1 bed general needs flat	0	6
2 bed general needs flat	7	0
	8	8
Total	16 Units	

The OBC unit estimates for the Grange hoped to achieve approximately 43 new units across The Grange site. These estimates were approximate and dependant on the outcome of further design work and the planning process. The reduction to 16 units is due to a number of reasons:

- The administration's manifesto commitment of not building on green space
- 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 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

The development proposes three new M4(3) wheelchair accessible homes. This accounts

for 19% of the new units. The requirement for M4(3) properties in new developments is 10%. The Grange development will provide a higher percentage than the requirement. There is a high need for genuinely accessible homes in the borough. The provision of three new M4(3) properties will help to lessen this demand.

The housing management teams have been consulted on the designs, with their comments considered within the proposals. Barnet Homes have carried out local consultation, including with ward members. The project has been tendered. Upon appointment the approved contractor will commence detailed design work and begin to discharge the pre-commencement planning conditions to allow a start on site by March 2023.

2.4 Land Assembly

The development will be delivered on land owned by the council and will be managed by Barnet Homes. There are no requirements for any properties to be demolished to allow the development to go ahead. There are no garages or pramsheds on either of the sites which require acquisition of demolition.

A site constraints report has not identified any issues which would prohibit development.

There is a requirement for the footpath at Willow Walk to be diverted. This process will commence prior to commencement. The footpath will require diversion, but this is not expected to be contentious as a pedestrian route will be maintained along Willow Walk. There is also a potential requirement for the stopping up of the roadway running through the courtyard in front of Willow House. Advice is being obtained from HB Law. If this is required, then it will run concurrently with the Willow Walk stopping up process. A pedestrian access will be maintained, and the removal of the roadway will create a safer more pleasant amenity area for new and existing residents.

2.5 Landscaping and public realm

Barnet Homes also appointed landscape architects Groundworks to design the landscaped areas up to planning submission. 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. The focus of the landscaping areas will be within the two courtyard areas at both the High Road and Central Avenue sites. The approach is to provide a “greening effect” to the areas. There is a need to remove three low quality trees, but 32 new trees will be added in their place. Other green planting will be added including bushes and flowers.

The overall design focuses on placemaking by ensuring that resident’s enjoyment and safety, in the place that they live, is prioritised. The demarcation of car parking spaces and the separation of amenity space from car accessible areas will support this objective.

2.6 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 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 council's emerging 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 council's 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 plans propose 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.

The existing blocks adjacent to the new developments do not have their own dedicated green or public space. So, an exemplar public realm scheme has been proposed, which will create high-quality green and amenity spaces. This includes a net gain of 29 trees.

Some of the key objectives and benefits of the scheme will be:

- Achieve above ECP B rating
- Introduce Electric vehicle charging points
- Introduce photovoltaics on the roofs of the flats and houses
- Water management through the construction of water attenuation tanks and SUDs methods
- Increase the biodiversity of the estate and borough through new green spaces and new trees as well as a wild meadow planting

The new homes will be constructed in line with current and expected building regulations and will meet the GLA's Design Guide standards. They will include changes implemented following the Grenfell Tower tragedy. This includes the use of non-combustible materials and a sprinkler system in the flatted blocks.

3. Rationale

This FBC 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:

The delivery of more quality affordable homes in the borough is a key priority for the council and is recognised in the Housing Strategy 2019-2024, the Growth Strategy and is a key theme of the emerging Corporate Plan. Barnet has the second largest population of any London Borough with 389,300 residents. The figure is expected to grow to 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 to meet housing need 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.

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.

These schemes would count towards the 1000 homes at London Affordable Rent that the Administration pledged as part of their Manifesto in May 2022.

Delivering more affordable homes in the borough is a priority of the council, as set out in the Housing Strategy 2019-2024 and the Growth Strategy. Since May 2022 this has become a council priority and work is underway to convert current delivery plans to ensure they contribute to starting on site with 1,000 affordable social rent homes over the next 4 years. These schemes will deliver 59 homes to wards this target.

The Health and Wellbeing Strategy 2021 to 2025 recognises that the condition of and access to local housing has an important role in the quality of life and health of both individuals and communities.

3.1.1 Emerging Corporate Plan

A new Corporate Plan is in development, with an approach being built around a council that cares for people, our places, and the planet, as discussed at the Policy and Resources Committee meeting on 29 September 2022. Under the People priority, it aims to be family friendly, tackle inequality, and support health and independence. Under the Place priority, it aims to ensure safe, attractive neighbourhoods, quality homes, sustainable growth, and thriving town centres and make Barnet a fun place to visit. Under the Planet priority, it aims to focus on the council's journey to net zero, local environment, and green spaces.

It should be noted that this scheme provides three flats with wheelchair access, and in doing so explicitly meets one of the most in demand property types within the Borough.

3.1.2 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 has 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

The preferred option for progression is Option 2 – *Develop these homes, funded by the HRA*. This is the option that fully meets all the identified CSFs. The option delivers new affordable homes thus meeting CSF1 and CSF2. This option produces revenue benefits as identified later in this section, thus meeting CSF3. There has been extensive community engagement and funding is in place ready to progress with this option subject to the approval of the FBC by Housing and Growth Committee, thus CSF4 is met.

Option 1 - *Do not proceed with the development of these new homes*, does not meet any of the above CSFs as it does not provide any additional homes or benefits.

Option 3 - *Develop these homes, through on-lending to Opendoor Homes*, could potentially meet some of the above CSFs but it is not as closely aligned as Option 2. Option 3 would result in higher rents which does not fully meet CSF1 or CSF2. It is also likely to be slower to deliver as no alternative funding arrangement is in place, therefore does not meet CSF4.

Further detail on the options identified is contained within section 4 of this report.

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 is delivering high quality affordable homes elsewhere in the Borough.
- Barnet Homes will procure the works in accordance with its contract procedure rules and in compliance with UK public procurement legislation 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	16	£49,482	£38,234	£20,000	£107,716

The temporary accommodation cost avoidance per annum is calculated at £2,572, £2,944, £3,064 and £3,308 per unit for non-accessible units with 1, 2, 3 and 4 bedrooms respectively.

Council tax per unit has been estimated at £1,200 for 1 bed units and £1,300 for 2 bed units. This equates with Barnet Council's revenue earned from a mid-range valuation band, between C to D bands at 2022/23 rates.

Savings for providing wheelchair accessible homes are calculated at £16,494 per unit, per annum.

The estimated total revenue benefit inclusive of savings to Barnet Council is **£107,716** per annum.

3.2.2. 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. This project is delivering 100% of the units at London Affordable Rent (LAR) including three wheelchair accessible M4(3) homes. These are in high demand within 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, circa £700,000 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. When the 16 homes are completed, they will be managed and maintained by Barnet Homes on behalf of the council under the existing management agreement.

3.3.2 Procurement

A single-stage tender exercise has been undertaken, calling off contractors from the Hyde framework, to ensure OJEU compliancy. It was undertaken on an established 60:40 quality to price basis, following Barnet Homes procurement rules.

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 2022/23, the remaining budget is £79m. There is GLA funding of £1.6m allocated to this scheme, amounting to £100,000 per unit. Additionally, Barnet Homes have successfully bid for other funding of £637,000.

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

The Employer's Agent, Potter Raper, have noted that the estimated construction cost is reasonable for a development of this nature, when benchmarked against other similar

schemes. 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.

The on costs are considerably higher than might usually be expected on comparable schemes. This is due to the fact that the project team were appointed on the basis of a larger scale development. Even though the proposals for a larger scheme were policy compliant, they met with significant opposition from local resident and so the size of the project was reduced. This reduced the amount of opposition towards the scheme. This larger development was worked up to just prior to planning submission and so these fees have already been spent. The oncosts going forward from planning will be proportionate to the smaller 16 unit scheme.

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.

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.

The updated project budget will be presented to Policy and Resources committee in December 2022. This project, as part of a wider programme, has been included in the HRA Business Plan that is being presented to Housing & Growth in November 2022. 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.

3.5 Management

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 and 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 organisation. Barnet Homes will utilise their internal experienced teams including: community engagement, housing management, estate management, allocations, adaptations, M&E, fire

safety, repairs and maintenance and communications. 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

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. This will be confirmed ahead of the project completion by the Housing Options service.

4. Options

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

There are three principal 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"> • Local community not impacted by short-term construction period • 'Informal' car parking on the estate retained (verges, pavement on roadsides etc) • Status quo of estate maintained, in terms of number of homes and public realm. 	<ul style="list-style-type: none"> • The expected project benefits will not be delivered. • Site continues to be underutilised and an eye sore • Do not deliver much needed homes, including family sized and wheelchair homes • The expected project benefits will not be delivered. • Reputational damage with the GLA and other funding providers and requirement to return the respective £1.6m and

	£637,000 grant allocations.
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Option 2 – Develop these homes, funded by the HRA

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 plus temporary accommodation cost avoidance noted in previous sections. The scheme also includes a high percentage of the most in demand property types (larger family houses and wheelchair units).

Advantages	Disadvantages
<ul style="list-style-type: none"> • Additional social housing units created and owned by Barnet Council. • Management of the existing homes and new homes on the estate remains with one party (Barnet Homes). • The project benefits will be realised, such as TA cost avoidance, increased revenue etc. • Provision of three new wheelchair accessible homes 	<ul style="list-style-type: none"> • Initial up-front cost borne by the HRA. • Loss of ‘informal’ car parking to residents, albeit no net loss of formal spaces.

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. • A higher level of rent could be charged, i.e., Barnet affordable rent, at 65% of market rent, albeit without GLA funding. 	<ul style="list-style-type: none"> • The higher rents would not support the administration’s target for 1,000 new homes at social rent • Any delay in entering into contract beyond March 2023 could cause tendered prices to elapse / increase, causing the project to be more expensive and potentially less viable. • Higher rents may not be affordable to all Homelessness customers. • ODH could not viably deliver the project without some form of subsidy, probably via sales resulting in a loss of business case benefits

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 Temporary Accommodation is not required for 13 general needs households.	Council	£38,234 per annum	2024/25 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2020/21
Benefit 2: Financial cashable Council tax revenue	Council tax revenue from the 16 new dwellings.	Council	£20,000 per annum	2024/25 onwards	Council	Calculated on an annual basis using Council tax rates	Using Council tax rates 2022/23 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 3 families.	Council	£49,482 per annum	2024/25 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2020/21

Benefit 4: Financial cashable Rental Income	A financial revenue stream will be received from the rents of the 16 new properties	Council	£147,071 per annum	2024/25 onwards	HRA	Tracking of rental income into the HRA	London Affordable Rent levels 22/23 inflated by 1% per annum until handover date 2024/25
Benefit 4: Non-financial Strategic objective	Maintain the supply of social housing provision within the borough through leveraging in public subsidy in the form of GLA grant of £100,000 per home - £1.6m	Council / those in housing need	Provides occupation for 16 households	2024/25 onwards	HRA	Measure occupancy rates	N/A
Benefit 5: Non-financial Strategic objective	Improvements to the existing estate's public realm	Residents / local community	Expected increase in customer satisfaction	2024/25 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	2024/25 onwards	Barnet Homes	Measure resident satisfaction	N/A
Benefit 7: Non-financial Strategic objective	Improved sustainability of homes	Residents / local community	Expected increase in customer satisfaction	2024/25 onwards	Barnet Homes	Measure resident satisfaction	N/A

Benefit 8: Non-financial	Local Lettings Policy	Local residents	Existing council tenants on the estate who are highly banded (Band 1 or Band 2)	2024/25 onwards	Barnet Homes	Number 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

5.1 Summary

5.2 Social Value

Barnet Homes actively encourages its development partners to contribute through 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.

The Barnet Homes Community Engagement team were involved in the drafting of the quality questions that the contractors answered as part of the tender process. As a result of this a question was included asking potential contractors to answer:

“How the service provider/contractor will support our customers and service users into career opportunities that may include paid employment, apprenticeships (if contract value is in excess of £1m), work experience, bursaries, attendance at employment events and skills training.”

This question was marked as part of the quality submission tender evaluation and scored in accordance with the scoring system. Contractors were also asked to elaborate on this further as part of the tender interview process.

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				
Utilities and statutory bodies not consenting to diversions	<ul style="list-style-type: none"> Early consultation with statutory bodies has already taken place 	4	2	8
Expectations of Highways, on a small and constrained project	<ul style="list-style-type: none"> Early consultation with Highways has already taken place. 	4	3	12
Existing residents, local councillors and other stakeholders not supporting the scheme	<ul style="list-style-type: none"> Early engagement with residents has taken place and will continue A commitment has been made through a planning informative to keep local councillors and residents informed and involved 	3	4	12
Community Engagement-existing residents and stakeholders not supporting the new developments	<ul style="list-style-type: none"> Apply lessons learnt at pre-planning stage Continued engagement with stakeholders Building upon relationships established at pre-planning Requirements in tendered Employer's requirements committing the appointed contractor to engaging with the community 	3	3	9
Financial				
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 Longstop SOS date of March 2023 should be sufficient 	4	3	12
Volatile construction sector meaning contractors may seek additional loss & expense claims from Barnet Homes.	<ul style="list-style-type: none"> To be closely monitored by BH and construction consultants, use of contract clauses where possible to minimise opportunities, include sufficient contingency 	4	3	12

Delivery				
Delay to project delivery from 1. Stopping up of highways land must be completed prior to SOS 2. Timely conclusion of Highways specification and legal agreement 3. Other statutory services	<ul style="list-style-type: none"> We have employed specialist transport and utility consultants to manage key tasks The LBB Highways team have already been involved in the initial scoping of the Highways works Ensure regular programme reporting and monitoring by project team 	4	4	16
Build price rising via unfixed provisional sums and / or exclusions within the build contract.	<ul style="list-style-type: none"> A 7.5% contingency has been included Close monitoring by project team Elimination of as many unfixed sums as possible prior to entering into contract 	3	2	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	8

7. Financial Appraisal

7.1 Capital costs

The project budget for the remaining works has been identified.

The project on costs include the following services:

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

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 current HRA Business Plan as being presented to the Housing & Growth Committee in November 2022.

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 2022/23, the remaining budget is £79m.

GLA funding of £1.6m from the Building Council Homes for Londoners Programme has been secured by the council for this scheme. This equates to £100,000 per new home. The grant requires a start on site by March 2023 and the new homes must be let at London affordable rents.

The project budget will be updated to reflect the FBC figures and the next phase of the programme and will be presented to Policy & Resources Committee in December 2022.

8. Project Approach

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 on a monthly basis to the Affordable Housing Board, which is jointly held between Barnet Homes and LB Barnet. The Board 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.

Financial performance is monitored monthly by Capital Monitoring reports from Barnet Homes to Barnet Council. This is further analysed by the Finance business partner at the Affordable Housing Project Board.

8.3 Project plan and milestones

Stage	Planning Committee	Main contractor tendering	Full Business Case	Main contractor appointed	Main contractor starts on site	Practical completion
Key dates	Sept/Oct 2022	July 22-Dec 2022	Feb 2022	Jan 23 - March 2023	March 2023 – October 2024	October 2024
Milestones	<ul style="list-style-type: none"> • Planning approved at committee Sept 2022 • Unilateral undertaking is ongoing and expected before the end of October 2022. 	<ul style="list-style-type: none"> • Contractor's Tender returns Oct 22 and being reviewed and analysed before end of Dec 2022. • Stakeholder consultation throughout 	FBC to be approved by H&G committee on November 2022.	<ul style="list-style-type: none"> • Main contractor begins design work and technical surveys 	<ul style="list-style-type: none"> • Awarding of contract with start of detailed design including discharge of planning conditions • Complete S278 agreement with Highways • Actual start on site for March 23 	<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	Accepter
Construction of 16 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, and new play area	Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team
Integrated communities	New dwellings accessed by 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 other secured funding.
Stopping up of highways land	Reliance on securing a successful stopping up in the face of any objections.
Highways	Reliance on securing a successful technical agreement. An in principle agreement on areas are within the Unilateral undertaking following dialogue with the Highways department.
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 engage with residents and stakeholders throughout the construction phase. Barnet Homes's commitment to this has been reinforced by an informative added to the planning approval stating that:

"The applicant to work with residents and the Ward Councillors to ensure the construction, parking and access arrangements are successful and effective."

Internal stakeholders

Representatives from Housing Options have assisted in agreeing the preferred unit mix. 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 reviewed and commented on the proposals ahead of planning submission. This has added value to the proposals specifically in relation to fire safety and emerging building regulations.

Community and member engagement

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 expressed concern about the rehoming of residents from Brownswell Road as well as the development on grass space at Brownswell Road and Tarling Road. These concerns were responded to and addressed via the removal of the Tarling Road and Brownswell Road sites from the development proposals.

Newman Francis were appointed as resident engagement advisers at the start of the project. They coordinated the circulation of newsletters, created a project website and facilitated five online exhibitions and workshops. They conducted estate outreach when possible, during the first years of Covid.

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 Resident Interest Group was established. The members consisted 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.

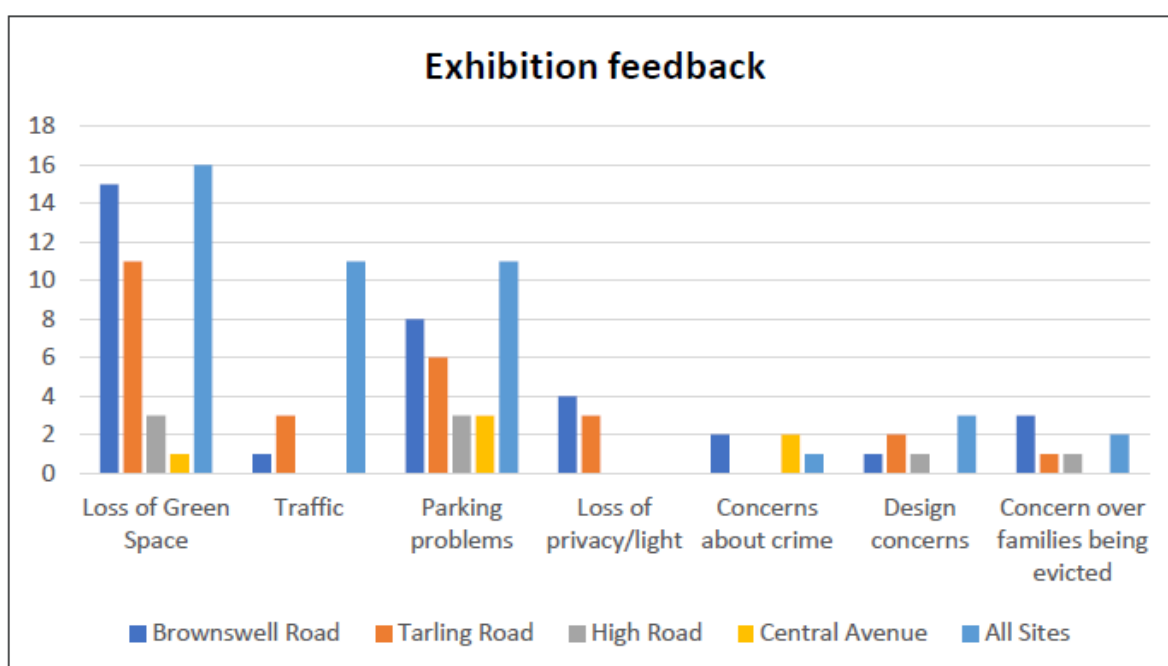
The community engagement and consultation for the project has been challenging, worsened by the prevailing Covid19 restrictions meaning that face to face consultations have generally not been possible.

In January 2022, Barnet Homes appointed Instinctif Partners as their new community engagement advisers. This was to bring a refreshed approach to consultation, and this was received positively by residents.

Following the government's announcement that Plan B Covid19 restrictions were to be lifted at the end of January 2022, it was possible to arrange in person consultation events. These were held on:

- Tuesday 22nd February 2022 – 82 attendees
- Saturday 29th February 2022 – 41 attendees
- Tuesday 28th June 2022 – 54 attendees

Feedback was collected at the events and responded to accordingly. Key areas of concern were identified. The below chart shows the areas of concern identified in February.



Resident comments from the earlier consultation events were responded to and addressed, most noticeably by the removal of Tarling Road and Brownswell Road from the proposals. The successful responses and actions to residents' concerns and queries was demonstrated by the fact that only two pieces of feedback were submitted at the June event, these requested additional landscaping. The majority of verbal feedback at the June exhibition was that residents were relieved not to be losing the green space at Brownswell Road and had fewer concerns around parking as the unit numbers were being reduced.

The project has made use of the locally available facilities and will continue to do so. The Tarling Road community 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.

A meet the contractor event will be arranged once the contractor has been formally appointed. This will be led by the contractor but will also incorporate members of Barnet Homes staff.

12. Equality Impact Analysis (EIA)

An Equality Impact Analysis (EIA) has been prepared to accompany the Full Business Case and is appended as appendix 3.4. 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, but this impact has been lessened since the OBC primarily due to removal of the need for the rehoming of three households at Brownswell Road.

The impact of the construction process will cause some adverse effects; 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. These will remain a focal point of the project through continued engagement with local residents. These engagements will include a communications plan and appointment of a Resident Liaison Officer through the appointed contractor, which in the longer-term will help to establish good relationships and build trust with the community.

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Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Full 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		25/10/22	3.0
Sangita Mistry	Finance Manager for Housing, LBB		28/10/22	3.0
Louise Middleton	Senior Property Lawyer, HBPL		28/10/22	3.0