

READING BOROUGH COUNCIL

REPORT BY THE DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	31 OCTOBER 2016	AGENDA ITEM:	9
TITLE:	NEW COUNCIL HOMES SPEND APPROVAL - CONWY CLOSE		
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1. PURPOSE AND SUMMARY OF REPORT

- 1.1 At their 18th November 2015 meeting the Housing, Neighbourhoods and Leisure Committee agreed to deliver new council homes at Conwy Close, Reading. The report confirmed that despite a significant reduction in the capacity of the HRA due to Government rent Policy changes nationally, sufficient funds to meet the estimated cost of £10m to deliver the development would be made available. This figure included the cost to appropriate the land from the general fund to the Council's Housing Revenue Account. At the same meeting it was agreed that a further report seeking specific spend approval in relation to the proposed development be sought once detailed plans and costs have been progressed.
- 1.2 Since that report the proposed development has been designed and a current planning application is before the Council for consideration seeking a total of 57 new council homes. This is 17 more homes than originally planned. In addition the land subject to the proposed development has been appropriated to the HRA. The cost of the development excluding land appropriation costs is estimated to be up to £11m. A recent review of the Housing Revenue Account (HRA) business plan has confirmed that sufficient funds are available within the HRA to meet the full scheme cost.
- 1.3 In addition to the above, this report sets out the proposed procurement approach and seeks approval to enter into a contract with a preferred bidder.

2. RECOMMENDED ACTIONS

- 2.1 That Policy Committee notes the current position regarding Conwy Close and grants spend approval of up to £11m to deliver 57 new Council homes. Spend approval is subject to the proposed development gaining planning permission.
- 2.2 That Policy Committee notes the procurement proposal and subject to the proposed development gaining planning permission delegates to the Director of Environment and Neighbourhood Services in consultation with the Lead Member for Housing and the Head of Finance and the Head of Legal and Democratic Services the authority to enter into a contract with the winning tenderer from the framework providers referred to in paragraph 4.2 below.

3. POLICY CONTEXT/BACKGROUND

- 3.1 Reading Borough Council has held a long-standing commitment to ensuring a supply of affordable housing to meet local housing needs. The Council, as a landlord, has committed to the retention of its own Council housing to offer greater housing choice within Reading and to protect the provision of permanent, good quality, affordable homes for those on low incomes. The Council's Homelessness Strategy 2015 - 2020 sets out the need to increase the supply of affordable permanent housing across sectors as one of three key priority strands which includes a commitment to the delivery of new council homes at Conwy Close.
- 3.2 Whilst Reading's economic success has been attractive to employers, it brings with it the challenges of a competitive housing market and Reading is facing massive housing pressure across all tenures, with house prices amongst the highest outside of London. As previously reported to HNL in November 2015 demand for affordable housing in Reading remains high and continues to outstrip supply.
- 3.3 Further challenges will face residents seeking accommodation in Reading over the next 5 years as both welfare reforms and actions from the Housing and Planning Act 2016 are implemented, making a supply of Affordable Housing, such as those proposed at Conwy Close, even more critical.
- 3.4 Following the completion of a procurement process to appoint a multi-disciplinary team, a detailed design for the Conwy Close development has been produced in consultation with local residents and ward members. The design has progressed to include a range of accommodation to meet local need. The current proposal seeks to secure the delivery of 57 new homes which is an increase of 17 units against the original proposals reported on the 18th November 2015 to HNL Committee. Subsequently a planning application was submitted for consideration in July and is due to be considered at the Planning Applications Committee in November.
- 3.3 The land, subject to the proposed development, was appropriated by the HRA from the general fund at a cost of £3m.

- 3.4 The appointed consultants have provided a detailed cost plan to take into account the cost of the additional units proposed. It is anticipated that the total scheme costs, once land costs have been deducted will be up to £11m. The original estimated cost set out in November 2015 for 40 units was £10m (including the land costs).
- 3.4 A review of the Housing Revenue Account has been completed by the Head of Housing and Head of Finance confirming that there is sufficient capacity in the Account to deliver the revised scheme within the financial envelope set out in para 3.3 and recommendation 2.1. An additional 17 affordable Council homes will therefore be delivered.
- 3.5 In order to deliver a comprehensive residential development at Conwy Close the existing temporary car park use will cease and the parking provision at the Meadway Sports Centre will be re-configured and increased to accommodate additional parking spaces. Works have now started and it is anticipated that this will be completed by the end of November 2016.

4.0 NEXT STAGES

- 4.1 As reported above, it is anticipated that the planning application will be considered at the November Planning Applications Committee meeting. Whilst works on the car park have commenced the development of the new homes is planned to commence later in the financial year.
- 4.2 Officers are currently identifying a main contractor to deliver the new homes using the Homes and Communities Agency procurement framework. This ensures compliance with the EU/Public Contract Regulations and includes constructors who are suitably experienced and qualified to complete the project. This is a two-stage process and stage one (expressions of interest) has now been completed and a number of contractors have expressed an interest in delivering the scheme. Officers are currently preparing to enter stage two and will invite interested parties to complete the tender documentation during November. The approval to enter into contract with the approved bidder will require Policy Committee approval.

5 FINANCIAL IMPLICATIONS

- 5.1 The HRA Business Plan has been updated to take account of the 2015/16 year end position and a review of the variables that underpin the business plan. The HRA can currently afford to fund the Conwy Close development including the additional cost as outlined above without increasing the outstanding debt at the end of the 30 year business plan.

6 LEGAL IMPLICATIONS

- 6.1 Subject to planning permission being granted for the proposed development a competitive tender process amongst the framework providers on the Homes and Community Agency's framework agreement will be held in accordance with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules.
- 6.2 As the Framework agreement was previously advertised in the Official Journal of

the European Union it is not necessary to separately advertise the mini competition between the framework providers who have expressed an interest in delivering the scheme.

- 6.3 Subject to the proposed development gaining planning permission a contract for construction of the scheme will be entered into with the winning framework tenderer on the terms of the framework agreement and the mini competition.

7 CONTRIBUTION TO STRATEGIC AIMS

- 7.1 The proposals within this report contribute towards Council's Corporate Plan under the strategic priority 'Providing homes for those in most need'.

8 COMMUNITY ENGAGEMENT AND INFORMATION

- 8.1 A newsletter was sent to the surrounding schools and over 350 households inviting them to attend a public exhibition. The event was held on Tuesday 24th May 2016, 2-7pm at the Meadway Sports Centre, Conwy Close. The consultation invited people to consider the initial proposals for the site. Comment forms were made available to allow people to comment both at the exhibition and at a later date. We also met with the Principal of Thames Valley School, to discuss the proposals and the exhibition was attended by the Head Teacher of the Avenue School.

- 8.2 The comments received from both Reading Borough Council and members of the public at the exhibition and via the comment forms have been considered and incorporated where appropriate into the proposed scheme and a second newsletter was sent out updating the community on the outcome of the consultation.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 Not applicable to this report.

BACKGROUND PAPERS

- Policy Committee Report July 2015. Impact of Emergency Budget on the Councils Housing Revenue Account.
- HNL report November 2015: Future of The Council's House Building Programme.