

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	LOCAL AUTHORITY NEW BUILD - WENSLEY ROAD ESTATE IMPROVEMENTS		
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1. PURPOSE OF REPORT

- 1.1 This report requests spend approval to deliver the proposed development of 46 homes, 25 new garages and wider estate improvements, at Wensley Road, Minster Ward (Wensley Road Estate Improvement Project).
- 1.2 The report also requests delegated authority to award contracts for the proposed development and the appropriation of a number of garages to the Council's Housing Revenue Account (HRA).
- 1.3 Key financial information is presented in a Part 2 confidential report as the publication of the total spend required may prejudice the procurement process.

2. RECOMMENDATIONS

- 2.1 That Policy Committee approves a Housing Revenue Account spend as set out in the Part 2 report to deliver 46 new Council homes, up to 25 new garages and wider estate improvements within the Wensley Road area.
- 2.2 That Policy Committee delegates authority to the Executive Director of Economic Growth & Neighbourhood Services, in consultation with the Lead Councillor for Housing, to:
 - (a) tender; and,
 - (b) enter into contracts for the construction and all necessary external works relating to the delivery of 46 new Council homes, up to 25 new garages and wider estate improvements within the Wensley Road area.
- 2.3 That Policy Committee notes and approves the appropriation of the garage sites known as G1-G13 Wensley Court and G104-G119 Wensley Road from the Council's General Fund to the Housing Revenue Account to support the delivery of the Wensley Road Development Project with effect from 31 March 2021.

3. POLICY CONTEXT

- 3.1 The Council has had a long-established commitment to supporting the delivery of affordable homes in Reading. Since 2012 it has been possible for councils to again build new council owned homes. This was further enabled by the removal of the Housing Revenue Account borrowing cap in October 2018.
- 3.2 A Local Authority New Build programme has been in place in Reading since 2013 and at the date of this report, 173 new homes (138 new build and 35 acquisitions) have been delivered. A further c.110 homes are in progress with a staggered delivery over the next 3 years.
- 3.3 The Council has used funds from within the HRA, receipts from right to buys, developer contributions and grants to fund the delivery of new council homes.

4. WENSLEY ROAD ESTATE IMPROVEMENT PROJECT -BACKGROUND

- 4.1 In Autumn 2018, a bid was submitted to Homes England to support the delivery of affordable housing under the Shared Ownership and Affordable Housing Programme. This included a tranche of grant funding available for the delivery of homes let at social rent levels.
- 4.2 The Council successfully bid for funding to support a potential development at Wensley Road area and was allocated £3,960,250 in grant for this purpose.
- 4.3 Between August and October 2019 the Council consulted residents about the development of the Wensley Road area to give the community an opportunity to shape the future design proposals for this area. Following on from, and taking into account the outcome of the consultation, a planning application was subsequently submitted in early 2020, which was then granted planning permission, subject the completion of a legal agreement, at the Planning Applications Committee in August 2020.
- 4.4 In addition to the building of new homes, the approved designs include plans to enhance and improve the general area for existing residents and thereby create a better sense of place. The plans include improved play areas/equipment for children of all ages, improved parking, increased cycle storage, replacement of refuse facilities and improvements to the public realm. These proposals will complement the planned improvement works in relation to a new water distribution system and the installation of a fire sprinkler system due to be completed on the three high rise towers in the area in January 2021. Planned improvements to windows and the exterior of the high-rise towers will follow on.
- 4.5 Part of the Council's commitment in relation to the development of 46 new homes, is the offer of a replacement garage for the tenants of 29 garages that are due to be demolished (only 24 garages out of a total of 29 are currently let to tenants), within the Coley area. In order to meet this commitment, 25 new garages are due to be built as part of the Wensley Road Estate Improvement Project.
- 4.6 Included in the S106 legal agreement, which sits alongside the planning permission, is a commitment for the Housing Revenue Account, as the developer, to pay for £116k of improvement works to nearby Courage Park. Contributions will also be made to fund an employment and skills plan. The development has been designed to achieve zero carbon, incorporating design features such as air source heat pumps, arrays of photovoltaic panels on the roofslopes of the buildings (predominantly those

south facing), highly efficient insulation and triple glazed windows. In overall terms the proposed scheme is considered to incorporate a variety of passive and active measures to be a highly sustainable development for the Borough.

- 4.7 An outline budget allocation for the Wensley Road Estate Improvement Project has been included as part of the HRA capital programme budget build. The updated capital programme will be formally presented for approval in February 2021.

5. PROPOSAL

- 5.1 It is proposed that Policy Committee approve spend as set out in the Part 2 confidential report for the Wensley Road Estate Improvement Project. The anticipated cost of the new homes, to Passivhaus principles, is considered good value for money. The key elements of that spend can be broken down as set out in the table below. Like most regeneration projects, the development has a number of risks and uncertainties and it is considered prudent to seek a 20% contingency.

Scheme Element
Construction of 46 homes to Passivhaus principles.
Allowance for completing a number of enhancements to play areas, parking, built environment and landscaping across the site.
Planning commitment for improvement works to Courage Park
Development of up to 25 replacement garages
Parking improvements along Wensley Road (by Community Centre)
Estimated Works
20% Contingency budget
Total

- 5.2 The budget for the scheme is expected to be made up of a Homes England Grant, S106 funding and HRA borrowing. The breakdown of the budget is provided in the part 2 report.
- 5.3 The Council has commenced a procurement exercise through the Westworks Framework to appoint a contractor to deliver the 46 new homes and associated landscaping works. Final clarifications are being completed. The Council will also tender and enter into a contract for the delivery of the two additional garage schemes. It is proposed that Policy Committee delegate authority to the Executive Director of Economic Growth and Neighbourhood Services, in consultation with the Lead Councillor for Housing, to agree the award of the contracts to the successful contractors as per the recommendations made at Section 2 of this report.
- 5.4 It is also proposed that the existing garage sites within the development area (known as G1-G13 Wensley Court and Garage G104-G119 Wensley Road) are, under Section 19 of the Housing Act 1985, transferred from the Council's General Fund to the Housing Revenue Account for the purposes of developing housing.

6. CONTRIBUTION TO STRATEGIC AIMS

- 6.1 The delivery of Wensley Road Estate Improvement Project, as part of the Local Authority New Build programme directly supports the following priority of the Council's Corporate Plan:
- Ensuring access to decent housing to meet local needs

- 6.2 In addition, the supply of housing accessible for low-income households, and the wider estate improvements included within this scheme, support the following priorities:
- Protecting and enhancing the lives of vulnerable adults and children
 - Keeping Reading's environment clean, green, and safe

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 An extensive consultation exercise with the community was completed between August and October 2019. Facilitated by the Council in partnership with the architects for the project, HTA, the consultation included three drop-in events. The first two were held directly on the site, outside the entrance to the flats, and initially sought to engage residents regarding ideas of estate improvements, to find out what was important to those that live there and then subsequently to share three early design proposals. The third event shared the final proposals with the community to obtain views and comments in advance of submitting a formal planning application.
- 7.2 In addition, the proposals to develop this site was subject to full consultation through the planning process.

8 LEGAL IMPLICATIONS

- 8.1 The Council has powers under section 9 and 17 of the Housing Act 1985 to provide housing accommodation and to acquire land and housing for the purposes of Part II of the Housing Act 1985.
- 8.2 A local authority can allocate land held for specific purposes under different statutory powers - i.e. under section 122 Local Government Act 1972 (LGA 1972) or section 19(1) of the Housing Act 1985 (HA) Part II.
- 8.3 Works contracts worth £4,733,252 (Works Threshold) or more must be advertised in the Official Journal of the European Union or after 11pm on 31 December 2020 following the UK's withdrawal from the European Union via the UK's e-notification service Find a Tender and then tendered or be procured via a framework agreement which itself has already been advertised in OJEU or Find a Tender (as applicable) and undergone a tender process. The Public Contracts Regulations 2015 (as amended) do not require an OJEU or Find a Tender (as applicable) advertised tendering process in the case of below Works Threshold contracts. Such contracts must be awarded in line with the Council's Standing Orders.
- 8.4 It will be necessary to enter into contracts with the successful contractors.

9. FINANCIAL IMPLICATIONS

- 9.1 The proposed update to the Budget and Medium-Term Financial Strategy, submitted to Policy Committee for review on the 14th December, included details of the draft Housing Revenue Account Capital Programme. The funding for the Wensley Road Estate Improvement Project is contained within the total budget allocation for phase 3 of the New Build and Acquisitions Scheme (£24.5m).
- 9.2 The proposed spend profile is set out in the Part 2 report.

9.3 Whilst the total individual sites within Phase 3 have altered since the scheme's approval, the Wensley Road Estate Improvement Project remains a key part of this new Council housing delivery programme.

9.4 The cost and the funding sources listed above will be incorporated into the HRA's 30-year Business Plan and, factoring in the anticipated cost of the scheme, it continues to break even over the business plan's term.

10. ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS

10.1 On the 26th of February 2019 the Council declared a Climate Emergency and resolved to act to accelerate a carbon neutral Reading to 2030. Reading Climate Change Partnership's Reading Climate Emergency Strategy 2020-25 and the new RBC corporate Carbon Plan 2020-25 was adopted in November 2020. The Council will therefore seek to ensure the scheme delivers on this commitment by developing a design that adheres to Passivhaus principles.

10.2 The application of the fabric first approach of Passivhaus reduces greenhouse gas emissions and delivers significant long-term energy savings to the tenants. The low running costs and higher quality building mean that costs are significantly reduced over the life of the building for the occupiers.

10.3 Studies undertaken by the Passivhaus House Trust indicate that buildings can achieve up to a 75% reduction in space heating requirements and costs, compared to standard UK new build.

10.4 The use of sustainable material will play an important role in the design. This, combined with the high quality of building physics achieved through insulation, thermal bridge-free design and airtightness ensures that the sustainable benefits of Passivhaus principles will last.

10.5 In addition to the above, the site offers a sustainable location for residents in terms of access to employment, schools, and other local services via good public transport, pedestrian and cycling networks. While seeking to encourage and support sustainable travel, the scheme will provide charging points for electric vehicles.

11. BACKGROUND PAPERS - none