

# Committee Agenda



**Epping Forest  
District Council**

## **Council Housebuilding Cabinet Committee Tuesday, 4th February, 2014**

You are invited to attend the next meeting of **Council Housebuilding Cabinet Committee**, which will be held at:

**Council Chamber, Civic Offices, High Street, Epping  
on Tuesday, 4th February, 2014  
at 6.30 pm .**

**Glen Chipp  
Chief Executive**

**Democratic Services  
Officer**

Jackie Leither 01992 564756  
Email: [democraticservices@eppingforestdc.gov.uk](mailto:democraticservices@eppingforestdc.gov.uk)

### **Members:**

Councillors D Stallan (Chairman), R Bassett, W Breare-Hall, Ms S Stavrou and G Waller

**PLEASE NOTE THE START TIME OF THIS MEETING**

**MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF  
THE DESIGN STANDARDS HANDED OUT AT A PREVIOUS MEETING**

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**

(Assistant to the Chief Executive) To declare interests in any item on this agenda.

- 3. MINUTES (Pages 5 - 16)**

To confirm the minutes of the last meeting of the Committee held on 10 July 2013.

- 4. PRIORITISATION OF POTENTIAL DEVELOPMENTS (Pages 17 - 24)**

(The Director of Housing) To consider the attached report (CHB-007-2013/14).

**5. FUTURE USE OF GARAGE SITES UNSUITABLE FOR REDEVELOPMENT (Pages 25 - 28)**

(The Director of Housing) To consider the attached report (CHB-008-2013/14).

**6. PHASE 2 FEASIBILITY REPORT (Pages 29 - 80)**

(The Director of Housing) To consider the attached report (CHB-009-2013/14).

**7. REVIEW OF RENT CAP - EFDC AFFORDABLE RENT POLICY (Pages 81 - 84)**

(The Director of Housing) To consider the attached report (CHB-010-2013/14).

**8. PHASE 1 UPDATE (Pages 85 - 94)**

(The Director of Housing) To consider the attached report (CHB-011-2013/14).

**9. FINANCIAL REPORTS (Pages 95 - 110)**

(The Director of Housing) To consider the attached report (CHB-012-2013/14).

**10. RISK REGISTER (Pages 111 - 118)**

(The Director of Housing) To consider the attached report (CHB-013-2013/14).

**11. PROJECT PLAN (Pages 119 - 120)**

(The Director of Housing) To consider the attached chart.

**12. ANY OTHER BUSINESS**

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

**13. EXCLUSION OF PUBLIC AND PRESS**

**Exclusion:** To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

<b>Agenda Item No</b>	<b>Subject</b>	<b>Exempt Information Paragraph Number</b>
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

**Confidential Items Commencement:** Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

**Background Papers:** Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

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## EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

**Committee:** Council Housebuilding Cabinet **Date:** Wednesday, 10 July 2013  
Committee

**Place:** Committee Room 1, Civic Offices, **Time:** 7.00 - 10.05 pm  
High Street, Epping

**Members Present:** D Stallan (Chairman), R Bassett, G Waller, C Whitbread and Mrs E Webster

**Other Councillors:** R Butler, Ms H Kane, A Mitchell MBE, B Sandler and Ms G Shiell

**Apologies:** W Breare-Hall and Ms S Stavrou

**Officers Present:** A Hall (Director of Housing), P Pledger (Assistant Director (Property and Resources)), P Maddock (Assistant Director (Accountancy)), G J Woodhall (Democratic Services Officer) and J Leither (Democratic Services Assistant)

**Also in attendance:** A Gatrell (Head of Development, East Thames Group), G Herrmann (Principal Project Manager, East Thames Group) and I Collins (Client Lead, Pellings LLP)

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### 1. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

### 2. SUBSTITUTE MEMBERS

The Cabinet Committee noted that Councillors C Whitbread and Mrs E Webster were substituting for Councillors W Breare-Hall and Ms S Stavrou.

### 3. MINUTES

#### Resolved:

That the minutes of the meeting held on 14 March 2013 be taken as read and signed by the Chairman as a correct record.

### 4. DEVELOPMENT AGENCY CONTRACT WITH EAST THAMES GROUP

The Assistant Director of Housing reported that the legal contract between Epping Forest District Council and East Thames Group for development agency services had yet to be finalised. A discrepancy had been highlighted by the Council's Legal Department in that East Thames Group had been referred to as East Region in the draft contract, which was different from the organisation's name included in its tender submission. The advice of the Council's Legal Department was that this matter may need to be referred to members for agreement. It was the view of the Director of Housing that this appointment could be approved by a Housing Portfolio Holder delegated decision, but further advice would be taken from the Legal Department and Democratic Services.

**Recommended:**

That, if necessary, authority to sign the Development Agent Agreement with East Thames Group be confirmed by a Housing Portfolio Holder delegated decision, subject to further advice from the Council's Legal Department and Democratic Services.

**Reason for Decision:**

The Council had previously agreed that the appointment of a Development Agent should be based on the most economically advantageous tender.

**Other Options Considered and Rejected:**

To not make an appointment and undertake another tender exercise. However, as the tender exercise had been subject to the EU procurement rules, the Council could be legally challenged if it did not appoint a tenderer that had satisfied the pre-determined Selection Criteria.

**5. AFFORDABLE RENTS POLICY**

The Director of Housing presented a report regarding the Affordable Rents Policy for properties built as part of the Council's Housebuilding Programme.

The Cabinet Committee had previously agreed that "affordable rents" should be charged for the properties built under the Council's Housebuilding Programme, which would be higher than the "social rents" charged for the Council's existing properties.

It was necessary for the Council to adopt a policy, explaining its approach to how affordable rent levels would be set within the HCA's Affordable Rent Model. The maximum affordable rent was 80% of the market rent for the same type of property in the same locality, including service charges.

The report explained that councils and housing associations generally charged "social rents" for their properties. These were set in accordance with a Government formula, based on:

- Property value;
- Average earnings for the county; and
- Property size.

The Government's Rent Convergence Policy (which had been adopted by the Council), sought to ensure that (within a 5% tolerance) similar rents were charged for the same type of property in the same location, irrespective of whether the landlord was a council or a housing association.

Members noted that the Government's target date for convergence to be achieved across the country was April 2015. However, the Council's target was to achieve rent convergence by April 2017 – although it was noted that many of the Council's properties would not reach their target rent by April 2017, because to do so would breach the Government's maximum annual rent increase for individual properties, which was currently RPI + 0.5% + £2 per week. As part of the Government's Comprehensive Spending Review (CSR) announced on 26 June 2013, the Government stated that social rents could be increased by the Consumer Prices Index (CPI) + 1% per annum from April 2015 for at least the following 10 years.

The Director of Housing explained that if an affordable rent was charged at a level that was higher than the "Local Housing Allowance" (LHA) for the "Broad Market Rental Area" (BMRA) in which the property was situated, the difference between the rent and the LHA could not be met from housing benefit. Therefore, a tenant in receipt of housing benefit would have to pay the difference between the LHA and the affordable rent.

The Rent Cap adopted by most housing associations that have one, generally took account of the Government's new Benefits Cap level (£500 per week for couples and single people with children and £350 per week for single people without children) and tenants' estimated living costs. Rent caps adopted by the Council's Preferred Housing Association Partners varied between £180 and £225 per week. It was the officers' view that, for the Epping Forest District, a Rent Cap of £180 per week would be appropriate, bearing in mind that an affordable rent at this level would be significantly higher than the social rents charged by the Council for their existing properties.

The Cabinet Committee noted that, for the proposed developments within Package 1 of the Council Housebuilding Programme, the proposed Affordable Rent Policy had been applied and that, as a result, it had been necessary for the rents of all the 3-bedroomed houses (10 properties on two sites) to be set at the proposed Rent Cap of £180 per week.

**Decision:**

- (1) That the Cabinet's previous decision to charge "affordable rents" for Council properties built under the Council's Housebuilding Programme be re-affirmed;
- (2) That when such properties are (re)let, the Council's affordable rents be set at a level equivalent to the lowest of:
  - (a) 80% of market rents for the locality in which the property is situated, as assessed by the Council's Estates and Valuations Division;
  - (b) the Local Housing Allowance level for the Broad Market Rental Area (BMRA) in which the property is situated; and
  - (c) a Rent Cap of £180 per week, irrespective of the size of the property.
- (3) That affordable rents be increased annually by the Retail Price Index (as at the preceding September) + 0.5% (or any other maximum increase determined by the Government), until the tenant vacates, when the affordable rent will be re-based in accordance with the Homes and Communities Agency's (HCA's) Affordable Rent Model and the policy at (2) above;
- (4) That the Council's Rent Cap level be reviewed annually by the Council Housebuilding Cabinet Committee; and
- (5) That the Director of Housing be authorised to enter into Short Form Agreements with the Homes and Communities Agency for all developments, to enable affordable rents to be charged for the properties built under the Housebuilding Programme, and that the "Provider Representative" named in the Agreements be a senior figure at East Thames Group.

**Reasons for Decision:**

It was necessary for the Council to adopt a policy, explaining its approach as to how affordable rent levels would be set, within the HCA's Affordable Rent Model.

**Other Options Considered and Rejected:**

The other main options were:

- (a) The Council could set rents at a lower level than 80% of market rents – but this would have implications for the viability of new developments.
- (b) No reference could be made to the LHA level – but this could result in rents not being covered in full for tenants in receipt of housing benefit.
- (c) No Rent Cap being imposed, or a lower or higher Rent Cap could be adopted. However, if a higher Rent Cap was adopted, it could have implications for tenants in receipt of housing benefit when Benefit Caps were introduced under the welfare reforms. If a lower Rent Cap was adopted, it could affect the financial viability of developments.

**6. FUNDING THE COUNCIL HOUSEBUILDING PROGRAMME**

The Director of Housing presented a report regarding the funding of the Council Housebuilding Programme.

The Director reported that, through its Terms of Reference, the Cabinet Committee had delegated authority to use various sources of funding (detailed in the report) in order to develop individual sites within the Council's Housebuilding Programme. The total potential amount of funding available from these sources to subsidise the proposed developments in order to make them viable was around £3.3m (although it was noted that some of this funding may not come to fruition), of which around £995,000 was currently available.

The Cabinet Committee considered the general approach to be taken to the utilisation of these sources of funding, in order to have sufficient capital resources available to meet the cost of works and fees for the construction of the properties.

The Director reported that the approach proposed for the Council's Housebuilding Programme was that the loan costs should be repayable within a period of 30 years, which was a generally accepted, prudent and common timeframe for affordable housing developments. However, for many of the Council's developments, this would not be possible, for the following reasons:

- (a) since the rents for affordable rented housing are lower than market rents, the rental income over a 30-year period may not be sufficient to repay the development's loan costs; and
- (b) all of the Council's potential development sites are very small, some only comprising one or two properties. Furthermore, since many of the sites are currently garage sites, a number have relatively long access roads and most require demolition works, which would add to the cost. Therefore, the unit costs of construction for the Council's Housebuilding Programme are relatively high.



Members noted that where the development did not break even within 30 years, one option would be to simply extend the financial appraisal period – i.e. allow the development to take longer to break even. It was accepted however, that this was not a prudent approach to take to the Programme and, in any event, some developments may never break even.

**Decision:**

(1) That the following sources of funding be utilised, in addition to the loan provisions received from the Public Works Loan Board, to provide the required subsidies for the Council's Housebuilding Programme:

(a) capital receipts from additional Right to Buy (RTB) sales, that must be utilised for new housebuilding (in accordance with the Council's agreement with the Department of Communities and Local Government (DCLG));

(b) all current and future financial contributions received by the Council from developers to fund affordable housing, through Section 106 Agreements, in lieu of the on-site provision of affordable housing;

(c) capital receipts from the sale of HRA land or buildings, where the Cabinet has specifically agreed that they should be used to help fund the Council Housebuilding Programme (including the capital receipts already allocated by the Cabinet to the Housebuilding Programme from the sale of Leader Lodge, North Weald and land at Millfield, High Ongar);

(d) any grant received from the Homes and Communities Agency (HCA) in the future, to fund the Housebuilding Programme; and

(e) any other external funding sources (e.g. the Harlow Growth Area Fund);

(2) That the use and provisional level of subsidy required for proposed developments be authorised through the signing-off of their financial appraisals, which shall include details of the estimated level of subsidy required;

(3) That, once the Cabinet Committee has authorised the use and provisional level of subsidy required for individual developments and/or development packages, the Director of Housing be authorised to allocate funding from the sources listed in (1) above to individual developments and/or development packages – utilising the most appropriate source of funding for the development(s), having regard to the time limits within which they must be utilised - up to and in excess of the provisional level approved by the Cabinet Committee, once tenders to undertake the works have been received from contractors, subject to:

(a) the amount allocated being no more than 15% of the level provisionally approved by the Cabinet Committee;

(b) sufficient funds being available at the time of allocation; and

(c) the Cabinet Committee receiving a report to its next meeting on the amount of subsidy allocated, and its source of funding;

(4) That a standard report be received by the Cabinet Committee at each meeting, setting out the current position with regard to funding from the sources listed in (1) above, showing the availability, use and commitments to date; and

(5) That, if the sources of funding listed in (1) above have been exhausted during the course of the Housebuilding Programme, a report be submitted to a future meeting of the Cabinet on the possible sale of some of the potential development sites earmarked for the Programme, with or without planning permission, to generate capital receipts to provide a form of cross-subsidy to continue with the Housebuilding Programme.

**Reasons for Decision:**

It was important to identify and quantify the potential sources of funding for the Housebuilding Programme, and to have an agreed approach to their utilisation.

**Other Options Considered and Rejected:**

The main options were:

(a) Not to utilise all or any of the identified potential sources of funding, or to only use some of the funding available from various sources – however, this could result in insufficient funding being available to provide the required levels of funding.

(b) Not to authorise the Director of Housing to utilise the most appropriate source of funding for the development(s), and to reserve approval to the Cabinet Committee – however, this could result in delays, which would result in time limits within which the use of the funding must be utilised not being met; furthermore, it was likely that sources of funding for the various developments could subsequently need to be switched, in order to meet all time limits and to ensure the most appropriate utilisation of resources.

(c) Not to authorise the Director of Housing to allocate funding in excess of the provisional level approved by the Cabinet Committee (and reserve the allocation of an excess funding to the Cabinet Committee), or to amend the maximum amount that can be allocated above the level approved by the Cabinet Committee, or to amend the provisos to the authority given – however, if tenders received were higher than expected, it was likely to take some time to arrange a Cabinet Committee meeting to approve any additional required funding, which could delay the commencement on site. It was felt that the proposed maximum level above the authorised amount was reasonable, bearing in mind the proposed caveats to the use of the authority.

(d) Not to agree the submission of a report to a future meeting of the Cabinet, if necessary, on the possible sale of some of the potential development sites earmarked for the Programme in order to fund other developments in the Programme – however, the Cabinet had previously recognised that such an approach could be necessary, and it was suggested that if the other identified sources of funding are exhausted, it would be appropriate for the Cabinet to consider this option.

**7. DEVELOPMENT STRATEGY**

The Assistant Director of Housing presented a report regarding the Development Strategy for properties to build as part of the Council's Housebuilding Programme.

The Assistant Director reported that the Cabinet had previously agreed to develop around 120 new Council properties over a 6-year period, with East Thames undertaking the role of Development Agent to deliver this Programme on behalf of the Council. In order to achieve this, a Development Strategy was required, setting out the approach the Development Agent and the Council would take, including what assumptions would be made, the standards used, the consultation methods that

would be adopted, the procurement methods used for construction works and the performance targets used to measure progress, and ultimately the success of the Programme.

It was noted that hard copies of the East Thames Design Guide had previously been provided to all members of the Cabinet Committee (with further copies made available at the meeting). Hard copies of the East Thames Employers Requirements were also available at the meeting. Both of these documents formed a part of the Development Strategy.

The Cabinet Committee queried how the selection was made for the developments proposed for the first year of the Programme.

The Assistant Director reported that the Red Cross site in Waltham Abbey was the most advanced, as there was secured funding of £90,000, from the Harlow Growth Area Fund which needed to be utilised as soon as possible otherwise the funding could be at risk, this had dictated the first scheme. A Gatrell from East Thames advised the Cabinet Committee that the most economical way forward was to keep developments in the same area together in the same package.

It was noted that approval to the adoption of the Development Strategy was reserved to the Cabinet, on the recommendation of the Cabinet Committee.

**Recommended:**

(1) That the Development Strategy, formulated by the Council's Development Agent in conjunction with Council Officers, and attached as an Appendix to the report to the Cabinet Committee be adopted with specific attention drawn to the following:

- (a) financial appraisals for each phase to be modelled on a 30-year pay-back period with a positive Net Present Value (NPV) over 30-years, using the financial assumptions set out in the appendix to the Strategy;
- (b) any financial shortfall to be met with subsidy, the details of which are set out in a separate report on "Funding the Housebuilding Programme" considered by the Cabinet Committee;
- (c) the Key Performance Indicators to be used, as previously agreed by the Cabinet;
- (d) the feasibility reporting format, consisting of:
  - (i) the design proposals (the number and nature of units to be developed);
  - (ii) a scheme budget estimate;
  - (iii) a procurement plan;
  - (iv) a financial appraisal of the site;
  - (v) a project time table;
  - (vi) a project risk assessment; and
  - (vii) a recommendation on how to proceed.
- (e) East Thames' existing EU-compliant Framework Agreement to be used for constructing the Council's new homes;
- (f) the East Thames Design Guide being adopted to inform the development of each site; and

- (g) the East Thames Employers' Requirements being adopted.

**Reasons for Decision:**

Approval of the Development Strategy remained the responsibility of the Cabinet. However the House-building Cabinet Committee was required to consider and then recommend its approval to the Cabinet.

**Other Options Considered and Rejected:**

- (1) Not to adopt the contents of the Strategy in the format presented and alter any of its statements, targets, standards, procedures or assumptions. However, this could have an effect on the feasibility studies presented elsewhere on the agenda.
- (2) To adopt alternative Design Standards and Employers' Requirements and develop the Council's own. However, this would be time consuming and ultimately delay the programme, and are unlikely to be much different from East Thames'
- (3) To procure the construction works independently of the East Thames framework of contractors. However, this would require an EU procurement exercise and all of the time and expense that goes with it, and that would mean a delay in Phase 1 of the Programme.

**8. PHASE 1 FEASIBILITY REPORTS**

The Assistant Director of Housing presented a report on the Feasibility Reports for the proposed Phase 1 of the Housebuilding Programme.

The Assistant Director reported that taking account of the Draft Development Strategy, Design Standards and Employers Requirements, East Thames had prepared individual feasibility study reports for: the former Red Cross Hall site and 3 further garage sites on Roundhills, Waltham Abbey; a garage site in Harveyfields, Waltham Abbey; and the former sheltered accommodation units at Marden Close, Chigwell Row.

Members noted that a financial viability assessment had been undertaken for each site individually and collectively as a package. In total, across all 3 proposed development sites, the package would deliver 25 affordable Council dwellings and a further 10 x 1 bedroom flats for social rent at a total estimated cost of around £4,442,285, using £425,000 subsidy to achieve a 30-year pay-back and a positive Net Present Value.

All of the ward members for the 3 proposed development sites, and Marden Close, had been invited to attend the Cabinet Committee meeting and those present were invited to provide their comments on the proposals. All ward members present were generally supportive of the development proposals.

**Decision:**

- (1) That the Phase 1 development feasibility studies, consisting of the site of the former Red Cross Hall and three further garage sites in Roundhills, Waltham Abbey together with the garage site at Harveyfields, Waltham Abbey be approved to progress to the detailed planning stage, and if planning permission is received, that invitation of tenders be issued;

(2) That the feasibility study for the conversion of the former sheltered accommodation at Marden Close, Chigwell Row be approved to progress to the detailed planning stage and, if planning permission is received, that invitation of tenders be issued;

(3) That the estimated combined capital investment required to deliver all 25 new affordable rented Council properties in Phase 1, together with the conversion at Marden Close, creating 10 new self contained 1-bed flats for general needs housing with social rents in the sum of £4,442,285 including fees and works, (broken down as £3,948,421 for Phase 1 and £493,864 for Marden Close) be noted;

(4) That an estimated subsidy of £425,000 be set aside for Phase 1 of the developments in order to achieve a pay-back period of 30 years with a positive Net Present Value (NPV);

(5) That the Housing Portfolio Holder be authorised to submit the detailed planning applications for each of the Phase 1 development sites and for Marden Close; and

(6) That provision be made within the Housing Revenue Account Capital Programme to fund the developments in Phase 1 of the Housebuilding Programme and at Marden Close, Chigwell Row.

#### **Reasons for Decision:**

It was a requirement that the House-Building Cabinet Committee considered and approved the package of feasibility studies and financial viability reports for each phase of works and for Marden Close, taking into account the views of the local Ward Members who represented each site, in order for each phase to progress to planning stage and the invitation of tenders.

#### **Other Options Considered and Rejected:**

(1) Not to progress with one or more of the schemes and develop a smaller number of sites.

(2) To amend the property sizes and types on any or all of the schemes.

## **9. PROCUREMENT OF WORKS CONTRACTOR**

The Assistant Director of Housing presented a report regarding the Procurement of Works Contractors.

He advised that a significant part of the House-building Programme was the procurement of the construction works. The Council's Contract Standing Orders required the Council to undertake competitive tenders for all works over £50,000. However, in addition, EU procurement rules applied to all works contracts where the value was (currently) in excess of £4,348,350.

Members noted that in order to obtain the best value for money, it was proposed that the Council would seek to appoint a Works Contractor on a single contract for each phase of works. This would not necessarily reach the EU limits on a phase by phase basis, but would over the whole of the Programme. As part of the Council's Development Agency Agreement with East Thames, East Thames had the responsibility for procuring the Works Contractor on behalf of the Council. However, East Thames had already undertaken an EU-compliant procurement exercise to

select a list of approved Framework Contractors from which all contractors for their own House-building Programme was tendered and had offered the Council, as part of their tender for Development Agent, the opportunity to use this Framework Agreement, to avoid the necessity of the Council incurring the time and expense to produce a similar document.

The Cabinet Committee was advised that East Thames had taken legal advice from their Solicitors, Trowers & Hamlins, who had confirmed to the Council that the Council could legally use their Framework Agreement, and that its use by the Council would comply with EU procurement rules.

The Assistant Director reported that the Framework Agreement was based on a list of approved Contractors, who had all applied to join the Approved List to undertake construction works, based on a traditional JCT Design and Build Contract. The list was broken down into two separate contracts, one for contracts below £5m and one for contracts above £5m. The estimated value of the Council's works packages would determine which list of contractors would be invited to tender. There were at least two local contractors on each of the Approved Lists.

The Assistant Director further advised that invitations to tender would be issued to all contractors on the list, who would then provide a competitive bid, which would therefore satisfy Contract Standing Orders.

**Decision:**

That the Works Contractors for the Housebuilding Programme be procured using the current and any future East Thames EU-compliant Framework Agreement.

**Reasons for Decision:**

The procurement of works for the House-Building Programme would require the Council to undertake an EU-compliant tender exercise. However, East Thames have already undertaken an EU-compliant tender exercise, which would be available for the Council to use.

**Other Options Considered and Rejected:**

- (1) To undertake a separate EU procurement exercise, specific to just the Council's House-building Programme. This would be time consuming and costly.
- (2) Not to undertake an EU procurement exercise, and to let individual works contracts for each site. This would not generate savings through economies of scale and would be much more resource intensive to undertake. It would significantly delay the period between receipt of planning permission and starting on site.

## **10. RISK REGISTER**

The Assistant Director presented a report regarding the Risk Register.

Members were advised that, since the Council's Housebuilding Programme was a major undertaking, involving significant amounts of money and risks, it was essential that the Officer Project Team and the Cabinet Committee recorded, monitored and mitigated those risks.

The Assistant Director reported that as part of the Council's Development Agency Agreement with East Thames, East Thames had the responsibility for producing and

keeping up to date the Risk Registers for the Housebuilding Programme. In turn, East Thames had instructed their building consultants, Pellings LLP, to undertake the administration of the Risk Registers on their behalf.

The Cabinet Committee noted that following approval by the Cabinet of individual developments and development packages, Pellings LLP would produce and keep updated Risk Registers for each development/package, which would be monitored by the Project Team at Project Team Meetings.

In addition, it would be appropriate for a "Programme-wide" Risk Register to be actioned, which would be a "live document" for the Housebuilding Programme. The Cabinet Committee considered the format of the Risk Register at the last meeting and the first iteration of the Programme-wide Risk Register.

The Cabinet Committee noted that all risks had been marked as "Low Risk" and the Cabinet felt this was not a true reflection of all of the risks. The Director of Housing suggested that Risks 6 and 8 should be moved to "Medium Risk", which was agreed.

East Thames and Pellings reported that the document was live and any input from the Cabinet Committee would be fed into the Register.

**Decision:**

- (1) That the Programme-wide Risk Register for the Council Housebuilding Programme be noted; and
- (2) That the Risk Register be reviewed by the Cabinet Committee at least every three months for the first year of the Programme.

**Reasons for Decision:**

The Council's Housebuilding Programme was a major undertaking, involving significant amounts of money and risks, it was essential that the Officer Project Team and the Cabinet Committee recorded, monitored and mitigated those risks.

**Other Options Considered and Rejected:**

- (1) Not to have a Risk Register – but it would not be appropriate to contemplate such an option; and
- (2) To request amendments to the format or content of the Programme-wide Risk Register.

**11. ANY OTHER BUSINESS**

The Cabinet Committee noted that there was no other urgent business for consideration.

**12. EXCLUSION OF PUBLIC AND PRESS**

The Cabinet Committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

**CHAIRMAN**

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: CHB-007-2013/14**

**Date of meeting: 04 February 2014**

**Portfolio: Housing – Cllr David Stallan**

**Subject: Strategic Approach to the Prioritisation of Potential  
Developments – Council Housebuilding Programme**

**Responsible Officer: Alan Hall, Director of Housing (01992 564004)**

**Democratic Services Officer: Jackie Leither (01992 564756)**

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### **Recommendations/Decisions Required:**

- (1) That the following general strategic approach be adopted for the prioritisation of potential sites taken forward for development under the Council's Housebuilding Programme:
  - (a) Generally, over a period of time, development sites be spread around the towns/villages where sites are located, on a rotational basis, so that all locations have the benefit of affordable housing being provided in their area;
  - (b) Priority for the development of potential sites be given to areas in which the highest number of housing applicants live;
  - (c) Towns/villages with sites that could potentially deliver the greatest number of new properties be prioritised in preference to locations where less properties could be delivered; and
  - (d) If possible, development packages/phases generally comprise sites within the same town/village, in order to reduce the contractor's site set-up costs;
- (2) That, taking account of the strategic approach set out in (1) above, locations be grouped together into the following two Groups and the Priority Orders shown:

**Group A (Locations with sites that could potentially deliver 10 or more homes):**

<u>Priority</u>	<u>Location</u>
1	Loughton
2	Waltham Abbey
3	Epping
4	Buckhurst Hill
5	Ongar
6	North Weald

**Group B (Locations with sites that could potentially deliver less than 10 homes):**

<b><u>Priority</u></b>	<b><u>Location</u></b>
1	Theydon Bois
2	Nazeing
3	Roydon
4	Coppersale
5	High Ongar
6	Matching Green/Tye

- (3) That development packages/phases be formulated each year, on a rotational basis - in the Priority Order shown in Group A above - until the capacity for the potential number of homes in a location reduces to less than 10, at which point the location be moved into Group B;
- (4) That, where less than 20 homes can be provided within a development package/phase in one of the locations within Group A above, one or more sites within Group B also be included within the development package/phase, on a rotational basis - in the Priority Order shown in Group B above - to comprise a package/phase of between 20 and 25 homes; and
- (5) That a review of the priority orders within Groups A and B in (2) above be undertaken by the Cabinet Committee in three years' time, prior to Year 5 of the Housebuilding Programme being formulated, having regard to the same strategic approach set-out at (1) above.

**Executive Summary:**

The Cabinet has previously agreed a list of potential development sites for which the Council's Development Agent would be asked to undertake detailed development and financial appraisals. Now that the Development Agent is starting to undertake development appraisals for each site, there is a need to agree a strategic approach to the prioritisation of potential sites for development.

A general strategic approach for the prioritisation of potential sites is proposed for adoption, which suggests that locations within the District be grouped together into two Groups, having regard to the Primary List of Sites previously agreed by the Cabinet and whether the locations have capacity to deliver more or less than 10 new homes, and that development packages/phases be formulated each year, on a rotational basis in an agreed Priority Order, based on the number of applicants living within each location.

Since there are various ways in which the number of potential sites within a location could increase and, as the Development Programme progresses, the number of new homes that could be provided at locations within the groups is likely to reduce - which could have an effect on the Priority Orders within both groups – it is proposed that a review of the priority orders within the two groups be undertaken in three years' time, having regard to the same proposed strategic approach.

**Reasons for Proposed Decision:**

There is a need to agree a strategic approach to the prioritisation of potential sites for development.

## **Other Options for Action:**

The main alternative options appear to be:

- (a) Not to have a strategic approach – but this would mean that a high profile, high cost Council Programme would not have a strategic direction; and
- (b) To adopt a different approach to the prioritisation of sites – of which there are a myriad of alternatives.

## **Background**

1. At its meeting in July 2012, the Cabinet agreed a list of potential development sites for which the Council's Development Agent, East Thames, would be asked to undertake detailed development and financial appraisals.

2. It was assessed at that time that, potentially, a maximum of around 225 new Council homes could be developed on the 69 Council-owned difficult-to-let and small garage sites (and some other sites) that were listed as an Appendix to the Cabinet report, based on an initial appraisal of the development potential of each site by officers. However, it was also explained that many of these sites would be problematical to develop, and that more-detailed development appraisals undertaken by East Thames would assess which ones had real development potential. Therefore, it was accepted that the number of sites and homes that could actually be developed overall was likely to be much less.

3. The Cabinet agreed a methodology for separating the sites into a "Primary List" and "Reserve List", and that detailed development and financial appraisals should only be undertaken of sites on the Primary List at this stage. The Primary List comprises:

- (a) All Garage sites with vacancy rates of 20% or more as, at 1st July 2012;
- (b) Five small areas of Council-owned land identified as having development potential; and
- (c) One garage site that has structural problems, that would be expensive to repair.

4. There are 11 sites in 6 locations on the Reserve List, that could provide a further 17 properties (maximum). The Reserve List comprises:

- (a) Small garage sites (i.e. comprising 6 or less garages), with no vacancies as at 1<sup>st</sup> July 2012, but that have been difficult to let in the past; and
- (b) All garage sites with more than 6 garages, vacancy rates of less than 20% as at 1st July 2012 and no waiting list.

5. Now that East Thames is starting to undertake development appraisals for each site, there is a need for the Cabinet Committee to agree a strategic approach to the prioritisation of potential development sites, in order to determine the order in which sites are submitted for planning permission and subsequently developed – which is the purpose of this report.

6. The Cabinet agreed that 58 potential development sites, with a maximum capacity to accommodate 211 new homes in 12 towns/villages, should be included on the Primary List. This excluded any Council-owned sites around The Broadway, Loughton that had been identified within The Broadway Design and Development Brief since, at that time, the intention was to work with a housing association to develop these sites for affordable housing.

7. The maximum number of properties that could be provided in each town/village varies significantly, from a maximum of 2 homes (High Ongar and Matching) to a maximum of 71 homes (Loughton – excluding The Broadway).

8. The Cabinet has also previously agreed that the Council Housebuilding Programme should seek to develop around 20 new homes each year, initially for a 6 year period, for which funding has been made available within the Housing Capital Programme.

9. The Cabinet Committee has already agreed that Year 1 of the Development Programme will comprise 23 potential new homes in Waltham Abbey. The reason for this was that one of the sites (the former Red Cross Hall site, Roundhills) has been allocated £90,000 funding from the Harlow Area Growth Fund, subject to a Start-on-Site being achieved by 1st August 2014. Planning permission has already been granted for one site in Year 1, comprising 9 flats, and planning applications have been submitted and are awaiting determination for the development of a further 14 new homes.

### **Strategic Approach**

10. It is suggested that the following general strategic approach should be adopted for the prioritisation of potential sites taken forward for development:

(a) Generally, over a period of time, development of sites should be spread around the towns/villages where sites are located, so that all areas have the benefit of affordable housing being provided in their area – effectively, developments should be undertaken on a rotation basis around the District;

(b) Priority for the development of potential sites should be given to areas in which the highest number of housing applicants live;

(c) Towns/villages with sites that could potentially deliver the greatest number of new properties should be prioritised in preference to locations where less properties could be delivered; and

(d) If possible, development packages/phases (i.e. the grouping of sites into one works contract, usually undertaken each year) should generally comprise sites within the same town/village, in order to reduce the contractor's site set-up costs.

### **Prioritisation of Sites**

11. Taking account of (b) above, the numbers of housing applicants living in each of the towns/villages where potential development sites are located has been obtained. Taking account of (c) above, it is suggested that towns/villages be grouped together into two Groups, having regard to the Primary List agreed by the Cabinet in July 2012:

Group A    Comprising towns/villages with sites that could potentially deliver 10 or more new homes in total

Group B    Comprising towns/villages with sites that could potentially deliver less than 10 new homes in total

12. Having regard to the proposed strategic approach and information referred to above, it is proposed that the two Groups comprise the following locations with the priority orders for developments shown, based on the number of housing applicants living in that town/village:

<b>Group A</b> <b>(Capacity for 10 or more new homes)</b>				
<b>Priority Order</b>	<b>Location</b>	<b>No. of Housing Applicants</b>	<b>No. of Sites</b>	<b>Max. No. of Properties</b>
1	Loughton	478	16 <sup>(#)</sup>	52 <sup>(#)</sup>
2	Waltham Abbey	472	18	71 <sup>(*)</sup>
3	Epping	95	5	12
4	Buckhurst Hill	80	5	23
5	Ongar	76	2	11
6	North Weald	48	2	16

(\*) = Including the Year 1 sites

(#) = Excluding the sites at The Broadway

<b>Group B</b> <b>(Capacity for less than 10 new homes)</b>				
<b>Priority Order</b>	<b>Location</b>	<b>No. of Housing Applicants</b>	<b>No. of Sites</b>	<b>Max. No. of Properties</b>
1	Theydon Bois	19	2	5
2	Nazeing	15	2	7
3	Roydon	13	1	3
4	Coopersale	10	3	7
5	High Ongar	9	1	2
6	Matching Green/Tye	7	1	2

13. Taking account of (c) within the proposed strategic approach above, it is suggested that development packages/phases be formulated each year, on a rotational basis in the Priority Order shown in Group A, until the capacity for the potential number of homes in a location within Group A reduces to less than 10 homes, at which point it is suggested that the location be moved into Group B.

14. Furthermore, taking account of (d) within the proposed strategic approach above, it is suggested that, where less than 20 homes can be provided within a development package/phase in one of the locations in Group A, one or more sites within Group B also be included within the development package/phase, on a rotational basis in the Priority Order shown in Group B, to comprise a package/phase of between 20 and 25 homes.

15. On this basis, since Year 1 of the Programme already comprises sites in Waltham Abbey, Year 2 of the Programme would comprise site(s) in Loughton, which is why appraisals for a site in Loughton is to be considered later in the Cabinet Committee's agenda for this meeting. It is likely that this would be followed by developments in Epping and some sites from Group B in Year 3, and developments in Buckhurst Hill in Year 4.

16. At its meeting in July 2012, the Cabinet also agreed that:

- (a) Sites on the Reserve List be promoted to the Primary List, and that detailed development and financial appraisals also be undertaken for these sites by the Development Agent, if the percentage of vacant garages within the site increases to 20% or more;
- (b) Garage sites should remain on the Primary List, even if their vacancy rates fall to below 20% in the future;
- (c) Subject to the Cabinet's approval at a later date, detailed development and financial appraisals should be undertaken by the Development Agent for any other sites on the Reserve List if;

- (i) There are insufficient numbers of properties that can be viably developed from the Primary List to deliver a Housebuilding Programme of 120 new homes over a six-year period; or
  - (ii) The Cabinet subsequently decides to increase the size of the Housebuilding Programme and there are insufficient numbers of properties that can be viably developed to deliver a larger Programme
- (d) That further initial development assessments be undertaken over time by either officers or the Development Agent of:
- (i) All other garage sites comprising 6 or less garages;
  - (ii) Any further garage sites that start to have vacancies with no waiting list; and
  - (iii) Any Council-owned land on housing sites considered to be surplus to requirements.

17. A number of additional potential sites have already been identified by officers relating to (d) above, on which a report will be submitted to a future meeting of the Cabinet Committee to determine whether or not they should be added to the Primary List of sites.

18. As can be seen from (a)-(d) above, there are a number of ways in which the number of potential sites within the Primary List could increase, which could have an effect on the Priority Orders within both Group A and Group B. Furthermore, as the Development Programme progresses, the remaining number of new homes that could be provided at locations within Group A is likely to reduce. It is therefore suggested that a review of the priority orders within Groups A and B be undertaken by the Cabinet Committee in three years' time, prior to Year 5 of the Housebuilding Programme being formulated, having regard to the same strategic approach set-out within this report. It is not suggested that the review be undertaken any earlier than 3 years, to allow the Development Agent to progress the Development Programme with sites in an agreed order, without the risk of the order changing, for the foreseeable future.

**Resource Implications:**

The Cabinet has already agreed the required resources to deliver the Programme for the foreseeable future within the Housing Capital Programme, based on the Council's HRA Financial Plan.

**Legal and Governance Implications:**

It is considered good governance to adopt and follow a strategic approach to the prioritisation of sites, which has been agreed in an open and transparent way.

**Safer, Cleaner and Greener Implications:**

None.

**Consultation Undertaken:**

The Council's Development Agent, East Thames, and their lead consultants, Pellings, have been consulted on the contents of this report and have confirmed that they support the proposed approach.

**Background Papers:**

None

**Impact Assessments:**

Risk Management

There are no material risks associated with the proposed approach. The key issue from a risk management point of view is to ensure that potential development sites have development and financial appraisals undertaken, and progressed to the planning stage, in timely and co-ordinated fashion, to ensure that the Programme is not disrupted.

The proposed strategic approach assists with this process.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

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## **Report to the Council House-building Cabinet Committee**



**Report reference:** CHB-008-2013/14  
**Date of meeting:** 04 February 2014

**Epping Forest  
District Council**

**Portfolio:** Housing – Cllr David Stallan

**Subject:** Future use of garage sites unsuitable for redevelopment –  
Council House-Building Programme

**Responsible Officer:** Paul Pledger, Asst. Director of Housing (Property)  
(01992 564248)

**Democratic Services Officer:** Jackie Leither (01992 564756)

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### **Recommendations:**

**That the Cabinet Committee receives a report at a future meeting on the use of garage sites that are unsuitable for redevelopment.**

### **Executive Summary:**

The Council's Development Agent is required to undertake feasibility studies for each of the 65 garage sites included on a list of potential development garage sites approved by the Cabinet. The future use of any garage site considered either unsuitable, financially unviable or not receiving planning permission must to be considered and a Policy agreed. The Cabinet Committee is being consulted on the options that are to be considered and included in a more detailed report at a later date.

### **Reasons for Proposed Decision:**

Since the Cabinet have agreed to the redevelopment of 65 garage sites, this agreement is always subject to feasibility, financial viability and planning approval. Where sites are not developable, then their future use must be considered to maximise the Council's benefit of the Asset.

### **Other Options for Action:**

1. This report if for discussion only at this stage.

### **Background**

1. The Cabinet, at its meeting in July 2012, agreed to the redevelopment of 65 under-used garage and other sites for the construction of Council houses and flats, with a target of 20 homes per year for 6-years making 120 Council homes in total.
2. Each site is being assessed by the Council's Development Agent, East Thames, for its development potential, which includes a detailed feasibility study and financial viability assessment. Once considered by the Cabinet Committee, some sites will be progressed up to and including planning applications being submitted. However, some sites will not be developable for any number of reasons, including unsuitable access, insufficient land,

financially unviable, unforeseen underground services, legal issues or simply not being put forward by the Cabinet Committee planning permission or gaining planning approval. For these sites, it is necessary to develop a Policy on their future use, which may include:

- a. The sale of the sites to private developers for residential or commercial redevelopment;
  - b. Dividing the site up and offering the land to neighbouring properties for garden use;
  - c. Demolishing the garages and retaining the land for open, unallocated off-street parking, or other uses including grassed or landscaped amenity space; or
  - d. Retention of the garages and to continue to rent them where possible
3. It is proposed that a detailed report on this issue be considered at a future meeting of the Committee.

**Resource Implications:**

None at this stage

**Legal and Governance Implications:**

Within its Terms of Reference, the House-Building Cabinet Committee is expected to consider the future use of each garage site, either for Council House-building or any other alternative use.

**Safer, Cleaner and Greener Implications:**

The future use of under-utilised garage sites that do not have redevelopment potential, need to be considered so as to make the best possible use of the site and enhance the environment.

**Consultation Undertaken:**

None

**Background Papers:**

None

**Impact Assessments:**

Risk Management

Each site will need to have a risk assessment carried out to ensure the future use is both safe and suitable in the short, medium and long-term. Site specific Risk Assessment has yet to be compiled.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

It should be noted that an Equality Impact Assessment has already been formulated for Housing Strategy and Development.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: CHB-009-2013/14**  
**Date of meeting: 04 February 2014**

**Portfolio: Housing – Cllr David Stallan**

**Subject: Package (Year) Two Feasibility Report – Council House-Building Programme**

**Responsible Officer: Paul Pledger, Asst. Director of Housing (Property) (01992 564248)**

**Democratic Services Officer: Jackie Leither (01992 564756)**

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### **Recommendations:**

(1) That the Package Two development feasibility, consisting of the former Council Depot, garage site and grassed area previously identified for possible housing development in the Broadway Regeneration Masterplan at Burton Road, Debden be considered in detail and be approved to progress to detailed planning stage, and if planning permission is received the invitation of tenders as Year 2 of the Council's House-building Programme;

(3) That it be noted that the estimated capital investment required to deliver all 25 new affordable rented Council properties in Package Two, is around £4,108,287 including fees and works;

(4) That an estimated subsidy of £1,025,000 be set aside for Package Two of the works and fees in order to achieve a pay-back of 30 years as required by the Council's Development Strategy with a positive Net Present Value (NPV); and

(3) That the Housing Portfolio Holder be authorised to submit the detailed planning application for the Burton Road development site.

### **Executive Summary:**

Taking account of the Council's Development Strategy, Design Standards and Employers Requirements, East Thames has prepared a feasibility study report for the garage site at Burton Road, Debden, Loughton. A financial viability assessment has also been undertaken for the site. In total, this single site will deliver 25 affordable Council dwellings forrent at a total estimated cost of around £4,108,287, using £1,025,000 subsidy to achieve a 30-year pay-back and a positive NPV.

### **Reasons for Proposed Decision:**

It is a requirement that the House-Building Cabinet Committee considers and approves the package of feasibility studies and financial viability reports for each phase of works, taking account the views of the local Ward Members who represent each site, in order for each phase to progress to planning stage and the invitation of tenders.

### **Other Options for Action:**

1. Not to progress with the schemes and develop alternative sites.
2. To amend the property sizes and types.

### **Background**

1. Attached is a feasibility study, which considers redevelopment of the Council's former Depot, garages and amenity sites in Burton Road, Debden, Loughton, which has previously been identified as a potential housing redevelopment in the Broadway Redevelopment Masterplan. This was re-affirmed, by the North Weald Airfield and Asset Management Cabinet Committee in September 2012. The site incorporates the former Housing Works Depot / Parking Administration Office.
2. Also attached as an appendix to this report is an Investment Report for the development proposals for Package Two of the works. Each of these reports needs to be read both individually and collectively as a package. These are as follows:

Appendix 1 – Feasibility Report for Burton Road, Debden.

Appendix 2 – Investment Report, Development Proposals for Package Two.

3. The Cabinet Committee's attention is drawn to the following outcomes contained within the Investment Report:
  - a. The Total Scheme Costs for Package Two is £4,108,287, made up of £3,584,838 works costs and £524,449 fees.
  - b. Overall, Package Two will deliver 25 affordable rented units.
  - c. Package Two achieves the financial target of loan repayment in Year 30, providing it receives subsidy of £1,025,000.
4. It is recommended that the Burton Road site included in Package Two be approved to proceed to detailed planning stage and the invitation of tenders, to form Year Two of the Council's House-building Programme.
5. It is further recommended that the Housing Portfolio Holder submits a detailed planning application for each site.
6. It is recommended that the £1,025,000 subsidy requirement be allocated to Package Two in order to achieve a 30-year loan repayment period.

### **Resource Implications:**

£4,108,287 from the existing Capital Programme for 2014/15 and 2015/16 inclusive of works and fees, using £1,025,000 subsidy in line with the Council's Development Strategy for the House-building Programme.

### **Legal and Governance Implications:**

Within its Terms of Reference, the House-Building Cabinet Committee is expected to consider each site and package of works and approve it to progress to detailed planning stage

**Safer, Cleaner and Greener Implications:**

The site being considered currently has garage blocks, rented to garage tenants, but not necessarily adjacent to the blocks. A large proportion of the site contains a former Council depot and garages which are either vacant or not used to park vehicles (Source: ECC Parking Standards) Redeveloping this former depot site, garages and amenity land will add value to and enhance the local environment and streetscape.

**Consultation Undertaken:**

None

**Background Papers:**

Development Strategy, Policy on Funding the House-building Programme

**Impact Assessments:**

Risk Management

Within the financial viability assessment, the greatest risks are that the assumptions prove to be incorrect resulting in each phase being un-viable.

These risks are mitigated by the Council being able to either add more subsidy or not to progress the works beyond the planning stage.

In addition, a site specific risk register has been compiled and included within the individual feasibility reports.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?	No
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Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?	N/A
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What equality implications were identified through the Equality Impact Assessment process?

It should be noted that an Equality Impact Assessment has already been formulated for Housing Strategy and Development.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

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East Thames Housing / Epping Forest District Council  
Housing Delivery Programme

Feasibility Report

**Site: Site of garages, former depot, hardstanding and open grassed areas, Burton Road, Debden, Loughton IG10 3TA**

Ref: IJC/srs/612.023/P2-22 Rev A

Date: January 2014

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1. Introduction and Confirmation of Brief
2. Existing Site and Surroundings
3. Proposals
4. Planning Issues and Risks
5. Impact/Implications of Statutory Services
6. Site Access and Buildability Issues
7. Neighbourly Matters and Party Walls
8. Proposed Procurement Route
9. Impact on Parking
10. Costs
11. Recommendations and Conclusions

## Appendices

- A: Development Proposals – Drawings 612.023/P2-22A and 23
- B: Site Photographs
- C: Existing Site Plan : 20126014-CC
- D: Statutory Services Information
- E: Information on Possible Contamination
- F: Cost Build-up

## 1.0 Introduction and Confirmation of Brief

- 1.1. Pellings LLP are appointed as part of East Thames Group Technical Team in respect of delivery of Development Agent services to Epping Forest District Council for a six year housing delivery programme.
- 1.2. Following initial appraisal by EFDC, 59 sites have been identified as having possible development potential, with a further number of sites in reserve.
- 1.3. Pellings LLP have been instructed to progress feasibility studies to all 59 sites and which will assist in establishing the extent and timing of the overall programme.
- 1.4. Our instructions are in accordance with our fee tender of 13 August 2012, against the previously prepared tender documentation, and email confirmation of 9 April 2013.
- 1.5. We have been provided with information from the Masterplanning of the adjacent area, and such information has informed our proposals.

## 2.0 Existing Site and Surroundings

- 2.1. The site is located within the town centre of Debden, Loughton, 100m north of the train station. It is situated between housing (to the south) and a car park beyond which serves a three storey parade with shops on the ground floor and flats above.
- 2.2. The site essentially consists of a long strip of land and it is situated between housing to the rear and an access road (which supports a bus stop) directly in front. It comprises a former depot, 19 garages and hardstanding on its eastern side and a grassed area with trees on its western side. There is a residential road to the rear. On its eastern side the site adjoins two storey houses with gardens and on its eastern side the site adjoins a hard surfaced parking area. The site area is 0.43 hectares.
- 2.3. The site slopes down slightly from north to south, with the adjoining houses to the south in Torrington Drive being sited to a lower level than the town centre buildings. Neighbouring housing is two storey terraced with front and rear gardens, and, within the town centre, within three storey parades.
- 2.4. There is a pedestrian Right of Way through the site, running North to South.
- 2.5. There are some trees on the site although it is felt that these are generally not of significant value.

## 3.0 Proposals

- 3.1. Read in conjunction with drawings 612.023/P2-22A and 23 attached at Appendix A.
- 3.2. The proposals are :  
  
Erection of 7 x 3 bed houses, 6 x 2 bed flats, 12 x 1 bed flats and 42 parking spaces; the houses to have individual gardens and the flats to have communal gardens.
- 3.3. Proposals maintain the Right of Way referenced above.

#### 4.0 **Planning Issues and Risks**

##### ***Relevant Planning Policies/Considerations***

- 4.1. The adopted Development Plan for Epping Forest District Council is the Combined Local Plan 1998 and Local Plan Alterations 2006.
- 4.2. The site is not located in a Conservation Area. It is located in the Debden Town Centre Boundary in the Epping Forest District Council Combined Local Plan 1998 and Local Plan Alterations 2006. The site does not lie in a Flood Zone on the Environment Agency Flood Map.
- 4.3. Policy TC3 of the Epping Forest District Council Combined Local Plan 1998 and Local Plan Alterations 2006 indicates that residential uses may be appropriate within smaller and district centres but the policy does suggest that residential uses should be avoided on the ground floor and that new development should not prejudice the vitality and viability of town centres. A Development Options Report for Debden Town Centre produced for the Council in August 2008 identifies 2 and 3 storey town houses with residential uses on all floors as being appropriate for the site.
- 4.4. Policy ST4 (Road Safety) states that planning permission will only be granted where there will be no adverse effects on the highway, traffic congestion or harm to the character or appearance of the area. Parking spaces to meet with the Council's standards are proposed for the new dwellings.
- 4.5. It will be necessary to undertake a Parking Survey and to prepare a Transport Statement to demonstrate that the loss of the garages/parking areas and proposed development would not cause any parking shortfalls or harm to highway conditions or the amenities of the area.
- 4.6. The site is located in the settlement of Debden and the proposal would be consistent with policy CP7 which encourages the efficient use of existing built-up areas by the 'recycling of vacant, derelict, degraded and under-used land to accommodate the development' and the 're-use of urban sites, which are no longer appropriate to their existing or proposed use in the foreseeable future, for alternative land uses'.
- 4.7. The proposal would comply with policy H4A which states the need for a range of dwellings, including an appropriate proportion of smaller dwellings, to meet identified housing need on a site-by-site basis.
- 4.8. The development of family homes with rear gardens and one and two bedroom flats would be in keeping with the character and appearance of the area and may comply with Epping Forest's design policies and guidance.
- 4.9. It would be proposed to replace any trees requiring removal.

#### 5.0 **Impact/Implications of Statutory Services**

- 5.1. We have undertaken statutory services enquiries to the following:
- Southern Gas
  - Cable and Wireless
  - Virgin Media
  - Thames Water

- BT
- National Grid
- Scottish and Southern Energy
- Environment Agency
- UK Power Networks

- 5.2. Responses received to date are from the Environment Agency, National Grid, UK Power Networks, Virgin Media and Thames Water.
- 5.3. The Environment Agency has not pointed out any watercourses which cross the site.
- 5.3.1. National Grid: From drawn information given no apparatus appears to be located on the site, although there is a statement in text that there may be low pressure gas apparatus on the site. We would not envisage that this should affect proposals at this stage.
- 5.3.2. UK Power Networks: There do not appear to be any installations on the site.
- 5.3.3. Virgin Media: No apparatus appears to be located on the site.
- 5.4. Thames Water: No drains or sewers are located on any part of the site.
- 5.5. It should be noted there are a number of responses to enquiries that, at time of preparation of this report, have not yet been received.

## 6.0 **Site Access and Buildability Issues**

- 6.1. The site is accessed from existing site roads and there would not appear to be any particular difficulties for the normal level and size of construction traffic associated with a development of this nature.
- 6.2. Areas should be available for contractor's site set up and accommodation, although potentially restrictions on contractors access and operatives may be more onerous than for the outlying other 'garage' type sites and accordingly preliminary costs may be slightly higher.
- 6.3. The site is close to the Town Centre and has retail elements nearby and, accordingly, any appointed contractor should use all best endeavours to act in a considerate manner and within normal working hours.
- 6.4. The site has possible contamination sources from existing garages, and accordingly, suitable site investigation will need to be undertaken ahead of any proposals to take this site forward and specific recommendations made to deal with any contamination found, whether by capping or removal from site.

## 7.0 **Neighbourly Matters and Party Walls**

- 7.1. As above, the proposed development site is within a primarily residential area and the appointed contractor should act in a considerate manner. It is proposed that restrictions on working hours, noise levels, requirement for resident liaison and similar matters will be included within contract documentation.
- 7.2. From proposals on Drawing 612.023/P2-22A and 23, Party Wall matters will be relevant to development, particularly to No. 35 Burton Road.
- 7.3. Confirmation of ownership will be required in due course.

7.4. Such Party Wall matters may be undertaken ahead of the build contract by direct appointment by EFDC, or included as a requirement for the contractor to deal with within the build contract. This later approach, however, would carry increased risk to programme and cost.

## 8.0 **Proposed Procurement Route**

8.1. It is understood that development works will be procured by way of the East Thames Housing Group existing contractor framework arrangements.

8.2. It is proposed that works shall be procured on a Design and Build basis with the contractors taking forward RIBA Stage D planning consent drawings into detailed design and construction delivery on site.

8.3. Schemes shall be designed to a set of Employer's Requirements to be subsequently confirmed but which substantially shall be formed from existing East Thames Housing Group Design Standards and Employer's Requirement documentation.

8.4. It is proposed that all site preparation works will be included within individual contract packages including any required demolitions, adjustment of statutory services, highways works and boundary maintenance/reinstatement/provision.

8.5. On completion of the feasibility studies for the whole programme, further recommendations will be made in terms of how works are packaged to ensure size of work packages are optimised for ensuring maximum economies for East Thames Housing Group and EFDC.

8.6. It is considered, at this stage, that this may be by way of a mix of different sized contractors dependent upon the numbers and geographical location of individual works packages.

8.7. Works will be administered by Pellings LLP as Employer's Agent acting in accordance with East Thames Housing Group terms of appointment and the overarching requirements of the Development Agency agreement.

8.8. Due to the relative size of this scheme in relation to the remainder of the programme, letting of this project as an independent contract should be considered.

## 9.0 **Impact on Parking**

9.1. The Council's currently adopted parking standards are contained within Essex County Council's Parking Standards Design and Good Practice Guide – September 2009. These revised standards were adopted by the Council as statutory planning guidance in February 2012.

9.2. Flats and houses have the same parking standard as follows:

- 1 bedroom accommodation – 1 space per dwelling
- 2 bedroom accommodation and above – 2 spaces per dwelling
- Visitor parking – 0.25 spaces per dwelling (rounded up to the nearest whole number)

- 9.3. There may be a requirement by the Local Planning Authority for additional replacement parking although the proposals are considered by the Design Team to meet the Council's parking standards for new development.
- 9.4. Of the 19 garages outside the area of the former depot, 2 are currently void. It is worth highlighting that from the study undertaken by Mouchel in 2007, 78% of garages across the borough are not used to store vehicles but are in use as storage/utility instead.
- 9.5. However, should the site move forward to planning application stages, it is recommended that a Transport Statement be undertaken, including parking surveys, to demonstrate that the loss of the garages will not give rise to any planning or highway problems.
10. The Council owns a further parcel of land to the west of the site comprising of 23 difficult to let garages and as denoted in 'Blue' on drawings 612.023/P2-22A and P2-23. This land is currently being considered for the provision of a new church and associated community facilities. However, should this proposal not be realised, the land may have potential for an extension of the subject site to provide additional housing.

11.0 **Costs**

- 11.1. It is considered that a budget of £3,582,900.00 should be allowed for this scheme, inclusive of contractor design fees, but exclusive of professional fees and VAT. Please refer to Appendix F.

12.0 **Recommendations and Conclusions**

- 12.1. Subject to an overall lifetime cost appraisal, we conclude that the site appears to have economic development opportunities and we recommend is considered for taking forward to planning application stage, with a view to incorporating into the overall programme.

Signed:

  
.....  
Pellings LLP

Date:

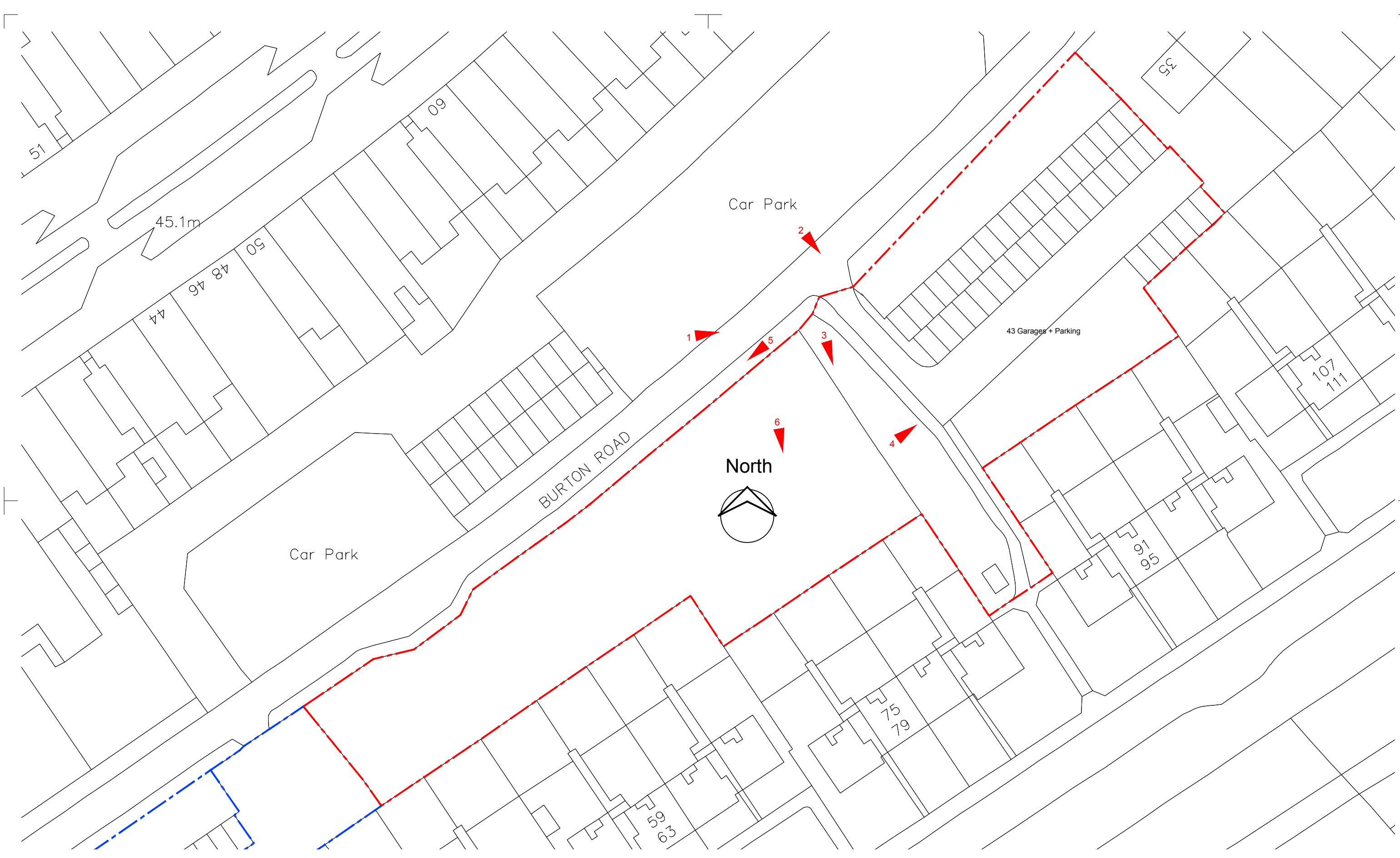
21<sup>st</sup> January 2014  
.....

# Appendix A

Development Proposals

Drawings 612.023/P2-22A and 23





**NOTES:**  
 Report all discrepancies, errors and omissions  
 Do not scale from this drawing.  
 Verify all dimensions on site before commencing any work or preparing shop drawings.  
 All materials, components and workmanship are to comply with all the relevant British Standards, Codes of Practice, and appropriate manufacturers recommendations that from time to time shall apply.  
 For all specialist work, see relevant drawings.  
 This drawing and design are copyright of PELLINGS LLP

**PRELIMINARY**  
 Page 41

Rev	Date	Description	Name
-	---		



Pellings LLP 24 Widmore Road Bromley Kent BR1 1RY t 020 8460 9114 f 020 8313 0019 e bromley@pellings.co.uk www.pellings.co.uk		Architecture & Planning ■ Building Surveying ■ Project Management ■ Cost Consultancy ■ CDM Co-ordination			
CLIENT	East Thames HA	PROJECT	EFDC House Building Programme		
TITLE	Existing Plans Burton Road	DATE	NOV 2013	SCALE	1:500 @A3
		DRAWN	NP	CHK	
DRAWING No		612 023 P2-22  A			



**TOTALS**  
 Site Area 0.429 Ha  
 7 x 3 Bed Houses @ 93 sqm  
 6 x 2 Bed Flats @ 70 sqm  
 12 x 1 Bed Flats @ 50 sqm  
 42 Parking Spaces



**NOTES:**  
 Report all discrepancies, errors and omissions  
 Do not scale from this drawing.  
 Verify all dimensions on site before commencing any work or preparing shop drawings.  
 All materials, components and workmanship are to comply with all the relevant British Standards, Codes of Practice, and appropriate manufacturers recommendations that from time to time shall apply.  
 For all specialist work, see relevant drawings.

**PRELIMINARY**

Rev	Date	Description	Name
-	-/-		



Pellings LLP  
 24 Widmore Road Bromley Kent BR1 1RY  
 t 020 8460 9114 f 020 8313 0019 e bromley@pellings.co.uk  
 www.pellings.co.uk

Architecture & Planning ■ Building Surveying ■ Project Management ■  
 Cost Consultancy ■ CDM Co-ordination

CLIENT East Thames HA	PROJECT EFDC House Building Programme
TITLE Proposed Plans Burton Road	DATE NOV 2013
	SCALE 1:500 @A3
	DRAWN NP
	CHK
DRAWING No <b>612 023 P2-23</b>	

## Appendix B

### Site Photographs

## Appendix B - Site Photographs

1.



2.





3.



4.



5.



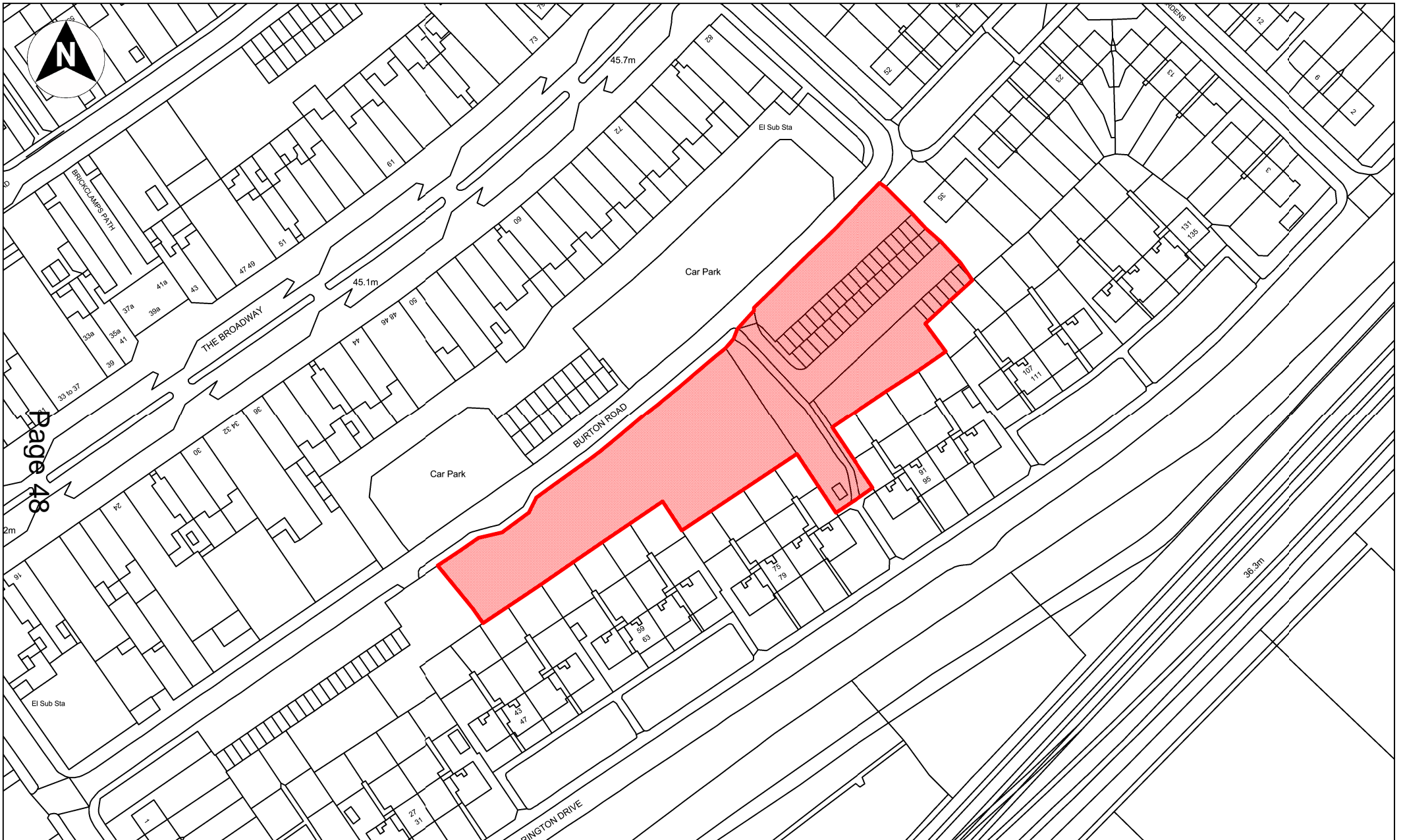
6.



## Appendix C

Existing Site Plan







## Appendix D

### Statutory Services Information



# Pellings

Scottish & Southern Energy  
Engineering  
Lower Drayton Lane  
Cosham  
PO6 2HF

16 October 2013

Our Ref: AG/dh/612 023/04

Dear Sirs


**Site: Burton Road, Debden**

We are currently acting on behalf of Epping Forest District Council with regard to the evaluation of the development potential of the above site.

Accordingly, I would be grateful if you could confirm whether you have any existing apparatus on or adjacent to the site which may influence the design and/or layout of our proposals.

We would be grateful if you could forward information at your earliest opportunity and should you require any clarification then please do not hesitate to contact me.

Yours faithfully



Adam Greenhalgh  
Pellings LLP

Encs.



**Scottish and Southern  
Energy**  
**SSE Power Distribution  
Mapping Services**

do not have any network records within the area of your recent request

Please contact the following for details:

Scottish Power Distribution. 0141 5674155  
Electricity North West. 0870 7510101  
CE Electric UK. 0870 1600910  
Eon/Central Networks. 0800 0150927  
Western Power Distribution. 0845 6012989  
✓ UK Power Networks. 0800 0565866  
EDF/Seaboard. 0800 0565866

Many Thanks  
Mapping Services

Adam Greenhalgh  
Pellings  
24 Widmore Road  
Bromley  
Kent  
BR1 1RY

Plant Protection  
National Grid  
Block 1; Floor 1  
Brick Kiln Street  
Hinckley  
LE10 0NA  
E-mail: [plantprotection@nationalgrid.com](mailto:plantprotection@nationalgrid.com)  
Telephone: +44 (0)800 688588

National Grid Electricity Emergency Number:  
0800 40 40 90\*

National Gas Emergency Number:  
0800 111 999\*

\* Available 24 hours, 7 days/week.  
Calls may be recorded and monitored.

[www.nationalgrid.com](http://www.nationalgrid.com)

Date: 24/10/2013  
Our Ref: NL\_TE\_Z6\_3SW\_042139  
Your Ref: BURTON ROAD

**RE: Proposed Works, IG10 3TA, burton road, debden, loughton, essex**

Thank you for your enquiry which was received on 17/10/2013.

Please note this response and any attached map(s) are valid for 28 days.

An assessment has been carried out with respect to National Grid Electricity Transmission plc's and National Grid Gas plc's apparatus. Please note it does not cover the items listed in the section "Your Responsibilities and Obligations", including gas service pipes and related apparatus.

For details of National Grid's network areas please see the National Grid website (<http://www.nationalgrid.com/uk/Gas/Safety/work/>) or the enclosed documentation.

As your works are at a "proposed" stage, any maps and guidance provided are for information purposes only. This is not approval to commence work. You must submit a "Scheduled Works" enquiry at the earliest opportunity and failure to do this may lead to disruption to your plans and works. National Grid will endeavour to provide an initial assessment within 14 days of receipt of a Scheduled Works enquiry and dependent on the outcome of this, further consultation may be required.

In any event, for safety and legal reasons, works must not be carried out until a Scheduled Works enquiry has been completed and final response received.

## Your Responsibilities and Obligations

The "Assessment" Section below outlines the detailed requirements that must be followed when planning or undertaking your scheduled activities at this location.

It is your responsibility to ensure that the information you have submitted is accurate and that all relevant documents including links are provided to all persons (either direct labour or contractors) working for you near National Grid's apparatus, e.g. as contained within the Construction (Design and Management) Regulations.

This assessment solely relates to National Grid Electricity Transmission plc (NGET) and National Grid Gas plc (NGG) apparatus. This assessment does NOT include:

- National Grid's legal interest (easements or wayleaves) in the land which restricts activity in proximity to National Grid's assets in private land. You must obtain details of any such restrictions from the landowner in the first instance and if in doubt contact National Grid.
- Gas service pipes and related apparatus
- Recently installed apparatus
- Apparatus owned by other organisations, e.g. other gas distribution operators, local electricity companies, other utilities, etc.

It is **YOUR** responsibility to take into account whether the items listed above may be present and if they could be affected by your proposed activities. Further "Essential Guidance" in respect of these items can be found on the National Grid Website (<http://www.nationalgrid.com/NR/rdonlyres/6D6525F9-59EB-4825-BA89-DBD7E68882C7/51319/EssentialGuidance.pdf>).

This communication does not constitute any formal agreement or consent for any proposed development work; either generally or with regard to National Grid's easements or wayleaves nor any planning or building regulations applications.

NGG and NGET or their agents, servants or contractors do not accept any liability for any losses arising under or in connection with this information. This limit on liability applies to all and any claims in contract, tort (including negligence), misrepresentation (excluding fraudulent misrepresentation), breach of statutory duty or otherwise. This limit on liability does not exclude or restrict liability where prohibited by the law nor does it supersede the express terms of any related agreements.

If you require further assistance please contact the National Grid Plant Protection team via e-mail ([click here](#)) or via the contact details at the top of this response.

Yours faithfully

National Grid Plant Protection Team

# ASSESSMENT

## Affected Apparatus

The National Grid apparatus that has been identified as being in the vicinity of your proposed works is:

- Low or Medium pressure (below 2 bar) gas pipes and associated equipment. (As a result it is highly likely that there are gas services and associated apparatus in the vicinity)

## Requirements

**BEFORE carrying out any work you must:**

- Carefully read these requirements including the attached guidance documents and maps showing the location of National Grid apparatus.
- Contact the landowner and ensure any proposed works in private land do not infringe National Grid's legal rights (i.e. easements or wayleaves). If the works are in the road or footpath the relevant local authority should be contacted.
- Ensure that all persons, including direct labour and contractors, working for you on or near National Grid's apparatus follow the requirements of the HSE Guidance Notes HSG47 - 'Avoiding Danger from Underground Services' and GS6 - 'Avoidance of danger from overhead electric power lines'. This guidance can be downloaded free of charge at <http://www.hse.gov.uk>
- In line with the above guidance, verify and establish the actual position of mains, pipes, cables, services and other apparatus on site before any activities are undertaken.

# GUIDANCE

**Excavating Safely - Avoiding injury when working near gas pipes:**

[http://www.nationalgrid.com/NR/ronlyres/2D2EEA97-B213-459C-9A26-18361C6E0B0D/25249/Digsafe\\_leaflet3e2finalamends061207.pdf](http://www.nationalgrid.com/NR/ronlyres/2D2EEA97-B213-459C-9A26-18361C6E0B0D/25249/Digsafe_leaflet3e2finalamends061207.pdf)

## Standard Guidance

**Essential Guidance document:**

<http://www.nationalgrid.com/NR/ronlyres/6D6525F9-59EB-4825-BA89-DBD7E68882C7/51319/EssentialGuidance.pdf>

**General Guidance document:**

<http://www.nationalgrid.com/NR/ronlyres/55C13C4D-A1AA-4B13-BFDA-1CF59F88B326/51318/GeneralGuidance.pdf>

**Excavating Safely in the vicinity of gas pipes guidance (Credit card):**

<http://www.nationalgrid.com/NR/ronlyres/A3D37677-6641-476C-9DDA-E89949052829/44257/ExcavatingSafelyCreditCard.pdf>

**Excavating Safely in the vicinity of electricity cables guidance (Credit card):**

<http://www.nationalgrid.com/NR/ronlyres/35DDEC6D-D754-4BA5-AF3C-D607D05A25C2/44858/ExcavatingSafelyCreditCardelectricitycables.pdf>

Copies of all the Guidance Documents can also be downloaded from the National Grid Website:

<http://www.nationalgrid.com/uk/Gas/Safety/work/downloads/>

# ENQUIRY SUMMARY

## Received Date

17/10/2013

## Your Reference

BURTON ROAD

## Location

Centre Point: 544321, 196332

X Extent: 198

Y Extent: 151

Postcode: IG10 3TA

Location Description: IG10 3TA,burton road,debden,loughton,essex

## Map Options

Paper Size: A4

Orientation: LANDSCAPE

Requested Scale: 1250

Actual Scale: 1:2500 (GAS)

Real World Extents: 723m x 393m (GAS)

## Recipients

pprsteam@uk.ngrid.com

## Enquirer Details

Organisation Name: Pellings

Contact Name: Adam Greenhalgh

Email Address: bromley@pellings.co.uk

Telephone: 0208 460 9114

Address: 24 Widmore Road, Bromley, Kent, BR1 1RY

## Description of Works

MAP FOR INFORMATION PURPOSES

## Enquiry Type

Proposed Works

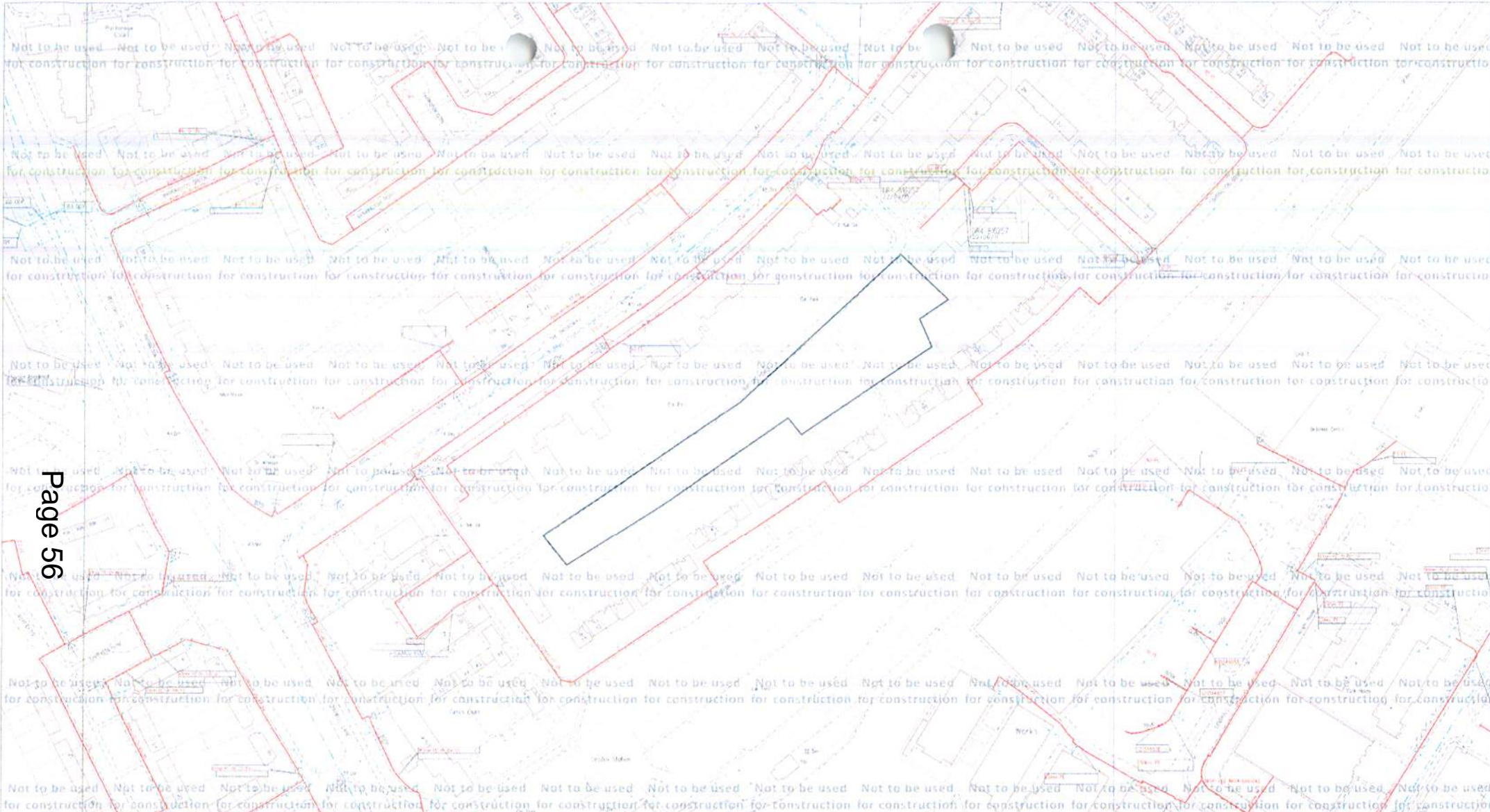
## Activity Type

General Excavation

## Work Types

Work Type: Plans Only





Page 56

ID: NL_TE_Z6_3SW_042139		View extent: 723m, 393m		<b>Map not to be used for construction</b>		<b>Map 1 of 1 (GAS)</b>	
USER: roy.x.jones		LP MAINS MP MAINS IP MAINS LHP MAINS NHP MAINS		<p>This plan shows those pipes owned by National Grid Gas plc in its role as a Licensed Gas Transporter (GT). Gas pipes owned by other GTs, or otherwise privately owned, may be present in this area. Information with regard to such pipes should be obtained from the relevant owners. The information shown on this plan is given without warranty, the accuracy thereof cannot be guaranteed. Service pipes, valves, syphons, stub connections, etc., are not shown but their presence should be anticipated. No liability of any kind whatsoever is accepted by National Grid Gas plc or their agents, servants or contractors for any error or omission. Safe digging practices, in accordance with HS(G)47, must be used to verify and establish the actual position of mains, pipes, services and other apparatus on site before any mechanical plant is used. It is your responsibility to ensure that this information is provided to all persons (either direct labour or contractors) working for you on or near gas apparatus. The information included on this plan should not be referred to beyond a period of 28 days from the date of issue.</p>		MAPS Plot Server Version 1.7.6	
DATE: 24/10/2013		 Approximate scale 1:2500 on A4 Colour Landscape					
DATA DATE: 15/10/2013							
REF: BURTON ROAD							
MAP REF: TQ4496						Requested by: Pellings	
CENTRE: 544321, 196332						This plan is reproduced from or based on the OS map by National Grid Gas plc, with the sanction of the controller of HM Stationery Office. Crown Copyright Reserved. Ordnance Survey Licence number 100024886	
Valve Depth of Cover Syphon Diameter Change Material Change							



## Adam Greenhalgh

---

**From:** SPHatfield <SPHatfield@environment-agency.gov.uk>  
**Sent:** 23 October 2013 17:49  
**To:** Adam Greenhalgh  
**Subject:** RE: Epping Forest DC - potential development sites

Dear Adam,

Further to your letters dated 16 October (your ref: AG/dh/612.023/05), we have the following comments to make on the specific sites listed below (please note that comments on three sites – Rear of shops, Loughton Way, Buckhurst Hill; Pentlow Way, Buckhurst Hill and Site B, Marlescroft Way, Loughton – will follow on or before 7 November due to additional site constraints).

**Sites:** Burton Road, Debden  
White Hills, Loughton  
Thatchers Close, Loughton  
Site A, Pyries (**note:** should be 'Pyries') Lane, Loughton  
Site B, Pyries (**note:** should be 'Pyries') Lane, Loughton  
Site A, Chequers Road, Loughton  
Site B, Chequers Road, Loughton  
Site A, Langley Meadow, Loughton  
Site B, Langley Meadow, Loughton  
Hornbeam Close, Buckhurst Hill  
Hornbeam House, Hornbeam Road, Buckhurst Hill  
Bourne House, Hornbeam Road, Buckhurst Hill  
Bushfields, Loughton  
Etheridge Road, Loughton  
Lower Alderton Hall Lane, Loughton  
Ladyfields, Loughton  
Kirby Close, Loughton  
Chester Road, Loughton  
Hillyfields, Loughton

### Comments

As we are in an area of serious water stress, we endorse the efficient use of water resources. Residential developments such as your proposal should take advantage of water efficient technologies. This is in line with Epping Forest's local policy CP5 which states that the efficient use of water is encouraged through water efficient appliances and rainwater harvesting for example.

Every opportunity should be taken to maximise Sustainable Drainage Systems (SuDS) such as green roofs, ponds, swales and permeable pavements, to alleviate surface water runoff. I have attached a copy of our SuDS guidance, which contains the SuDS hierarchy, to help you with your designs. The methods at the top of the hierarchy are preferred because they are beneficial in terms of sustainability and biodiversity. The hierarchy should be used in descending order. Tanks should only be used as a last resort. Epping Forest's local policy U3B on sustainable drainage systems advocates this approach.

As the sites are all under a hectare in Flood Zone 1, they fall within cell F5 of our Flood Risk Standing Advice consultation matrix. Epping Forest Local Planning Authority will therefore be responsible for assessing flood risk at these sites.


Kind regards,

**Clark Gordon**  
**Sustainable Places Planning Advisor**  
**Environment Agency**  
**North East Thames Area - Hatfield Team**  
01707 632308



**The climate is changing. Are you?**

A support service led by the Environment Agency  
[www.environment-agency.gov.uk/climateready](http://www.environment-agency.gov.uk/climateready)

 please consider the environment - do you really need to print this email?

Information in this message may be confidential and may be legally privileged. If you have received this message by mistake, please notify the sender immediately, delete it and do not copy it to anyone else.

We have checked this email and its attachments for viruses. But you should still check any attachment before opening it.

We may have to make this message and any reply to it public if asked to under the Freedom of Information Act, Data Protection Act or for litigation. Email messages and attachments sent to or from any Environment Agency address may also be accessed by someone other than the sender or recipient, for business purposes.

We suggest you use water efficiency measures and aim to achieve 105 litres/person/day. This is equivalent to level 3/4 for water within the Code for Sustainable Homes. Achieving this standard within new homes can be accomplished at very little additional cost, and is significantly cheaper than retrofitting such measures later.



(c) Crown Copyright and database rights 2011 Ordnance Survey 100019209

Date: 24/10/13

Scale: 1:1083

Map Centre: 544324.5,196328.6

Data updated: 25/08/13

Telecoms Plan A4

Important Information - please read

The purpose of this plan is to identify Virgin Media apparatus. We have tried to make it as accurate as possible but we cannot warrant its accuracy. In addition, we caution that within Virgin Media apparatus there may be instances where mains voltage power cables have been placed inside green, rather than black ducting. Further details can be found using the 'Affected Postcodes.pdf', which can be downloaded from this website.

Therefore, you must not rely solely on this plan if you are carrying out any excavation or other works in the vicinity of Virgin Media apparatus. The actual position of any underground service must be verified by cable detection equipment, etc. and established on site before any mechanical plant is used. Accordingly, unless it is due to the negligence of Virgin Media, its employees or agents, Virgin Media will not have any liability for any omissions or inaccuracies in the plan or for any loss or damage caused or arising from the use of and/or any reliance on this plan.

This plan is produced by Virgin Media Limited from Ordnance Survey © Crown Copyright 100019209

agreenhalgh@pellings.co.uk

Duct, Trench

Chamber

Cabinet







agreenhalgh@pellings.co.uk

Water Main		Meter	
Private Water		Valve	
Proposed Water		Hydrant	
Abandoned Asset		End Item	

(c) Crown Copyright and database rights 2012 Ordnance Survey 100019345

Based on the Ordnance Survey Map with the sanction of the Controller of the H.M. Stationary Office License Number:- 100019345. This map is to be used for the purposes of viewing the location of Thames Water plant only. Any other uses of the map data or further copies are not permitted. The position of the apparatus shown on this plan is given without obligation and warranty, and the accuracy cannot be guaranteed. This information is valid for the date printed. Service pipes are not shown but their presence should be anticipated. No liability of any kind whatsoever is accepted by Thames Water for any error or omission. The actual position of mains and services must be verified on site before any works are undertaken.





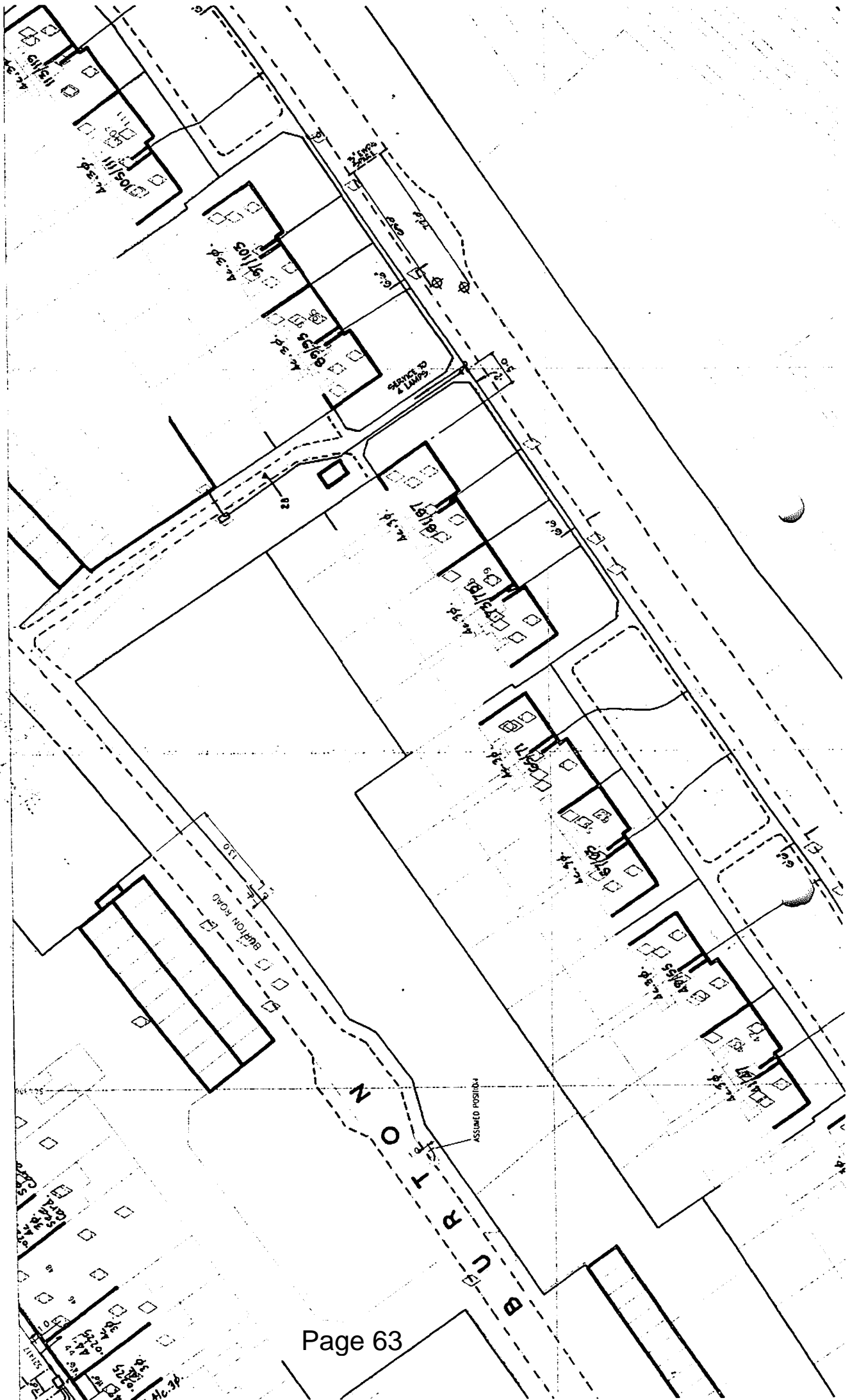
(c) Crown Copyright and database rights 2012 Ordnance Survey 100019345      Date: 23/10/13      Scale: 1:1083      Map Centre: 544316.9,196331.8      Data updated: 16/08/13      Wastewater Plan A4

Based on the Ordnance Survey Map with the sanction of the Controller of H.M. Stationary Office License Number:- 100019345. This map is to be used for the purposes of viewing the location of Thames Water plant only. Any other uses of the map data or further copies are not permitted. The position of the apparatus shown on this plan is given without obligation and warranty, and the accuracy cannot be guaranteed. This information is valid for the date printed. Service pipes are not shown but their presence should be anticipated. No liability of any kind whatsoever is accepted by Thames Water for any error or omission. The actual position of mains and services must be verified on site before any works are undertaken.

	Foul Sewer		Foul Manhole
	Surface Sewer		Surface Manhole
	Combined Sewer		Combined Manhole
	Abandoned Sewer		Abandoned Manhole
	Pressure Main		Other Manhole
	Private Asset (Colour denotes effluent type)		End Item
	Proprietary Asset (Colour denotes effluent type)		S104 Boundary

agreenhalgh@pellings.co.uk





## Appendix E

### **Information on Possible Contamination**

Information on possible contamination has been forwarded by Epping Forest District Council by way of email of 22nd May 2013, giving information on potential contamination across all the primary sites.

This clarifies possible ground contamination derived from asbestos, made ground, hydrocarbons, petroleum hydrocarbons and the like.

It is likely that any Planning Consent will carry a Condition that all contamination issues are to be remediated.

Accordingly, we recommend that initial site investigation is undertaken for all sites that move forward to Planning Applications.



## Appendix F

### Cost Build-up

**Burton Road, Epping Forest  
Indicative Estimate of Cost  
for East Thames HA**



Friday, 6 December 13

Gross Internal floor area	m2	ft2
Affordable Flat Units	1,020	10,979
Allowance for communal space @ 20%	204	2,196
Affordable House Units	651	7,007
<b>TOTAL GIA</b>	<b>1,875</b>	<b>20,183</b>

Item	Element	Qty Unit	Rate £/unit	Total £
<b>1.0 Demolition</b>				
1.1	Demolition	565 m <sup>2</sup>	50	28,242
2.2	Site clearance	3,767 m <sup>2</sup>	10	37,673
1.2	Allowance for removal of asbestos	43 Per roof	1,000	43,000
	<b>Sub-total</b>		<b>say</b>	<b>110,000</b>
<b>2.0 Affordable Flat units (12 nr. units)</b>				
2.1	Flats Private areas	1,020 m <sup>2</sup>	1,350	1,377,000
2.2	Flats communal areas (20% allowed)	204 m <sup>2</sup>	900	184,000
	<b>Sub-total</b>		<b>say</b>	<b>1,560,000</b>
<b>3.0 Affordable House units (07 nr. units)</b>				
3.1	House areas	651 m <sup>2</sup>	1,250	814,000
	<b>Sub-total</b>		<b>say</b>	<b>810,000</b>
<b>4.0 Abnormals / E/o and External Works</b>				
4.1	Private gardens (incl. fencing)	603 m <sup>2</sup>	40	24,000
4.2	Communal Gardens	1,968 m <sup>2</sup>	30	59,000
4.3	Access road, parking and turning	929 m <sup>2</sup>	65	60,000
4.4	Pedestrian paving	0 m <sup>2</sup>	50	Incl.
4.5	Cross over / highways adaptations	7 item	2,000	14,000
4.6	Allowance for contaminated ground	0 item		Excl.
4.7	Boundary treatment (fencing/walls)	401 m	160	64,000
4.8	Allowance for achieving CfSh Level 3	19 nr	4,500	86,000
	<b>Sub-total</b>		<b>say</b>	<b>310,000</b>
		£/m2	£/ft2	
	<b>INDICATIVE CONSTRUCTION COST</b>			<b>2,790,000</b>
	CONTINGENCY @ 5%			140,000
	CONTRACTORS DESIGN FEES @ 8%			234,400
	PRELIMS AND OVERHEADS AT 15%			418,500
	<b>TOTAL INDICATIVE CONSTRUCTION COST</b>	<b>1,911</b>		<b>3,582,900</b>

**Clarifications and Assumptions**

Estimate based on Pellings Feasibility drawings and standard ETG specifications

GIA is approximate due to early stage of design

Costs are based on a Q3 2014 start on site

Costs are based on a Single Stage Competitive D&B procurement route

Costs are based on a Contractor 'best programme' contract period

All units assumed to achieve Code for sustainable Homes Level 3

It is assumed that a traditional construction (concrete strip foundations, brick/block walls, timber floor structure, sloped tiled roofs) will be used

Contractors design fees are based upon appointment with planning consent under JCT D&B contract

Assumed no Party Wall or Rights of Lights issues

**Exclusions**

Clients professional fees (including statutory fees)

VAT

Asbestos (except removal of low risk asbestos roofs priced above) and hazardous material removal

Excludes any off-site works

Provision of loose fittings and furnishings

Costs of compliance of any conditions imposed by TFL or other statutory bodies

Costs of Section 106, S108, S278 Agreement(s) or Community Infrastructure Levy charges

<b>Report to</b>	<b>Council Housebuilding Cabinet Committee</b>
<b>Date</b>	<b>14<sup>th</sup> January 2014</b>

<b>Subject</b>	<b>Development Proposals for Package Two</b>
<b>Author</b>	<b>Andy Gatrell, Georg Herrmann – East Thames Group</b>

<b>1.0</b>	<b>Executive Summary</b>
1.1	<p>This report outlines the continuation of the Epping Forest Council Housebuilding Programme. Package 2 will consist of one scheme, the Burton Road scheme in Debden, which will deliver 25 units.</p> <p>The site is located within the town centre of Debden, 100 meters north of the train station. There are currently 43 garages on the site, and a long strip of green amenity space. More than 60 % of the garages are not in use.</p> <p>The merit of the proposal is to convert poorly used Local Authority land and assets to residential use and thus successfully improve pockets of land in the ownership of Epping Forest District Council (EFDC) and provide additional affordable housing to meet demand.</p> <p>Package Two achieves a loan repayment in Year 30. A subsidy of £1,025,000 is required to achieve this target.</p> <p>Rents are based on the Council's Affordable Rents Policy. A Rent Cap has been applied of £180 per week for all the 3 bed houses. Rents for one bed flats of £119.58 and for two bed flats of £165.58 are based on market rents of £650 and £900 per month respectively.</p>
<b>2.0</b>	<b>Scheme Description</b>
2.1	<p>The site in Burton Road consists of a long strip of land which is situated between housing to the rear and an access road directly in front which is a service road for a car park and storage facilities for the shops in Debden High Street. The site comprises 43 garages with hard-standing on its eastern side and a grassed area with trees on its western side. A footpath leads through the middle of the site (north to south) to Torrington Drive, a residential road to the rear. The eastern boundary is formed by the rear of a terrace of two storey houses with gardens. The site area is 0.43 hectares. The site was used as a Council depot for its Direct Labour Organisation since the 1970ies, and has been secured with a metal fence.</p>

2.2 The scheme will deliver 25 units, in detail, two small three storey blocks with 6 no one bed and 3 no two bed units each, and a small terrace of 7 no three bed houses.

The feasibility report in appendix 2 describes the proposal in greater detail with photographs of the current sites.

### 2.3 **Current Use**

There are currently 43 garages on this site and no additional informal parking at the front as this would restrict access to the garages. 24 garages are located in the fenced-off area of the former Council Depot and therefore cannot be used. 19 garages are remaining on the site out of which 2 garages are currently void. In total, 26 out of 43 garages are not in use which results in a void rate of 60.5%.

### 2.4 **Costs**

Total Scheme Costs for Package 2 is £4,108,287, comprising works costs for Package 2 of £3,584,838

The cost advice from Pellings LLP includes allowances for demolition, asbestos removal, abnormal costs, contractor's design fees and a 5% contingency. A build cost rate of £1,350 per m2 for flats and 1,250 per m2 for houses, excluding the aforementioned, is considered to be robust and appropriate, compared to projects of similar size and scope let within the last 12 months.

A detailed cost breakdown and copies of the financial appraisal modelling are to be found in the appendices.

### 2.5 **Design**

The schemes will be designed following local planning guidance and the Essex vernacular architectural tradition. They will use a mix of masonry and timber materials and blend well into and enrich the existing urban environment. The design brief includes sustainability criteria, and Code for Sustainable Homes Level 3 will be reached on all schemes.

Pellings have provided a feasibility report for this site which demonstrate the development potential outlined above. See appendix 2 for the report.

Once approval has been given, the detailed design will be progressed and planning applications will be prepared, in consultation with EFDC.

### 2.6 **Procurement**

It is proposed that the East Thames' EU-compliant contractors framework will be utilised for procuring a contractor to carry out these works. This report requests that authority shall be delegated to the Director of Housing to approve the use of the appropriate form of build contract.

## 3.0 **Scheme Status**

3.1 What stage is the scheme at? Feasibility stage

3.2 Planning Status? Following approval, detailed design will be undertaken

		with the target of submitting planning applications for Package 2 in 12 weeks' time.
3.3	Have the Build Costs been market tested?	Following granting of planning permission, package 2 will move onto the procurement stage.

<b>4.0</b>	<b>Strategic Fit</b>
4.1	<p>The scheme complies with the EFDC Draft Development Strategy, particularly as this will provide a large number of affordable family units.</p> <p>The land is owned by EFDC, and new housing for 83 residents on the Council's Housing Register will be provided.</p> <p>Rents are based on the Council's Affordable Rents Policy, and it has been necessary to apply the use of the proposed Rent Cap within the draft policy of £180 per week for all the 3 bed houses.</p>
4.2	The Council's Corporate Plan 2011-2015 sets out the aims and priorities of the Council for the four year period and addresses the challenges that the district faces. It's stated aim is "Making our district a great place to live, work, study and do business". This scheme shall contribute to this aim.

<b>5.0</b>	<b>Design &amp; Sustainability</b>
5.1	All units will meet the Essex Housing Design Guide and will be built to Code for Sustainable Homes Level 3. It is our intention to deliver a scheme with 30% of family housing across all tenures and 10% wheelchair units. The numbers of units to be dual aspect will be maximised.

<b>6.0</b>	<b>Mix of Units</b>																																			
6.1	<p>The sites disaggregate as follows:-</p> <p>Burton Road, Debden</p> <table border="1"> <thead> <tr> <th>Beds</th> <th>Persons</th> <th>Tenure</th> <th>Size sqm</th> <th>Rent p/w</th> <th>Service costs p/w</th> <th>Nr. Units</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2</td> <td>Affordable Rent</td> <td>50</td> <td>£119.58</td> <td>Incl</td> <td>12</td> </tr> <tr> <td>2</td> <td>4</td> <td>Affordable Rent</td> <td>70</td> <td>£165.58</td> <td>Incl</td> <td>6</td> </tr> <tr> <td>3</td> <td>5</td> <td>Affordable Rent</td> <td>93</td> <td>£180</td> <td>Incl</td> <td>7</td> </tr> <tr> <td colspan="6"><b><u>TOTAL AFFORDABLE UNITS</u></b></td> <td><b>25</b></td> </tr> </tbody> </table>	Beds	Persons	Tenure	Size sqm	Rent p/w	Service costs p/w	Nr. Units	1	2	Affordable Rent	50	£119.58	Incl	12	2	4	Affordable Rent	70	£165.58	Incl	6	3	5	Affordable Rent	93	£180	Incl	7	<b><u>TOTAL AFFORDABLE UNITS</u></b>						<b>25</b>
Beds	Persons	Tenure	Size sqm	Rent p/w	Service costs p/w	Nr. Units																														
1	2	Affordable Rent	50	£119.58	Incl	12																														
2	4	Affordable Rent	70	£165.58	Incl	6																														
3	5	Affordable Rent	93	£180	Incl	7																														
<b><u>TOTAL AFFORDABLE UNITS</u></b>						<b>25</b>																														

<b>7.0</b>	<b>Financial Information – Consolidated Package 2</b>
7.1	<p>Summary:-</p> <p>Package 2 achieves the financial target of loan repayment in Year 30 with a subsidy of £1,025,00. Total Scheme Costs are £4.1 million, of which the Total Build Cost budget is £3.6 million.</p>

The Burton Road scheme provides a positive Net Present Value (NPV) of £1,200,439 over the appraisal period of 30 years.

7.2	Financial Measure	Value
7.3	Loan Repayment	In Year 30
7.4	Internal Rate of Return	5.32 %
7.5	Net Present Value	1,217,619
7.6	Total Scheme Cost	£4,108,287
7.7	Acquisition	£0
7.8	Works Cost	£3,584,838
7.9	Total on costs	£523,449
7.10	Total Loan Requirement	£3,083,287
7.11	First year surplus	£25,257
7.12	Subsidy	£1,025,000

## 8.0 Key Risks

8.1 Revenue Risks: The rents assumed in the financial appraisal prove to be too high.

Mitigation: EFDC approved the rent assumptions and the rents are within the Council's rent setting policy.

8.2 Capital Risks: Ground conditions and site surveys may identify additional un-budgeted costs. Tender returns may be higher than estimated.

Mitigation: If site surveys identify substantive costs additional approval may be required or the scheme may be discontinued or redesigned to reduce build budget.

Additionally a 5% contingency has been allowed for within the build cost estimate to hedge against this risk.

8.3 Reputational Risks: Delays to programme and change of use issues in respect of car parking may result in adverse publicity.

Mitigation: Consultation with local residents and EFDC. If Package Two is delayed we are able to substitute sites. The Council's off site parking programme will be very welcome in the communities affected and thus help our programme.

8.4 Quality Risks: Build quality does not meet specified standards.

Mitigation: We will monitor robustly the build process with our qualified staff and consultants. The use of East Thames' Employer's Requirements will ensure that schemes are delivered to high standards.

8.5	<p>Legal: Rights of Ways and Easements may be identified in the course of the due diligence process.</p> <p>Mitigation: East Thames and EFDC have formulated a robust due diligence process, and this process will be followed on each and every scheme.</p>
8.6	<p>Procurement: Going out to OJEU to procure Package 2 will lead to delays and additional costs.</p> <p>Mitigation: Use of the OJEU compliant East Thames Framework</p>

<b>Recommendation</b>	<b>The Council Housebuilding Cabinet Committee is being asked to:</b>
Details	<p>Approve, subject to the satisfactory completion of the due diligence process :-</p> <ul style="list-style-type: none"> <li>• The scheme proposal presented herein (including the financial appraisal) to develop up to 25 units;</li> <li>• The submission of planning application for the Burton road scheme;</li> <li>• A total scheme budget of £4,1 million for Package 2 and the</li> <li>• Use of the East Thames Contractors Framework to procure building contractors for this project.</li> </ul>

<p><b><u>Appendices</u></b></p> <p>1, Financial result</p> <p>2, Feasibility report</p>
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# East Thames Group

## Appraisal for Rent & Sale

SDS ProVal Version 9.13 Nov-2012

Saved file path: Q:\Development\Applications\Proval\Working Provals\Epping Forest House Building

**Scheme Name** Burton Road, Debden

**Date** 23 Dec 2013

**Address**

**Funding Year** 2013/2014

**Another Description**

**Local Authority** Epping Forest

**Project/File Ref.**

**LA Number** 361

**County** Essex

**Appraisal by** georg.herrmann

**Scheme Description**

**Sketch Drw'g No.**

**Site Area (acs)** 0.00 ha

**Seller**

**Units** 25

**Appraisal Version** 1

**Comments**

*See also Commentary in Rent Summary*

### A Unit Details

Unit Description	A	B	C	D	E	F	G	H	TOTALS
Net Area <span style="float:right">m<sup>2</sup></span>	50.00	70.00	93.00						1,671.00
Bedrooms	1-bed	2-bed	3-bed						m <sup>2</sup>
Persons	2	4	5						83
Units	12	6	7						25
Commercial - y?	n	n	n						
Flat (not house) - y?	y	y	n						
Shared Accom. - y?	n	n	n						
Habitable Rooms	2	3	4						70
Stores	3	3	2						
Value at Jan' 1999									
Market Sales Value									0
Product Type	Affordable Rent	Affordable Rent	Affordable Rent						
Catalyst Dev. Type	New Build	New Build	New Build						
Other Description									
Sales % at Outset									
Res' Sold Equity	0	0	0	0	0	0	0	0	0
Res' Unsold Equity	0	0	0	0	0	0	0	0	0
Initial Commercial Sales	0	0	0	0	0	0	0	0	0

#### Confirm Gross Floor Area

	Net m <sup>2</sup>	Adjust by % and/or by m <sup>2</sup>	Gross m <sup>2</sup>	Gross ft <sup>2</sup>	Habitable Rooms Summary	
Residential Floor Area	1,671.00	12.5%	1,876.53	20,199.00	Residential Rent	70
Commercial Floor Area	0.00		0.00	0.00	Residential Sale	0
Total Floor Area	1,671.00		1,876.53	20,199.00	Other	0
					<b>Total</b>	<b>70</b>

### B Acquisition & Works Cost

ACQUISITION	Input Type	Input	Total	VAT %	Average per Unit	Average per Person	Memorandum Information
							1532.71028 535
Use Value from Land Appraisal, y/n?			0		0	0	
		VAT Total	0		0	0	
Acquisition Total			0		0	0	
WORKS	Input Type	Input	Total	VAT %	Average per Unit	Average per Person	
works	Per Gross m <sup>2</sup>	1,264	2,371,938		94,878	28,578	5.32%
Asbestos removal, demo, etc	Lump Sum	110,000	110,000		4,400	1,325	
Abnormals	Lump Sum	224,000	224,000		8,960	2,699	
SCH 3	Lump Sum	86,000	86,000		3,440	1,036	
cont, o/h, profit, design	Lump Sum	792,900	792,900		31,716	9,553	
Use Total from Land Appraisal, y/n?			0		0	0	
		VAT Total	0		0	0	
Works Total	2,145 /m <sup>2</sup> nfa	1,910 /m <sup>2</sup> gfa	3,584,838		143,394	43,191	

Acquisition & Works Summary		Total	Average per Unit	Average per Person
Total	2,145 /m <sup>2</sup> nfa	1,910 /m <sup>2</sup> gfa	3,584,838	143,394
			43,191	

A&W as % of Market Sales Value

Optimisation

Target % for A&W/Market Sales Value

Acquisition  
Works  
Dev. Interest  
Net Loan

Account Codes	
Acquisition Total Entered	0
Market Value, if Different	
Land Discount	0

For optimisation of Total Scheme Costs see Section F



## F Total Scheme Cost

		% TSC	Analysis of RSL Funding	Per Unit	Per Person	% of TSC
Acquisition & Works as Section B	3,584,838	87.3%	Receipts from Initial Sales	0		
Development Fees as Section D	476,476	11.6%	Advance Rent Income	0		
User-defined Interest Cost	46,973	1.1%	Loan Adjustment	0		
Other Costs or Savings(-)			RSL Capital Contribution	0		
Other Costs or Savings(-)			Net Loan	3,083,287	123,331	37,148
<b>Total Scheme Cost (TSC)</b>	<b>4,108,287</b>	<b>100.0%</b>	<b>Total RSL Funding</b>	<b>3,083,287</b>	<b>123,331</b>	<b>37,148</b>
						<b>75.1%</b>
<b>TSC as % of Market Sales Value</b>			<b>Analysis of Subsidy &amp; Other Funding</b>			
<b>Optimisation</b>			As Prod. Type	1,025,000	41,000	12,349
Target % for TSC/Market Sales Value	90.0%		Other	0		
Alternative Solutions:			Other Sum	0		
Total saving in TSC required	0	0 per unit	<b>Total Other Funding</b>	<b>1,025,000</b>	<b>41,000</b>	<b>12,349</b>
or Affordable Acq. Total	0	0 per unit, or per hab. room				<b>25.0%</b>
or Affordable Wks. Total	0	per unit, or per gross m <sup>2</sup>				
Optimisation results for Acq. and Wks. assume that development fees & interest remain at 12.7% of TSC						

## G Private Finance

Private Finance Requirement at Year 1		% of TSC	% of MSV	Loan Repayment Method
Total Scheme Cost - as Section F	4,108,287	100.0%	0.0%	Annuity y/n? n Interest Only Method Chosen
Development Subsidy - as Section C	1,025,000	25.0%	0.0%	Leave blank
Receipts from initial Sales	0			
Advance Rent Income	0			
Loan Adjustment				
Capital Contribution at Year 1				
<b>Net Loan, before Sales (Section J)</b>	<b>3,083,287</b>	<b>75.1%</b>	<b>0.0%</b>	
<b>Value: Loan Ratios &amp; Affordable Loan Values</b>				
				Current Market Sales Value 0
				NPV of Net Rent Only 4,300,906
				User Specified Value <input type="text"/>
				Current Market Sales Value: Net Loan % 0.0%
				NPV of Net Rent: Net Loan % 139.5%
				User Specified Value: Net Loan % 0.0%
				<b>Value: Net Loan, Target %</b> <input type="text"/>
				Affordable Loan on NPV Value
				Affordable Loan on User Spec. Value

Apportionment of Net Loan & Long Term Interest Rates					
		Loan A	Loan B		
Loan A: % Apportionment		100.00%	0.00%		
Loan Amounts		3,083,287	0		
		Interest Rate	Interest Rate	Effective Rate %	
		%	%		
Year 1 to	45	3.50%		3.50%	

## H Inflation

Base Inflation Rate	2.50%	Inflation is applied from Year 2 onwards. Set all periods to Year 45.		
<b>Inflation Margins &amp; Periods for Income</b>				
Residential Tenant Rent		Margin on Base Rate	Effective Inflation Rates	
Period 1	Year 1 to 45	0.50%	3.00%	
			0.00%	
Commercial Rent - n/a				
Year 1 to	45			
Ground Rent				
Period 1	Year 1 to 45		2.50%	
			0.00%	
Services (Charges & Costs)				
Period 1	Year 1 to 45	0.00%	2.50%	
			0.00%	
Market Sales Values (Residential) - n/a				
Year 1 to	45	0.00%	0.00%	
			0.00%	
Market Sales Values (Commercial) - n/a				
Year 1 to	45		0.00%	
			0.00%	

Inflation Margins & Periods for Allowances				
		Margin on Base Rate	Effective Inflation Rates	
Management				
Period 1	Year 1 to 45	1.00%	3.50%	
			0.00%	
Maintenance				
Period 1	Year 1 to 45	1.00%	3.50%	
			0.00%	
Reinstatement				
Period 1	Year 1 to 45		2.50%	
			0.00%	
Another Allowance				
Period 1	Year 1 to 45	0.00%	2.50%	
			0.00%	
Major Repairs				
Period 1	Year 1 to 45	1.50%	4.00%	
			0.00%	

## I Rent Allowances & Periods

Set allowances as at Year 1 of Long Term Cashflow and all periods to Year 45, ignoring future sales

	A	B	C	D	E	F	G	H	Weighted Averages at Year 1
Product Type	Affordable Rent	Affordable Rent	Affordable Rent						
Commercial									
Number of Units	12	6	7						
Res' Shared Equity?	n	n	n						Units Available
Prop. Available for Rent?	y	y	y						25
<b>Managing Agent</b>	<b>% of Gross Rent (excl. Ground Rent &amp; Service Charges) less voids</b>								
Year 1 to 45									0.00%
Add VAT to M. Ag.									
<b>RSL Management</b>	<b>Per Unit Per Annum</b>								Default value for information, Shared Equity 0
Year 1 to 45	1,327	1,327	1,327						1,327
<b>Maintenance</b>	<b>Per Unit Per Annum</b>								Default value for information, Rent 691
Year 1 to 45	910	910	910						910
Product Type	A	B	C	D	E	F	G	H	
Res' Shared Equity?	Affordable Rent	Affordable Rent	Affordable Rent						
Prop. Available for Rent?	n	n	n						
	y	y	y						
<b>Services Cost</b>	<b>Per Unit Per Annum</b>								
Year 1 to 45	79	110							89
<b>Reinstatement Cost</b>	<b>Per Unit Per Annum</b>								
Year 1 to 45									0
<b>Another Allowance</b>	<b>Per Unit Per Annum</b>								
Year 1 to 45									0
<b>Voids &amp; Bad Debts</b>	<b>% of Gross Rents &amp; Service Charges</b>								Default value for information, Shared Equity 0.00%
Year 1 to 45	2.00%	2.00%	2.00%						4.25%
									2.00%

### Major Repair Sinking Fund Options

#### Option 1

% Selection	% User Input	Year 1 to 45	0.80%	on 1,951,594
	User Input	1,951,594		

#### Option 2

Per Unit, Per Annum, Com. Rented Units Only	Year 1 to 45	
---	--------------	--

#### Option 3

Per Unit, Per Annum, Res. Rented Units Only	Year 1 to 45	
---	--------------	--

Sinking Fund at Year 7 19,755

Defer the Start of the Sinking Fund to Year

Memorandum Information
Options 2 & 3 can be used together. With these options shared equity units and units fully sold at the outset are excluded.

## J Sales & Other Capital Receipts

### 1. Other Capital Receipts in Long Term Cashflow

All capital income is deemed to be received at the end of the year entered.

Lump Sum	Description	
Infla'd Sum	Description	

### 2. Unit & Ground Rent Sales

All sales are deemed to be received at the end of the year entered. For Sales & Equity Shares at the outset, enter in Section A

For staircasing shared equity units, use the Shared Equity Report

	A	B	C	D	E	F	G	H	Total for all Units
Product Type	Affordable Rent	Affordable Rent	Affordable Rent						
Units	12	6	7	0	0	0	0	0	
Commercial									
Market Sales Value Available for Sale	0	0	0	0	0	0	0	0	
Sell units at end of Year									
Value for Sale at Yr. 1	0	0	0	0	0	0	0	0	
Rec'd at Year of Sale	0	0	0	0	0	0	0	0	0
Total Received	0	0	0	0	0	0	0	0	0
Sell Gr'd Rents at Year									
Capital'd %	0	0	0	0	0	0	0	0	0

Set Ground Rents in Section L. Inflation is applied to Year 2 onwards.

**K Cost Rent at Year 1**

No. of Weekly Rent Periods p.a.

Loan Interest is on the full Net Loan. The long term cashflow uses an averaged interest after receiving rent.

	Year 1	Total Cost at Year 1, Per Unit Type - rents are pro rata net floor area				
		Type	Commercial	Rent p.w. excl. S.C.	S.C. p.w.	Total p.w.
Loan Interest	107,915					
Managing Agent	0	n	95.87	1.50	97.38	423.42
RSL Management	33,175	n	134.22	2.11	136.33	592.78
Maintenance	22,750	n	178.32	0.00	178.32	775.39
Services Cost (S.C.)	1,601		0.00	0.00	0.00	0.00
Reinstatement Cost	0		0.00	0.00	0.00	0.00
Another Allowance	0		0.00	0.00	0.00	0.00
Major Repairs	0		0.00	0.00	0.00	0.00
Voids etc. 2.0%	3,376		0.00	0.00	0.00	0.00
<b>Total Cost at Year 1</b>	<b>168,818</b>					
<b>Averages</b>		128.16 per week (ex. S.C.)	557.28 per month (ex. S.C.)			
		129.42 per unit per week	562.73 per unit per month			
		100.05 per net m <sup>2</sup> (ex. S.C.)	101.03 per net m <sup>2</sup> (incl. S.C.)			

Loan Interest is on the Opening Loan. The long term cashflow uses an averaged interest after receiving rent. Therefore Cost Rent is overstated. NB For calculating the Total Cost at Year 1, Voids and Managing Agent costs use a unit average. These costs will vary with the actual rent and with the Managing Agent and Voids percentages for each dwelling type.

**L Set Rents & Service Charges for Long Term Cashflow**

Cost Rent & S.C., p.w.	A	B	C	D	E	F	G	H	Total at Year 1
Product Type	Affordable Rent	Affordable Rent	Affordable Rent						
Commercial									
Target - April 2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Rent Cap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Service Cost p.w.	1.50	2.11	0.00	0.00	0.00	0.00	0.00	0.00	
Cost Rent p.w. excl. S.C.	95.87	134.22	178.32	0.00	0.00	0.00	0.00	0.00	1,634
<b>Total Cost Rent p.w.</b>	<b>97.38</b>	<b>136.33</b>	<b>178.32</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>167,184</b>

**Commercial Rents n/a**

Year 1 to									0
-----------	--	--	--	--	--	--	--	--	---

These Options n/a Set initial Rent Free Period (months)  months  
 Rent Review Period, i.e. rent fixed for  years

Preferred Yield % on Unsold Equity, n/a

Residential Shared Equity units only

Unsold Equity Share %

Cost Rent % of u/s Eq'ty

Rent p.w. at 2.75% Yield

Local Housing Allowance

**Residential Rents n/a**

Year 1 to	45	119.58	165.58	180.00					192,458
		based on £650 and £900 market rents							

**Set all service charges received per week**

Year 1 to	45								0
-----------	----	--	--	--	--	--	--	--	---

**Set Ground Rents received per annum**

Year 1 to	45								0
-----------	----	--	--	--	--	--	--	--	---

Rent Yields as at end of Year	1	Gross	Net
Total All Revenue Income, ex. voids at Year 1		188,608	131,082
Compared with Market Value at Year 1	0		
Compared with Total Scheme Cost of	4,108,287	4.59%	3.19%
Compared with Acquisition Cost of	0		

**Residential at Start of Year 1**  
 Gross Rent 192,458  
 Market Value 0  
 Yield  
**Commercial at Start of Year 1**  
 Gross Rent 0  
 Market Value 0  
 Yield

Rent Yields as at end of Year		Gross	Net

NPV of Gross Rent & S.C. ex. Voids, divided by Open'g Loan, p.a.   
 NPV of Net Rent less loan interest, divided by Open'g Loan, p.a.   
 NPV Period & Discount Rate: 45 years at 3.50%, as defined in Section M

**Calculation of Affordable Loan Based on Net Income at Year 1**

Total Set Rent	192,458			
Service Charges	0			
Ground Rents	0			
Managing Agent	0			
RSL M'ngmnt & Maint.	55,925			
Services Cost	1,601			
Reinstatement Cost	0			
Another Allowance	0			
Major Repairs	0			
Voids & Bad Debts	3,849			
<b>Net Income at Year 1</b>	<b>131,082</b>			
		Actual Loan	3,083,287	
		Affordable Loan	3,804,879	Assuming net income meets Year 1 loan costs
		Difference	721,592	Equivalent to the capitalised Year 1 net revenue surplus.

	Per Unit p.a.	Per Unit p.w.	Per Unit p.m.
Set Residential Rent	7,698	147.54	641.53
Set Commercial Rent	0		

**M Long Term Cashflow**

Loan Repayment Method Interest Only  
 Peak Loan Occurs in Year 1 3,083,287  
 Revenue First Exceeds Costs Year 1  
 Loan Repaid by Year 30

NPV Calculation Options Net Rent + Cap. Val. - Loan  
 NPV Discount Rate 3.50%  
 Summarise Cashflow Results to Year 45

Capital Value of Scheme - Year 1  
 Capital Growth Rate p.a.  
 Discounted Cap. Value

	n/a	Per Unit	Per Person
Max. Annual Deficit: Year	n/a		
Capitalised Yr. 1 Net Revenue Surplus	721,592	28,864	8,694
Cum. Surplus at Year 45	4,440,599	177,624	53,501
NPV Net Rent + Cap. Val. - Loan	1,217,619	48,705	14,670
IRR	5.32%		
NPV of Net Rent Only	4,300,906		
NPV of All Capital Receipts	0		

Interest Total 2,131,434  
 Min. Interest Cover: Year 1 123.87%  
 Target Interest Cover % 115.00%  
 First met after Year 1 in Year 2

Last Works payment in Scheme Cashflow Aug-2015

Year	1	2	3	4	5	6	7	8	9
Opening Loan	3,083,287	3,058,030	3,028,170	2,993,444	2,953,577	2,908,282	2,857,258	2,820,262	2,778,402
Average Interest	105,825	104,883	103,778	102,551	101,042	99,392	97,854	96,503	94,981
Other Capital Receipts	0	0	0	0	0	0	0	0	0
Sales Receipts	0	0	0	0	0	0	0	0	0
Staircasing Receipts	0	0	0	0	0	0	0	0	0
Gr'd Rent Sales Rec'pts	0	0	0	0	0	0	0	0	0
Loan Repayment, Total	131,082	134,743	138,504	142,368	146,338	150,416	134,850	138,363	141,963
Closing Loan	3,058,030	3,028,170	2,993,444	2,953,577	2,908,282	2,857,258	2,820,262	2,778,402	2,731,420
Gross Resid'l Rent	192,458	198,231	204,178	210,304	216,613	223,111	229,804	236,698	243,799
Gross Comm'l Rent	0	0	0	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0	0	0	0
Ground Rents	0	0	0	0	0	0	0	0	0
Voids	3,849	3,965	4,084	4,206	4,332	4,462	4,596	4,734	4,876
Managing Agent s/t	188,608	194,267	200,095	206,097	212,280	218,649	225,208	231,965	238,923
RSL Management	33,175	34,336	35,538	36,782	38,069	39,401	40,781	42,208	43,685
Maintenance	22,750	23,546	24,370	25,223	26,106	27,020	27,966	28,944	29,957
Services Cost	1,601	1,641	1,682	1,725	1,768	1,812	1,857	1,904	1,951
Reinstatement Cost	0	0	0	0	0	0	0	0	0
Another Allowance	0	0	0	0	0	0	0	0	0
Major Repairs	0	0	0	0	0	0	19,755	20,545	21,367
Net Rent	131,082	134,743	138,504	142,368	146,338	150,416	134,850	138,363	141,963
Net Rent + Rec'ts - Inter't	25,257	29,860	34,726	39,867	45,295	51,024	36,996	41,860	46,982
Cashflow	0	0	0	0	0	0	0	0	0
Cum. Balance	0	0	0	0	0	0	0	0	0
Year	10	11	12	13	14	15	16	17	18
Opening Loan	2,731,420	2,679,048	2,621,007	2,557,005	2,486,740	2,409,895	2,326,141	2,235,136	2,136,523
Average Interest	93,278	91,385	89,291	86,988	84,464	81,709	78,709	75,455	71,932
Other Capital Receipts	0	0	0	0	0	0	0	0	0
Sales Receipts	0	0	0	0	0	0	0	0	0
Staircasing Receipts	0	0	0	0	0	0	0	0	0
Gr'd Rent Sales Rec'pts	0	0	0	0	0	0	0	0	0
Loan Repayment, Total	145,649	149,426	153,293	157,254	161,310	165,463	169,715	174,068	178,525
Closing Loan	2,679,048	2,621,007	2,557,005	2,486,740	2,409,895	2,326,141	2,235,136	2,136,523	2,029,930
Gross Resid'l Rent	251,113	258,647	266,406	274,398	282,630	291,109	299,843	308,838	318,103
Gross Comm'l Rent	0	0	0	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0	0	0	0
Ground Rents	0	0	0	0	0	0	0	0	0
Voids	5,022	5,173	5,328	5,488	5,653	5,822	5,997	6,177	6,362
Managing Agent s/t	246,091	253,474	261,078	268,910	276,978	285,287	293,846	302,661	311,741
RSL Management	45,214	46,797	48,434	50,130	51,884	53,700	55,580	57,525	59,538
Maintenance	31,006	32,091	33,214	34,377	35,580	36,825	38,114	39,448	40,829
Services Cost	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437
Reinstatement Cost	0	0	0	0	0	0	0	0	0
Another Allowance	0	0	0	0	0	0	0	0	0
Major Repairs	22,222	23,111	24,035	24,997	25,996	27,036	28,118	29,242	30,412
Net Rent	145,649	149,426	153,293	157,254	161,310	165,463	169,715	174,068	178,525
Net Rent + Rec'ts - Inter't	52,372	58,041	64,002	70,265	76,845	83,754	91,005	98,613	106,593
Cashflow	0	0	0	0	0	0	0	0	0
Cum. Balance	0	0	0	0	0	0	0	0	0

Year	19	20	21	22	23	24	25	26	27
Opening Loan	2,029,930	1,914,972	1,791,247	1,658,336	1,515,804	1,363,200	1,200,052	1,025,871	840,149
Average Interest	68,129	64,031	59,624	54,894	49,826	44,403	38,610	32,428	25,840
Other Capital Receipts	0	0	0	0	0	0	0	0	0
Sales Receipts	0	0	0	0	0	0	0	0	0
Staircasing Receipts	0	0	0	0	0	0	0	0	0
Gr'd Rent Sales Rec'pts	0	0	0	0	0	0	0	0	0
Loan Repayment, Total	183,087	187,756	192,535	197,426	202,430	207,551	212,790	218,150	223,632
Closing Loan	1,914,972	1,791,247	1,658,336	1,515,804	1,363,200	1,200,052	1,025,871	840,149	642,357
<b>Gross Resid'l Rent</b>	<b>327,646</b>	<b>337,475</b>	<b>347,600</b>	<b>358,028</b>	<b>368,769</b>	<b>379,832</b>	<b>391,227</b>	<b>402,963</b>	<b>415,052</b>
Gross Comm'l Rent	0	0	0	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0	0	0	0
Ground Rents	0	0	0	0	0	0	0	0	0
Voids	6,553	6,750	6,952	7,161	7,375	7,597	7,825	8,059	8,301
s/t	321,093	330,726	340,648	350,867	361,393	372,235	383,402	394,904	406,751
Managing Agent	0	0	0	0	0	0	0	0	0
RSl Management	61,622	63,779	66,011	68,322	70,713	73,188	75,749	78,401	81,145
Maintenance	42,258	43,737	45,268	46,852	48,492	50,189	51,946	53,764	55,646
Services Cost	2,498	2,560	2,624	2,690	2,757	2,826	2,896	2,969	3,043
Reinstatement Cost	0	0	0	0	0	0	0	0	0
Another Allowance	0	0	0	0	0	0	0	0	0
Major Repairs	31,629	32,894	34,209	35,578	37,001	38,481	40,020	41,621	43,286
Net Rent	183,087	187,756	192,535	197,426	202,430	207,551	212,790	218,150	223,632
Net Rent + Rec'ts - Inter't	114,958	123,725	132,911	142,532	152,604	163,148	174,181	185,722	197,792
Cashflow	0	0	0	0	0	0	0	0	0
Cum. Balance	0	0	0	0	0	0	0	0	0
Year	28	29	30	31	32	33	34	35	36
Opening Loan	642,357	431,946	208,344	0	0	0	0	0	0
Average Interest	18,828	11,372	3,478	0	0	0	0	0	0
Other Capital Receipts	0	0	0	0	0	0	0	0	0
Sales Receipts	0	0	0	0	0	0	0	0	0
Staircasing Receipts	0	0	0	0	0	0	0	0	0
Gr'd Rent Sales Rec'pts	0	0	0	0	0	0	0	0	0
Loan Repayment, Total	229,239	234,974	211,822	0	0	0	0	0	0
Closing Loan	431,946	208,344	0	0	0	0	0	0	0
Gross Resid'l Rent	427,504	440,329	453,539	467,145	481,159	495,594	510,462	525,776	541,549
Gross Comm'l Rent	0	0	0	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0	0	0	0
Ground Rents	0	0	0	0	0	0	0	0	0
Voids	8,550	8,807	9,071	9,343	9,623	9,912	10,209	10,516	10,831
s/t	418,954	431,522	444,468	457,802	471,536	485,682	500,253	515,260	530,718
Managing Agent	0	0	0	0	0	0	0	0	0
RSl Management	83,985	86,924	89,967	93,115	96,374	99,748	103,239	106,852	110,592
Maintenance	57,593	59,609	61,695	63,855	66,089	68,403	70,797	73,275	75,839
Services Cost	3,119	3,197	3,277	3,359	3,443	3,529	3,617	3,708	3,800
Reinstatement Cost	0	0	0	0	0	0	0	0	0
Another Allowance	0	0	0	0	0	0	0	0	0
Major Repairs	45,017	46,818	48,691	50,638	52,664	54,770	56,961	59,240	61,609
Net Rent	229,239	234,974	240,838	246,835	252,965	259,232	265,639	272,186	278,877
Net Rent + Rec'ts - Inter't	210,411	223,602	237,360	246,835	252,965	259,232	265,639	272,186	278,877
Cashflow	0	0	29,016	246,835	252,965	259,232	265,639	272,186	278,877
Cum. Balance	0	0	29,016	275,851	528,816	788,049	1,053,687	1,325,873	1,604,751
Year	37	38	39	40	41	42	43	44	45
Opening Loan	0	0	0	0	0	0	0	0	0
Average Interest	0	0	0	0	0	0	0	0	0
Other Capital Receipts	0	0	0	0	0	0	0	0	0
Sales Receipts	0	0	0	0	0	0	0	0	0
Staircasing Receipts	0	0	0	0	0	0	0	0	0
Gr'd Rent Sales Rec'pts	0	0	0	0	0	0	0	0	0
Loan Repayment, Total	0	0	0	0	0	0	0	0	0
Closing Loan	0	0	0	0	0	0	0	0	0
Gross Resid'l Rent	557,795	574,529	591,765	609,518	627,804	646,638	666,037	686,018	706,599
Gross Comm'l Rent	0	0	0	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0	0	0	0
Ground Rents	0	0	0	0	0	0	0	0	0
Voids	11,156	11,491	11,835	12,190	12,556	12,933	13,321	13,720	14,132
s/t	546,640	563,039	579,930	597,328	615,248	633,705	652,716	672,298	692,467
Managing Agent	0	0	0	0	0	0	0	0	0
RSl Management	114,463	118,469	122,615	126,907	131,348	135,946	140,704	145,628	150,725
Maintenance	78,494	81,241	84,084	87,027	90,073	93,226	96,489	99,866	103,361
Services Cost	3,895	3,993	4,093	4,195	4,300	4,407	4,518	4,630	4,746
Reinstatement Cost	0	0	0	0	0	0	0	0	0
Another Allowance	0	0	0	0	0	0	0	0	0
Major Repairs	64,074	66,637	69,302	72,074	74,957	77,955	81,074	84,317	87,689
Net Rent	285,714	292,700	299,836	307,125	314,569	322,171	329,933	337,857	345,945
Net Rent + Rec'ts - Inter't	285,714	292,700	299,836	307,125	314,569	322,171	329,933	337,857	345,945
Cashflow	285,714	292,700	299,836	307,125	314,569	322,171	329,933	337,857	345,945
Cum. Balance	1,890,465	2,183,164	2,483,000	2,790,125	3,104,694	3,426,865	3,756,797	4,094,654	4,440,599

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## **Report to the Council Housebuilding Cabinet Committee**



**Report reference:** CHB-010-2013/14  
**Date of meeting:** 04 February 2014

**Epping Forest  
District Council**

**Portfolio:** Housing – Cllr David Stallan  
**Subject:** Review of Rent Cap – EFDC Affordable Rent Policy  
**Responsible Officer:** Alan Hall, Director of Housing (01992 564004)  
**Democratic Services Officer:** Jackie Leither (01992 564756)

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### **Recommendations:**

- (1) That the Council's Rent Cap remains at £180 per week for 2014/15;**
- (2) That the Council's Affordable Rents Policy be applied to both:**
  - (a) Financial Appraisals for potential developments; and**
  - (b) To the actual rents charged for properties when they are let;**

**in relation to market rent levels, Local Housing Allowance (LHA) levels and the Rent Caps applicable at that time;**

- (3) That the Council's Rent Cap next be reviewed by the Cabinet Committee towards the end of 2014/15, in time for inclusion within the Rents Strategy Chapter of the HRA Business Plan for 2015/16.**

### **Executive Summary:**

The Cabinet Committee previously agreed and adopted an Affordable Rents Policy for the Council Housebuilding Programme, explaining the approach to the setting of affordable rents for the Council Housebuilding Programme.

The Affordable Rents Policy includes the use of a Rent Cap, relating to the maximum rent to be charged for affordable rented properties; in July 2013, the Cabinet Committee agreed that this should be set at £180 per week for 2013/14, but that the level should be reviewed by the Cabinet Committee annually.

Since the Rent Cap was only agreed less than 7 months ago, it is suggested that the Council's Rent Cap remains at £180 per week for 2014/15.

The report also clarifies and confirms that the approach and rent levels set-out within the Affordable Rents Policy (including the level of Rent Cap), when applied to both Financial Appraisals for potential developments and to the actual rents charged for properties when they are let, relate to those levels that are applicable at that point in time, which may be different, due to the time lapse between the Financial Appraisal stage and when the properties are built and let.

## **Reasons for Proposed Decision:**

It is a requirement of the Council Affordable Rents policy to review the level of Rent Cap each year.

## **Other Options for Action:**

The other main options are:

- (a) To either reduce or increase the level of Rent Cap; or
- (b) To no longer have a Rent Cap.

## **Background**

1. At its meeting on 10<sup>th</sup> July 2013, the Cabinet Committee agreed and adopted an Affordable Rents Policy for the Council Housebuilding Programme, which explains the approach to how affordable rents for new Council properties built under the Programme will be set.
2. "Affordable rents" are defined by the HCA as being up to 80% of market rents (including service charges). Once properties are let, the HCA's Affordable Rent Model states that affordable rents can be increased annually by a maximum of RPI (as at the preceding September) + 0.5%, until the property is vacated. Following a change in approach by the Government, from April 2015, the maximum increase will change to CPI (as at the preceding September) +1%. The Cabinet Committee agreed that, once the properties have been re-let, the Council's affordable rents should be increased annually by the maximum increase.
3. On re-let, the rent has to be re-based in accordance with Affordable Housing Policy applicable at that time.
4. The Council's Affordable Rents Policy states that affordable rents will be set at the lowest of three factors:
  - 80% of the market rent for the property;
  - The Local Housing Allowance (LHA) level for the property within the Broad Rental Market Area (BRMA); or
  - A Rent Cap self-imposed by the Council – that avoids rents being unaffordable, even if they are less than the first two factors, particularly with regard to the introduction of the Government's new Benefits Cap as part of its welfare reforms
5. It is anticipated nationally that the Government's welfare reforms will result in some affordable rents being unaffordable to those on benefits (i.e. housing benefit and, in the future, universal credit) if 80% of market rents, or even the LHA level, are charged – mainly for those larger families in larger properties. For this reason, many housing associations and councils that charge affordable rents generally apply a Rent Cap, which limits the maximum rent that can be charged, in order for rents to be affordable to any tenant in receipt of housing benefit (or universal credit in the future).
6. Having regard to the Rent Caps applied by a number of other councils and housing associations, and to the Government's Benefit Caps, the Cabinet Committee agreed in July 2013 that a Rent Cap of £180 per week should be applied in respect of the Council's Housebuilding Programme for 2013/14, bearing in mind that an affordable rent at this level

would still be significantly higher than the social rents charged by the Council for its existing properties.

7. The Cabinet Committee also agreed that the Council's Rent Cap level should be reviewed annually by the Cabinet Committee - and then set out within the Rents Strategy Chapter of the HRA Business Plan each year.

8. Since the Rent Cap was only agreed less than 7 months ago, and particularly in view of the fact that the Government has not increased its Benefits Cap from £500 per week (£350 for single people without children), it is suggested that the Council's Rent Cap remains at £180 per week for 2014/15.

9. For the avoidance of doubt, it is also suggested that the Council's Affordable Rents Policy is applied to both:

- Financial Appraisals for potential developments; and
- To the actual rents charged for properties when they are let;

in relation to the market rents, LHAs and Rents Cap applicable at that time. So, for example, although Financial Appraisals prepared now would use a Rent Cap of £180 per week, when the properties that are the subject of the Financial Appraisal are eventually let (which could be up to 2 years later, or more for developments undertaken in later phases which are appraised over the next 12 months) the Rent Cap agreed for that financial year would be the one applied to actually set the rents.

#### **Resource Implications:**

The Rent Cap has a direct bearing on the rental income received for new developments, and their financial viability. The higher the rents are set, the greater the income and the less subsidy is required from other sources (e.g. capital receipts from Right to Buy sales, Section 106 contributions etc).

#### **Legal and Governance Implications:**

Formal approval from the HCA will be required before affordable rents can be charged, but this is generally forthcoming.

#### **Safer, Cleaner and Greener Implications:**

None.

#### **Consultation Undertaken:**

The Council's Preferred Housing Association Partners, including East Thames (the Council's Development Agent), have previously been consulted on the Council's Affordable Rents Policy and the use of Rent Caps and raised no concerns or objections.

#### **Background Papers:**

None

## **Impact Assessments:**

### Risk Management

Since the use of Rent Caps within the Affordable Rent Policy has a direct bearing on the rental income received for new developments, the greatest risks are that either new developments become unviable as a result (if the Rent Cap is too low) or too many housing applicants are unable to afford the rents (if it is too high).

These risks are mitigated by the Council being able to learn from the experiences of housing associations, who have been charging affordable rents for some time, including the use of Rent Caps.

Since the Cabinet Committee will consider and sign-off financial appraisals for every proposed development, the financial effects of the Rent Cap and the Affordable Rent Policy more generally can be monitored. If, over time, a problem is identified, the Cabinet Committee can review its policy.

### Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

It should be noted that an Equality Impact Assessment has already been formulated for Housing Strategy and Development.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

## **Report to the Council Housebuilding Cabinet Committee**



**Report reference:** CHB-011-2013/14  
**Date of meeting:** 04 February 2014

**Epping Forest  
District Council**

**Portfolio:** Housing – Cllr David Stallan  
**Subject:** Package (Year) One Update Report – Council House-Building Programme  
**Responsible Officer:** Paul Pledger, Asst. Director of Housing (Property) (01992 564248)  
**Democratic Services Officer:** Jackie Leither (01992 564756)

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### **Recommendations:**

(1) That the current progress with regard to Package One, consisting of five sites in Waltham Abbey; Harveyfields, the former Red Cross site, and three sites on Roundhills Estate be noted;

(2) That the revised budget position be noted, with total scheme costs of £3,908,324 (Works & fees) for which a higher subsidy of £512,000 that previously reported is required to achieve a 30-year payback as required by the Council's Development Strategy with a positive Net Present Value (NPV); and

(3) That the updated financial information, including the revisions to the housing estimates, be noted and the amendments to the budgets be submitted to Cabinet as part the HRA Capital Programme and Revenue Account.

### **Executive Summary:**

In July 2013, the Cabinet Committee considered feasibility studies and an investment report for Package One of the Council's House-building Programme. This report provides Members with an update on both progress to date and budget position.

### **Reasons for Proposed Decision:**

It is a requirement that the House-Building Cabinet Committee receives regular updates on progress and monitors expenditure against the House-building budget as delegated by the Cabinet.

### **Other Options for Action:**

1. This report is for noting only.

### **Background**

1. Attached at Appendix 1 is an updated Investment Report for Package One consisting of five sites in Waltham Abbey; Harveyfields, the former Red Cross site, and three sites on the Roundhills Estate.

2. The Cabinet Committee's attention is drawn to the following updated information contained within the Investment Report:
  - a. The revised Total Scheme Costs for Package One is now £3,908,324 (Works & Fees).
  - b. Overall, Package One will now deliver 23 affordable rented units, with Site 5, consisting of 2 x three-bed houses, being withdrawn so that a "Right of Way" issue can be resolved.
  - c. Package One achieves the financial target of loan repayment in Year 30, providing it receives subsidy of £512,000. This has increased from £425,000 mainly due to Caretaking and Grounds Maintenance costs now being included.
3. The updated cash flow shows reductions of £130,000 and £705,000 in 2013/14 and 2014/15 respectively, relative to the figures approved as part of the Capital Programme on 2 December 2013. This represents: transfers of £77,000 and £63,000 in 2013/14 and 2014/15 respectively to the HRA Revenue Account for feasibility works; and carry forwards of £53,000 and £642,000 from 2013/14 and 2014/15 to future years for slippage on construction works.

**Resource Implications:**

A revised total scheme cost of £3,908,324 for Package One from the existing Capital Programme for 2013/14 and 2014/15 inclusive of works and fees, using £512,000 subsidy in line with the Council's Development Strategy for the House-building Programme.

**Legal and Governance Implications:**

Within its Terms of Reference, the House-Building Cabinet Committee is expected to monitor both progress and budgets for the House-building programme.

**Safer, Cleaner and Greener Implications:**

Redeveloping under-utilised garages adds value to and enhances the local environment and streetscape.

**Consultation Undertaken:**

Residents of Harveyfields and the Roundhills estate in Waltham Abbey have been consulted, through the Town and County Planning Act consultation process.

**Background Papers:**

Development Strategy, Feasibility and Investment Report for Package One, considered by the Cabinet Committee in July 2013

**Impact Assessments:**

Risk Management

Within the financial viability assessment, the greatest risks are that the assumptions prove to be incorrect resulting in each phase being un-viable.

These risks are mitigated by the Council being able to either add more subsidy or not to progress the works beyond the planning stage.

In addition, a site specific risk register has been compiled and included within the individual feasibility reports.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

It should be noted that an Equality Impact Assessment has already been formulated for Housing Strategy and Development.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

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<b>Report to</b>	<b>Council Housebuilding Cabinet Committee</b>
<b>Date</b>	<b>14<sup>th</sup> January 2014</b>

<b>Subject</b>	<b>Package One Update</b>
<b>Author</b>	<b>Andy Gatrell, Georg Herrmann – East Thames Group</b>

<b>1.0</b>	<b>Executive Summary</b>
1.1	This report provides an update for phase 1 of the Council House Building Programme.
1.2	Planning applications have been submitted for all sites in phase 1, consisting of five sites in Waltham Abbey; Harveyfields, the Former Red Cross site, and three sites on the Roundhills estate. Permission was granted for the Harveyfields scheme, and the remaining sites will be determined by the planning committee meeting on 26 <sup>th</sup> February 2014. The application for site 5 for 2 houses on the Roundhills estate has been withdrawn due to legal issues to be resolved.
1.3	Conversion works for a scheme in Chigwell Row has been added to phase one. Planning permission has been granted for the conversion of the 20 unit bed-sit scheme in Marden Close in Chigwell Row to 10 x one bed units. An application for the conversion of the ground floor of the Faversham Hall to two x one bed units will be determined by 21 <sup>st</sup> January 2014.
1.4	The total scheme cost for Package One is £4,046,851 of which £333,252 is fees and £3,713,599 is works. This achieves on both, a consolidated and on an individual basis a loan repayment in Year 30, with a subsidy of £512,000 to achieve this target.
1.5	Rents are based on the Council's Affordable Rents Policy. A Rent Cap has been applied of £180 per week for all the 3 bed houses. Rents for one bed flats of £119.58 and for two bed flats of £165.58 are based on market rents of £650 and £900 per month respectively.
<b>2.0</b>	<b>Update</b>
2.1	Planning permission was granted for the Harveyfield scheme on 20 <sup>th</sup> November 2013, permission was also granted for the conversion works in Marden Close, Chigwell.
2.2	Applications have been submitted for the remaining sites in package one, the Redcross site and sites 4, 5 and 7 on the Roundhills estates. These applications will

be determined at the Planning Committee meeting on 26<sup>th</sup> February 2014. The application for site 5 on the Roundhills scheme has been withdrawn. A rights of way issue requires to be resolved before the scheme can be considered by the planning committee.

- 2.3 A late change in unit mix has been made as a result of compliance with the requirements of the Environment Agency. Two number two bed units have been changed to one bed units in order to provide a habitable room on the first floor. The Environment Agency requests that residents should be able to withdraw to the first floor in case the area is flooded.
- 2.4 The financial results of phase one have changed due to the inclusion of a service costs on the Harveyfields scheme for cleaning of the common parts of £600 per annum and ground maintenance of £200 per annum for a single three storey block. The construction programme has also been updated with a Start on site date of May 2014 and a Practical Completion date of May 2015.
- 2.5 Package 1 achieves the financial target of loan repayment in Year 30 with a subsidy of £512,000 or £22,260 per unit. The changes to the programme have resulted in small changes to the Scheme Works Costs and On costs. On a consolidated basis the schemes provide a positive Net Present Value (NPV) of £17,530 over the appraisal period of 30 years.
- 2.6 Average grant rates of £20,000 per unit for rented units have been agreed by the Homes and Communities Agency for Epping Forest District Council in the 11-14 Affordable Housing Programme. Grant rates in this region can be expected again but the HCA is looking for considerable savings.

## **Appendix**

### 1, Financial appraisal consolidation phase 1

# East Thames Group

## Scheme Consolidation Summary

SDS ProVal Version 8.20 Apr-2013

Memorandum Information

Consolidation Name EFDC Council House Building Programme, phase 1

Prepared By georg.herrmann

Version 1

File Path Q:\Development\Applications\Proval\Working Provals\Epping Forest House Building Programme\Package 1

Comments

Date 14 Jan 2014

This File Last Saved

Total Units 23

Schemes 3

Check Defaults Validation X

**Key**

GN General Needs

LCHO Low Cost Home Ownership

NPV Net Present Value

NRS Net Revenue Stream

SH Supported Housing

SPPA Special Projects Promotional Allowance

### Schemes in this Consolidation

	Units	Scheme Type	Appraisal Date	Local Authority
1 EFDC - Red Cross site, Roundhill	6	PF	24 Jun 2013	Epping Forest
2 EFDC - Harveyfields, Waltham /	9	PF	24 Jun 2013	Epping Forest
3 EFDC - Roundhills, Waltham Ab	8	PF	24 Jun 2013	Epping Forest

### Scheme Capital Costs - All Schemes

	Units	Per Unit
Acquisition	0	0
Works	3,153,200	137,096
Persons	88	4
On-Costs (Fees & Interest)	475,298	20,665
Non Qualifying (incl. SPPA) & Other Costs	0	0
<b>TOTAL SCHEME COST</b>	<b>3,628,498</b>	<b>157,761</b>
Market Value (MV)	0	0
Cost:Value % TSC/MV	0.0%	
SHG Claimed (incl SPPA)	512,000	22,261
Other Grant or Subsidy	0	0
Initial Sales Receipts	0	0
Loan Adjustm't	0	0
Capital Contrib'	0	0
<b>Net Loan</b>	<b>3,116,498</b>	<b>135,500</b>

### Development Cashflows

	First Event	Last Event	PC or Last Sale Date	Check for Errors in Scheme Cashflow
1 EFDC - Red Cross site, Roundhill	Nov 2013	May 2015		
2 EFDC - Harveyfields, Waltham A	Nov 2013	May 2015		
3 EFDC - Roundhills, Waltham Abt	Nov 2013	Jun 2015		

### Long Term Cashflow

	Date Into Managem't	First Income Received, Y/E	Last Income Received, Y/E
1 EFDC - Red Cross site, Roundhill	May 2015	Mar 2016	Mar 2061
2 EFDC - Harveyfields, Waltham A	May 2015	Mar 2016	Mar 2061
3 EFDC - Roundhills, Waltham Abt	May 2015	Mar 2016	Mar 2061

### Financial Assumptions & Summary

Specified Month for End of Year 1	mar	3,116,498	Peak Loan Occurs in Yr.1 Mar 2016
Loan Repayment	Interest Only Method		Year 1 Income First Exceeds Costs
Cashflow Calculated to Year	30 -		Year 30 Loan Repaid
Min Int. Cover 125.9%		49,096	Cumulative Balance at Year 30
Occurs in Yr.1 May 2016	Interest Rates Year 1 to 30	3.50%	17,530 NPV Net Rent + Cap. Val. - Loan
	Year 31 to 60	3.50%	152,698 Capitalised Year 1 Rev. Surplus
Net Present Value (NPV) Discount Rate	3.50% over 30 years		0 Total to Grant Recycling Fund
NPV Calculation Option	Net Rent + Cap. Val. - Loan		
NPV of Net Rent at Year 1	3,116,210	IRR 3.54%	
Residual Cap. Value of Schemes at Year 1	0	Gross Yield 5.5%	
NPV of all Loans at Year 1	3,098,680	Net Yield 1.8%	
NPV of all Cap. Rec'pts at Year 1	0		

# East Thames Group

## Scheme Capital Costs

SDS ProVal Version 8.20 Apr-2013

Memorandum Information
------------------------

Consolidation Name EFDC Council House Building Programme, phase 1

Date 14 Jan 2014

Prepared By georg.herrmann  
Version 1

Total Units 23  
Schemes 3

This File Last Saved

Scheme Name	Hide/Unhide Header Rows	Type	Units	Acquisition	Works	Persons	On-Costs (Fees & Interest)	Non Qualifying (incl. SPPA) & Other Costs	TOTAL SCHEME COST	Market Value (MV)	Cost:Value % TSC/MV	SHG Claimed (incl SPPA)	Other Grant or Subsidy	Initial Sales Receipts	Loan Adjustm't	Capital Contrib'	Net Loan
1 EFDC - Red Cross site, Roundhills		PF	6	0	868,200	24	128,897	0	997,097	0		180,000	0	0	0		817,097
2 EFDC - Harveyfields, Waltham Abbey		PF	9	0	1,113,000	30	166,798	0	1,279,798	0		180,000	0	0	0		1,099,798
3 EFDC - Roundhills, Waltham Abbey		PF	8	0	1,172,000	34	179,603	0	1,351,603	0		152,000	0	0	0		1,199,603
<b>TOTALS</b>			<b>23</b>	<b>0</b>	<b>3,153,200</b>	<b>88</b>	<b>475,298</b>	<b>0</b>	<b>3,628,498</b>	<b>0</b>	<b>0.0%</b>	<b>512,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,116,498</b>

### Notes

Scheme Type - Key

GN General Needs  
LCHO Low Cost Home Ownership  
SH Supported Housing  
PF Private Finance

Qualifying Cost includes the Norm On-Costs less any discount specified by the user. Qualifying Cost is not reported for Private Finance appraisals in Non Qualifying Costs, SPPA refers to supported housing appraisals. Where costs have been entered against this item they are included.

# East Thames Group

## Long Term Cashflow

SDS ProVal Version 8.20 Apr-2013

Consolidation EFDC Council House Building Programme, phase 1  
 Date 14 Jan 2014  
 Prepared By georg.herrmann  
 Version 1  
 File Last Saved  
 Total Units 23  
 Schemes 3

Specify the Month Only for the End of Year 1 mar  
 Loan Repayment Method - Annuity y/n? n Interest Only Method years  
 For 'Interest Only' method, leave this cell empty  
 Summarise Cashflow Results to Year 30  
 leave this cell blank:  
 Set Interest Rates up to Year 60  
 Year 1 to 30 3.50%  
 Year 31 to 60 3.50%  
 Net Present Value (NPV) Discount Rate 3.50% over 30 years  
 NPV Calculation Options Net Rent + Cap. Val. - Loan

Specified Opening Loan Year 1  
 Peak Loan Occurs in Yr.1 Mar 2016 3,116,498  
 Income First Exceeds Costs Year 1  
 Loan Repaid by Year 30  
 Cumulative Balance at Year 30 49,096  
 NPV Net Rent + Cap. Val. - Loan 17,530 762 per unit  
 Capitalised Year 1 Rev. Surplus 152,698 6,639 per unit  
 Total to Grant Recycling Fund 0

For details of when all schemes are in management, see Long Term Cashflow Details Page First & Last Scheme into Management

	Sch. No.	Scheme Name	Date	Type
First Scheme	1	EFDC - Red Cross site, R	May 2015	PF
Last Scheme	1	EFDC - Red Cross site, R	May 2015	PF

NPV of all Cap. Rec'pts at Year 1 0  
 NPV of Net Rent at Year 1 3,116,210 Min int. Cover 125.88%  
 Residual Cap. Value of Schemes at Year 1 0 Occurs in Yr.1 May 2016  
 NPV of all Loans at Year 1 3,098,680 Gross Yield 5.5%  
 IRR 3.54% Net Yield 1.8%

### Comments

Year Number	1	2	3	4	5	6	7	8	9	10
Year Ending	Mar-2016	Mar-2017	Mar-2018	Mar-2019	Mar-2020	Mar-2021	Mar-2022	Mar-2023	Mar-2024	Mar-2025
Opening Loan	0	3,093,041	3,060,781	3,023,442	2,980,735	2,932,362	2,878,009	2,836,699	2,794,128	2,746,378
New Scheme Loans	3,116,498	0	0	0	0	0	0	0	0	0
Interest	89,170	106,061	104,870	103,499	101,940	100,179	98,457	97,067	95,519	93,789
PF Other Cap. Rec'pts	0	0	0	0	0	0	0	0	0	0
Net St'csg Receipts	0	0	0	0	0	0	0	0	0	0
Loan Repayments	112,627	138,320	142,209	146,206	150,313	154,533	139,767	139,638	143,270	146,989
Closing Loan	3,093,041	3,060,781	3,023,442	2,980,735	2,932,362	2,878,009	2,836,699	2,794,128	2,746,378	2,693,178
Revenue Income										
Rent etc. GN/LCHO/PF	156,170	192,089	197,852	203,787	209,901	216,198	222,684	229,364	236,245	243,333
SH Income	0	0	0	0	0	0	0	0	0	0
SH Other Rev. Rec'pts	0	0	0	0	0	0	0	0	0	0
Total Rev. Income	156,170	192,089	197,852	203,787	209,901	216,198	222,684	229,364	236,245	243,333
To Grant Recycling	0	0	0	0	0	0	0	0	0	0
Revenue Expenditure										
Allowances	43,543	53,769	55,642	57,582	59,588	61,665	63,817	66,046	68,346	70,707
SH Expenditure	0	0	0	0	0	0	0	0	0	0
Total Rev. Exp'diture	43,543	53,769	55,642	57,582	59,588	61,665	63,817	66,046	68,346	70,707
Net Rev. Income	112,627	138,320	142,209	146,206	150,313	154,533	139,767	139,638	143,270	146,989
Net Inc. + Rc'pts - Int.	23,457	32,260	37,340	42,706	48,373	54,353	41,310	42,571	47,750	53,200
Cashflow	0	0	0	0	0	0	0	0	0	0
Cumulative Balance	0	0	0	0	0	0	0	0	0	0

Note that the following years are in 5-year steps (see print options for full 60 years)

Year Number	15	20	25	30
Year Ending	Mar 2030	Mar 2035	Mar 2040	Mar 2045
Opening Loan	2,420,051	1,918,442	1,194,511	190,948
New Scheme Loans	0	0	0	0
Interest	82,050	64,137	38,398	2,931
PF Other Cap. Rec'pts	0	0	0	0
Net St'csg Receipts	0	0	0	0
Loan Repayments	166,978	189,463	214,704	193,879
Closing Loan	2,335,123	1,793,115	1,018,205	0
Revenue Income				
Rent etc. GN/LCHO/PF	282,089	327,019	379,104	439,486
SH Income	0	0	0	0
SH Other Rev. Rec'pts	0	0	0	0
Total Rev. Income	282,089	327,019	379,104	439,486
To Grant Recycling	0	0	0	0
Revenue Expenditure				
Allowances	115,112	137,556	164,400	196,512
SH Expenditure	0	0	0	0
Total Rev. Exp'diture	115,112	137,556	164,400	196,512
Net Rev. Income	166,978	189,463	214,704	242,974
Net Inc. + Rc'pts - Int.	84,927	125,326	176,306	240,043
Cashflow	0	0	0	49,096
Cumulative Balance	0	0	0	49,096

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: CHB-012-2013/14**

**Date of meeting: 04 February 2014**

**Portfolio: Housing – Cllr David Stallan**

**Subject: Financial Reports – Council Housebuilding Programme**

**Responsible Officer: Alan Hall, Director of Housing /  
Paul Pledger, Asst. Director of Housing**

**Democratic Services Officer: Jackie Leither**

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### **Recommendations/Decisions Required:**

(1) That the production of a suite of Standard Financial Report templates for the Council Housebuilding Programme - to be considered by the Cabinet Committee at each meeting - be noted, and that any comments on the format of the reports for future meetings be provided to the Director of Housing;

(2) That the explanation in this report, on the information provided within each Financial Report, be attached as an appendix to future reports to the Cabinet Committee, to provide a helpful background guidance note for members;

(3) That the current financial position be noted, in respect of:

- (a) The overall financial summary for the Housebuilding Programme and use of the various subsidies (Appendix 1);
- (b) The amount and use of additional “Replacement Right to Buy (RTB) Receipts” available for utilisation under the Government’s “one-for-one replacement” scheme (Appendix 2);
- (c) The amount and use of financial contributions available to the Council Housebuilding Programme from Section 106 Agreements, in lieu of the provision of on-site affordable housing on private development sites, (Appendix 3);
- (d) The amount and use of other sources of funding (e.g. sales of HRA land and non-RTB property, and external funding) (Appendix 4);
- (e) Payments made to both contractors and East Thames, in respect of works and fees for the Housebuilding Programme (Appendices 5 & 6); and
- (f) Payments made to the contractor and the Development Agent in respect of works and fees for the Marden Close / Faversham Hall Conversion Scheme, and the overall financial summary for the Scheme (Appendix 7); and

- (4) That the Cabinet Committee's first draft Annual Report to the Cabinet on the progress made with the Council Housebuilding Programme and the associated expenditure be considered at the Cabinet Committee's next meeting, for submission to the following meeting of the Cabinet.**

### **Executive Summary**

One of the Cabinet Committee's Terms of Reference is to monitor expenditure on the Council Housebuilding Programme.

A suite of detailed Financial Report templates has been produced by the Director of Housing, covering all financial issues relating to the Housebuilding Programme (and the Marden Close / Faversham Hall Conversion Scheme), and more specifically the issues detailed in the Recommendations above. The Cabinet Committee is invited to comment on the format of the Financial Reports and the information provided for future meetings.

The Financial Reports attached set out the current financial position with the various aspects of the Housebuilding Programme.

One of the Cabinet Committee's Terms of Reference is to provide an Annual Report to the Cabinet on the progress made with the Council Housebuilding Programme and the associated expenditure. It is suggested that a draft Annual Report be considered at the next meeting, for submission to the following Cabinet meeting.

### **Reasons for Proposed Decision**

The Council's Housebuilding Programme is a high profile, high cost activity. It is therefore essential to ensure that budgets, costs and expenditure are properly monitored, to enable corrective action to be taken at the earliest opportunity when necessary.

### **Other Options for Action**

- (a) Not to have regular Financial Reports presented to the Cabinet Committee.
- (b) To have Financial Reports presented at different intervals.
- (c) To provide different Financial Reports presented to those proposed.

### **Background**

1. One of the Cabinet Committee's Terms of Reference is to monitor:
  - (a) Progress with the Council Housebuilding Programme; and
  - (b) Expenditure on the Housing Capital Programme Budget for the Council Housebuilding Programme, ensuring the use (within the required deadlines) of the capital receipts made available through the Council's Agreement with the Department of Communities and Local Government (DCLG) allowing the use of additional "Replacement Right to Buy (RTB) Receipts" received as a result of the Government's increase in the maximum RTB Discount to be spent on housebuilding.
2. There is also a requirement to report to the Cabinet on the above issues on an annual basis. In addition, the Cabinet has asked the Cabinet Committee to oversee the delivery of the Marden Close / Faversham Hall Conversion Scheme at Chigwell Row.
3. Accordingly, the Director of Housing has produced a suite of detailed Financial Report templates, in consultation with Finance Officers, covering all financial issues



relating to the Housebuilding Programme, and including the Conversion Scheme – which are attached as Appendices 1-7.

4. It is proposed that these Financial Reports are presented to, and considered by, the Cabinet Committee at each meeting. The Cabinet Committee is therefore invited at this meeting to comment on the format of the Financial Reports and the information provided, for officers to take into account for future Financial Reports submitted to the Committee.

5. The attached templates have been populated by the Asst. Director of Housing (Property) – who will be responsible for providing the Financial Reports to the Cabinet Committee at each meeting - with all the latest financial data relating to the Housebuilding Programme and the Marden Close / Faversham Hall Conversion Scheme. Each of the Financial Reports also provide the name of the officer(s) responsible for allocating resources to the Programme - within the approvals given by the Cabinet Committee - and for inputting the required data, and also lists the actions required by officers to keep them up to date.

6. It is suggested that the explanation below on the information provided within each Financial Report be attached as an appendix to future reports to the Cabinet Committee, to provide a helpful background guidance note for members;

### **Summary of the standard information provided by the Financial Reports**

#### *Appendix 1*

7. This is the main Financial Report Summary, which:

- (a) Brings together - in the first two tables - all the headline information on both the actual and notional use of the agreed and available subsidies for each phase of the Housebuilding Programme, populated with the data from the other Financial Reports within the suite; and
- (b) Provides a summary of the overall financial summary for the Housebuilding Programme in the third table (“Capital Budget Monitoring”), which will also be reported to the Finance and Performance Management Scrutiny Panel on a quarterly basis.

8. The difference between “notional” and “actual” subsidies needs to be explained and understood. When the Cabinet Committee considers a Financial Appraisal produced by East Thames for a proposed development site, the Financial Appraisal assesses the year in which the total amount of income received from properties’ rental income over the years will “pay-back” the:

- Original construction costs;
- Cost of the loan interest; and
- Assumed annual cost of the management and maintenance of the properties.

9. Since the Council’s Development Strategy requires that all the Council’s developments must break-even within at least a 30-year period, the Financial Appraisal then assesses how much additional money is required (if any) - around the time of construction - to supplement the annual rental income received over the years, and achieve a pay-back period of 30 years. This is referred to as the “notional” subsidy, and replicates the approach taken by most housing associations for Financial Appraisals they undertake for their developments – except, in most cases, housing associations need to actually obtain/provide this subsidy (perhaps from HCA grant or the use of their own resources).

10. The second table within Appendix 1 therefore shows the amount of notional subsidy required, and agreed by the Cabinet Committee, for each Phase of the Programme. Since the amount required is likely to vary, dependent on the tenders received for works and the final actual costs of works, the table provides this information for the three key milestone stages of:

- Feasibility Stage;
- Tender Stage; and
- Final Account.

11. The second table of Appendix 1 also shows (to the right), the remaining amount of notional subsidy held by the Council - and therefore available to allocate for futures phases – which is populated by the detailed information contained in Appendices 2-4.

12. In the Council's case, the use of subsidies is different to housing associations for three main reasons:

- (a) The Council's Agreement with the CLG requires the additional RTB receipts to be spent on the construction of "replacement homes" within 3 years of being received;
- (b) A number of Section 106 Agreements, as a result of which the Council has received financial contributions in lieu of the provision of on-site affordable housing, require that the financial contribution must be spent on the provision of affordable housing – within a specified period (usually 5-10 years); and
- (c) Some external funding sources (e.g the Harlow Area Growth Fund) require their grant to be spent by a specified date.

13. Therefore, for these reasons, since the money is already held by the Council, it is preferable to spend as much available funding as soon as possible, irrespective of the assessed notional subsidy, to avoid the risk of not spending the funding in time. This is particularly the case for the use of Replacement RTB Receipts since, if they are not spent within the required 3 year period, they must be repaid to the DCLG – with interest at a punitive rate.

14. There is no detrimental effect to the Council of taking this approach, since all it means is that the resources within the HRA allocated for the Housebuilding Programme are held as HRA Balances, with the same interest obtained as would have been received from the subsidy funding itself, if it had not been used and had been held on account. The accumulated HRA Balances can then be utilised for later phases of the Programme, at such time as all the available subsidies have been utilised.

15. Therefore, the first table in Appendix 1 sets out the **actual** resources available now from each funding source, allocated by officers for each phase in accordance with the policy previously agreed by the Cabinet Committee, in order to subsidise the Housebuilding Programme. The table also shows the budget for each phase.

16. It should be noted that the CLG Agreement also states that no more than 30% of the cost of works and fees on Council housebuilding can be funded from "Replacement RTB Receipts" at any one time. In order to ensure that no more than 30% RTB funding is utilised for each phase, the first table also shows the maximum amount of RTB funding that can be utilised for each phase, based on the budget for that phase.

## *Appendix 2*

17. This Financial Report shows, for each quarter over a three-year period since Replacement RTB Receipts have been available for Council Housebuilding:

- The amount classified and received as Replacement RTB Receipts – and when they must be spent by (i.e. within three years of receipt);
- The amounts allocated to the Housebuilding Programme and the Phase to which they have been allocated – and when they must be spent by;
- The (remaining) cumulative amount of Replacement RTB Receipts available to spend – and when they must be spent by; and
- The amount of Replacement RTB Receipts spent on the Housebuilding Programme each quarter, and which phase of works/fees they have been spent on.

## *Appendix 3*

18. This Financial Report shows, in respect of financial contributions received from Section 106 Agreements in lieu of the on-site provision of affordable housing on private development sites, details of each Section 106 requirement (including the deadline – if any - by which the money must be spent), broken down by those financial contributions that:

- Are required to be paid to the Council, but have not yet been received due to the “trigger point” for development stated within the Section 106 Agreement not yet being reached;
- Have been received and are available to be used, but have not yet been allocated;
- Have been received and allocated; and
- Have been received and spent – showing the phase to which the financial contribution has been allocated.

## *Appendix 4*

19. This Financial Report shows the details of other funding sources (e.g. HRA land, non-RTB property sales and external grants), broken down into the same headings as for Appendix 3 listed above.

## *Appendix 5*

20. This provides the current estimated annual cashflows for each phase, which comprises:

- Works costs;
- Development Agent fees; and
- Planning application, building control and other fees.

21. These will be regularly updated as and when cost data is received. Initially, this is from the costings assessed at the Feasibility Stage, which are then used to estimate the

costs of future phases on a pro-rata basis. Once tenders for a phase are received, the cashflow for that and subsequent phases will be updated again, to provide a more accurate assessment of costs.

22. This Financial Report also shows the maximum amount of Replacement RTB Receipts funding that can be utilised for each phase, based on the estimated cashflow for each phase. It should be noted that, at the request of the Accountancy Team, internal staff costs (mainly in Housing, Legal and Finance) are **not** included within any of the cashflows.

#### *Appendix 6*

23. This Financial Report provides a record of all the payments made to date – to both the Development Agent for their fees and, when applicable, to contractors for the cost of works.

24. It also calculates the maximum amount of each payment (30%) that can be funded from Replacement RTB Receipts, and which Year and Quarters' RTB receipts are used to part-fund the payment, as well as the total Replacement RTB Receipt usage to date, compared to the amount available to spend.

#### *Appendix 7*

25. This Financial Report shows, on one sheet, all the relevant costs, cashflows and payments relating to the Marden Close / Faversham Hall Conversion Scheme – together with an overall financial summary for the Conversion Scheme ("Capital Budget Monitoring"), which will also be reported to the Finance and Performance Management Scrutiny Panel on a quarterly basis.

### **Annual Report to the Cabinet on Progress and Expenditure**

26. The first meeting of the Cabinet Committee was held on 14<sup>th</sup> March 2013. Now that planning permission has been received/requested for Phase 1 of the Housebuilding Programme, and the Committee is due to consider a proposed site for Phase 2 of the Programme, and the fact that costs are starting to be incurred and the format and content of the regular Financial Reports have been agreed, it is suggested that a draft of the Cabinet Committee's required first Annual Report to the Cabinet on the progress made with the Council Housebuilding Programme, and the associated expenditure, be considered at the Committee's next meeting, for submission to the following meeting of the Cabinet.

#### **Resource Implications:**

These are set out in the detailed Financial Reports at Appendices 1-7.

#### **Legal and Governance Implications:**

It is good governance to properly monitor costs and expenditure, and keep financial forecasts up to date – especially for such a high profile, high cost programme.

#### **Safer, Cleaner and Greener Implications:**

None – in relation to this report.

**Consultation Undertaken:**

The Council's Development Agent, East Thames, and their lead consultants, Pellings, have been consulted on the format and content of the Financial Reports and have confirmed that they support proposed approach.

**Background Papers:**

None

**Impact Assessments:**

Risk Management

One of the biggest risks to the Housebuilding Programme is the potential for budgets, costs and expenditure to not be properly monitored, and for them to become out of control as a result. The proposed content and format of the Financial Reports, and the proposal that updated reports be considered at each meeting of the Cabinet Committee, helps mitigate this risk.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

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## Summary of Subsidy Use and Budget Monitoring Schedule - Council Housebuilding Programme

As at 21-Jan-2014

### ACTUAL Allocations and Spending

Status	Totals				Phase 1				Phase 2				Phase 3				
					Budget		£3,383,288		Budget		£3,677,487		Budget		£2,941,990		
	RTB	S106	Other	Total	Max RTB Receipts	£1,014,986	Max RTB Receipts	£1,103,246	Max RTB Receipts	£882,597	RTB	S106	Other	Total			
Received & Spent	£20,195	£0	£0	<b>£20,195</b>	£20,195	£0	£0	<b>£20,195</b>									<b>£0</b>
Received & Available to Spend	£1,036,535	£669,196	£87,000	<b>£1,792,731</b>	£1,051,231	£669,196	£87,000	<b>£1,807,427</b>									<b>£0</b>
Received & Unallocated	£0	£0	£0	<b>£0</b>													
Agreed - Not Yet Received	£0	£1,818,000	£90,000	<b>£1,908,000</b>													
<b>Totals</b>	<b>£1,056,730</b>	<b>£2,487,196</b>	<b>£177,000</b>	<b>£3,720,926</b>	<b>£1,071,426</b>	<b>£669,196</b>	<b>£87,000</b>	<b>£1,827,622</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

### NOTIONAL Allocations and Spending on Assessed Subsidies

Phase	Feasibility Stage	Tender Stage	Final Account	LATEST
1	£425,000			<b>£512,000</b>
2				
3				
4				
5				
6				
<b>Totals</b>	<b>£425,000</b>	<b>£0</b>	<b>£0</b>	<b>£512,000</b>

Notional Subsidy Available for future Phases (i.e already received)  
(after deducting notional amounts already applied to Phases shown)

**£1,300,926**

### Capital Budget Monitoring

Phase	Orig. Start Date	Orig End Date	Actual Start Date	Actual End Date	Original Project Cost	Supp. Estimates	Approved Budget	Actual Exp. To date	Anticipated Out-turn	Variance (Original)	Variance (Budget)
1	14-Apr	15-Jun	TBA	TBA	£3,948,421	-\$565,133	£3,383,288	£67,316	£3,383,288	-\$565,133	£0
2											
3											
4											
5											
6											

#### Actions

- (1) P. Pledger to complete allocations and spends when money is available to allocate or has been spent
- (2) P. Pledger to update Notional Allocations and Spending when different stages are reached
- (3) P. Pledger to keep Capital Budget Monitoring Schedule up to date

Officer responsibility for inputs

Auto / Paul Pledger

Officer responsibility for allocations

Paul Pledger

#### Notes

- (1) Use of funding for individual phases needs to be input manually
- (2) Funding from RTBs and S106 Contributions should be allocated first - in that order
- (3) The "Notional" section keeps track of **required** subsidies - as assessed by the Financial Appraisal.
- (4) The "Notional Section should be updated with the required subsidies on completion of the three stages listed
- (5) The "Notional Section also calculates the notional amount of subsidy available for future phases

## RTB Receipts - Housebuilding Programme

As at 21-Jan-2014

Total Receipts Received				Allocated to Programme					Available to Spend (Cum.)				Spent on Programme				
Year	Quarter	Amount Received	Spend by Date	Year	Quarter	Amount Allocated	Spend by Date	Phase Allocated to	Year	Quarter	Cum. Amount Available	Spend by Date	Year	Quarter	Amount Spent	Date Spent	Phase Spent on
2012/13	1	£40,461	30-Jun-15	2012/13	1	£40,461	30-Jun-15	1	2012/13	1	£40,461	30-Jun-15	2012/13	1	£0	N/A	N/A
	2	£34,941	30-Sep-15		2	£34,941	30-Sep-15	1		2	£75,402	30-Sep-15		2	£0	N/A	N/A
	3	-£21,135	31-Dec-15		3	-£21,135	31-Dec-15	1		3	£54,266	31-Dec-15		3	£0	N/A	N/A
	4	£185,840	31-Mar-16		4	£185,840	31-Mar-16	1		4	£240,107	31-Mar-16		4	£0	N/A	N/A
<b>Total</b>		<b>£240,107</b>		<b>Total</b>		<b>£240,107</b>			<b>Total</b>		<b>£0</b>		<b>Total</b>		<b>£0</b>		
2013/14	1	£647,798	30-Jun-16	2013/14	1	£647,798	30-Jun-16	1	2013/14	1	£887,905	30-Jun-16	2013/14	1	£0	N/A	N/A
	2	£168,825	30-Sep-16		2	£168,825	30-Sep-16	1		2	£1,056,730	30-Sep-16		2	£0	N/A	N/A
	3		31-Dec-16		3	£0	31-Dec-16			3	£1,036,535	31-Dec-16		3	£20,195	N/A	1
	4		31-Mar-17		4	£0	31-Mar-17			4	£1,036,535	31-Mar-17		4			
<b>Total</b>		<b>£816,623</b>		<b>Total</b>		<b>£816,623</b>			<b>Total</b>		<b>£20,195</b>		<b>Total</b>		<b>£20,195</b>		
2014/15	1		30-Jun-17	2014/15	1	£0	30-Jun-17		2014/15	1	£1,036,535	30-Jun-17	2014/15	1			
	2		30-Sep-17		2	£0	30-Sep-17			2	£1,036,535	30-Sep-17		2			
	3		31-Dec-16		3	£0	31-Dec-16			3	£1,036,535	31-Dec-16		3			
	4		31-Mar-17		4	£0	31-Mar-17			4	£1,036,535	31-Mar-17		4			
<b>Total</b>		<b>£0</b>		<b>Total</b>		<b>£0</b>			<b>Total</b>		<b>£0</b>		<b>Total</b>		<b>£0</b>		
<b>GRAND TOTAL</b>		<b>£1,056,730</b>		<b>GRAND TOTAL</b>		<b>£1,056,730</b>			<b>GRAND TOTAL</b>		<b>£20,195</b>		<b>GRAND TOTAL</b>		<b>£20,195</b>		

## Actions

- (1) S. Alford to input "Receipts Received" at end of each Quarter
- (2) P. Pledger to allocate receipts to Phase (under "Allocated") by referring to Appendix 5 to ensure use allocation does not exceed estimated 30% of costs for Phase
- (3) PP to record RTB amounts spent and Phase by referring to Appendix 6

Officer responsibility for inputs

Simon Alford

Officer responsibility for allocations

Paul Pledger



## Schedule of S106 Financial Contributions for Affordable Housing (Relating to agreements since 1998)

As at 21-Jan-2014

### Received and Spent on Housebuilding Programme

Site	P/P No	Prior to Receipt			After Receipt			Allocated Use	Comments
		Date Agreed	Amount Reqd	Trigger	Amount Recd	Date Recd	Use by Date		
			£0		£0				

### Received and Allocated to Housebuilding Programme

Site	P/P No	Prior to Receipt			After Receipt			Allocated Use	Comments
		Date Agreed	Amount Reqd	Trigger	Amount Recd	Date Recd	Use by Date		
BPI Poly Site, Brook Rd, Buckhurst Hill	EPF/0446/10	28.7.10 - Cttee 30.9.10 - S106	£100,000	On completion of 4th residential unit	£101,270	3.1.12	None	Phase 1	Budget Code 157207790
Ongar Station, Ongar (McCarthy & Stone)	EPF/0457/10	7.2.11 28.2.11	£450,000	50% prior to commencement of development 50% on/within 14 days of practical completion	£225,000 £241,926	10.1.12 30.4.13	None	Phase 1	Includes interest of £16926
Bald Hind Pub, Chigwell	EPF/0409/11	18.5.11 - Cttee 14.10.11 - S106	£100,000	Prior to commencement	£101,000	10.7.12	Within 10 years of 1st occ.	Phase 1	If paid late, to be increased by RPI Paid on Code: 990409991X031
			£650,000		£669,196				

### Received and Available for Housebuilding Programme

Site	P/P No	Prior to Receipt			After Receipt			Comments
		Date Agreed	Amount Reqd	Trigger	Amount Recd	Date Recd	Use by Date	
Interest (2011/12)			TBA		TBA			
Interest (2012/13)			TBA		TBA			
			£0		£0			

### Required by S106 Agreements - Not yet received

Site	P/P No	Prior to Receipt			After Receipt			Comments
		Date Agreed	Amount Reqd	Trigger	Amount Recd	Date Recd	Use by Date	
Grange Farm	EPF/2190/05	20.12.06	£280,000	On the sale or occupation (whichever sooner) of the 20th home.	£0		None	
High House Farm, Stapleford Road	EPF/1374/06	14.9.07	£100,000	Prior to occupation	£0		Within 5 years of receipt	Planning condition - Not a S106 Agreement. To be increased/decreased by RPI between 14.9.07 & payment date.
Millrite Engineering, Stanford Rivers	EPF/1008/11	14.9.11 - Cttee 15.11.11	£74,000	50% prior to commencement of development Other 50% within 12 mths of commencement	£0 £0		10 years from the 2nd receipt	
Threshers, Hastingwood	EPF/739/10	5.4.11 & 14.8.13 DDCC 29.9.11 & 18.9.13 S106	£100,000	Prior to commencement	£0		None	Revised application approved 14/8/13 - with same contribution
Woolston Manor, Chigwell	EPF/2664/10	6.12.11 - U/U 12.1.12 - Appeal	£813,000	Prior to occupation of the 7th property - amount index-linked for the period between 1st occupation and date payment received	£0		None	Planning permission granted on appeal. A Unilateral Undertaking was presented to the Planning Inspector at the Appeal.
Nine Ashes Farm,	EPF/2543/11	20.3.13 - S106 20.3.13 - Cttee	£21,000	On sale or occupation of the first property	£0		3.1.22 (can extend if committed)	
Green Man PH, Broomstickhall Rd, W/A		5.6.13 - Cttee 12.7.13 - S106	£430,000	On Practical Completion	£0		Within 7 years of receipt	
			1,818,000		£0			

#### Actions

- (1) A. Hall to add new S106 Agreements to "Not Yet Received" when signed
- (2) A. Hall to move entry from "Not Yet Received" to "Available" when money received
- (3) P. Pledger to move entry from "Available" to "Allocated" (+ Phase - referring to Appx 1)
- (4) P. Pledger to move entry from "Allocated" to "Spent" (referring to Appendix 6)

Officer responsibility for inputs  
Officer responsibility for allocations

Alan Hall

Paul Pledger

## Other Funding for Housebuilding Programme

As at 21-Jan-2014

## Received and Spent

Site / Funding Source	Amount	Details	Amount Recd	Date Recd	Phase Spent on	Date Spent
	£0					

## Received and Allocated

Site / Funding Source	Amount	Details	Amount Recd	Date Recd	Phase 1 Allocated to
Millfield, High Ongar (Actual)	£87,000	Cabinet agreed use for EFDC Housebuilding Programme - 30.1.12	£17,000 £70,000	28.3.12 Apr-12	Phase 1
	£87,000				

## Received and Available

Site / Funding Source	Amount	Details	Amount Recd	Date Recd
	£0			

## Agreed for Use - Not Yet Received

Site / Funding Source	Amount	Details	Phase Allocated to
Leader Lodge, North Weald	To be determined	Cabinet agreed use for EFDC Housebuilding Programme - 30.1.12	
Harlow Growth Area Fund - Red X Hall	£90,000	Delivery Plan requires use by April 2014	Phase 1
	£90,000		

## Actions

- (1) A. Hall to input "Agreed for Use" when agreed by Cabinet or Portfolio Holder
- (2) A. Hall to move entry from "Agreed" to "Available" when receipt received
- (3) P. Pledger to move entry from "Available" to "Allocated" (referring to Appendix 1)
- (4) P. Pledger to move entry from "Allocated" to "Spent" (referring to Appendix 6)

Officer responsibility for inputs

Alan Hall

Officer responsibility for allocations

Paul Pledger

## Housebuilding Programme Cashflow Summary

As at 21-Jan-2014

	2013/14	Year 1 2014/15	Year 2 2015/16	Year 3 2016/17	Year 4 2017/18	Year 5 2018/19	Year 6 2019/20	Year 7 2020/21	Totals	30% (1-4-1 Usage)
Phase 1	£147,600	£2,419,062	£816,627						<b>£3,383,288</b>	1,014,986
Phase 2		£160,435	£2,629,415	£887,638					<b>£3,677,487</b>	1,103,246
Phase 3			£128,348	£2,103,532	£710,110				<b>£2,941,990</b>	882,597
Phase 4				£128,348	£2,103,532	£710,110			<b>£2,941,990</b>	882,597
Phase 5					£123,644	£2,103,532	£693,081		<b>£2,920,257</b>	876,077
Phase 6						£128,348	£2,103,532	£710,110	<b>£2,941,990</b>	882,597
<b>Totals</b>	<b>£147,600</b>	<b>£2,579,497</b>	<b>£3,574,389</b>	<b>£3,119,517</b>	<b>£2,937,285</b>	<b>£2,941,990</b>	<b>£2,796,613</b>	<b>£710,110</b>	<b>£18,807,002</b>	<b>5,642,101</b>

**Actions**

(1) PP to update when ETG updates Cashflow based on Feasibility Forecasts and Tender Prices

Officer responsibility for inputs

Paul Pledger

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## Housebuilding Payment Schedule

As at 21-Jan-2014

Claim No.	Invoice No.	Invoice Date	Phases Charged	Works	Fees	Other	Works	Total	1-2-1 RTB Receipts Usage		
									30% Fees/Works	Quarter	Year
1	RIDV/83	3.10.13	1		£18,331			£18,331	£5,499	N/A	N/A
2	RIDV/100	05.12.13	1		£38,975			£38,975	£11,693	N/A	N/A
3	Planning Fees	05.12.13	1			£10,010		£10,010	£3,003	3	2013/14
4								£0	£0	3	2013/14
5								£0	£0	3	2013/14
6								£0	£0		
7								£0	£0		
8								£0	£0		
9								£0	£0		
<b>Totals</b>					£0	£57,306	£10,010	£0	£67,316	£20,195	

Payments account for **Capital Expenditure Only** and EXCLUDES feasibility costs, abortive costs (if any) legal fees and internal salary charges.

### 1-4-1 RTB Receipts Usage

<b>Spent to Date</b>	£20,195
<b>Available to Spend</b>	£1,036,535

### Actions

- (1) ETG to split invoice detail into phases and type
- (2) P. Pledger to input detail from invoices received
- (3) P. Pledger to allocate 1-4-1 RTB Receipts Usage

Officer responsibility for inputs  
Officer responsibility for RTB usage

Paul Pledger

Paul Pledger

## Marden Close & Faversham Hall Conversion Scheme

As at 21-Jan-2014

### Annual Cashflow Summary

	2013/14	2014/15	2015/16	Totals
<b>Fees</b>	£33,580	£24,783	£0	<b>£58,363</b>
<b>Works</b>	£0	£605,200	£0	<b>£605,200</b>
<b>Totals</b>	<b>£33,580</b>	<b>£629,983</b>	<b>£0</b>	<b>£663,563</b>

Excludes Revenue costs, inc. feasibility costs, legal costs, internal salaries and abortive fees (if any)

### Payment Schedule

Claim No.	Invoice No.	Invoice Date	Works	Fees	Other	Total
1	RIDV/100	Dec-13		£5,079		£5,079
2	Planning	Dec-13			£4,620	£4,620
3						£0
4						£0
5						£0
<b>Totals</b>			<b>£0</b>	<b>£5,079</b>	<b>£4,620</b>	<b>£9,699</b>

### Capital Budget Monitoring

Orig. Start Date	Orig End Date	Actual Start Date	Actual End Date	Original Project Cost	Supp. Estimates	Approved Budget	Actual Exp. To date	Anticipated Out-turn	Variance (Original)	Variance (Budget)
Feb-14	Dec-14	TBA	TBA	£493,864	£0	£664,938	£9,699	£664,938	£171,074	£0

#### Actions

- (1) PP to update Cashflow when ETG updates Cashflow
- (2) P. Pledger to input payments from invoices received
- (3) P. Pledger to keep Capital Budget Monitoring Schedule up to date

Officer responsibility for inputs

Paul Pledger

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: CHB-013-2013/14**  
**Date of meeting: 04 February 2014**

**Portfolio: Housing – Cllr David Stallan**

**Subject: Council House-building Programme – Risk Register**

**Responsible Officer: Paul Pledger, Assistant Director of Housing  
(Property) (01992 564248)**

**Democratic Services Officer: Jackie Leither (01992 564756)**

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### **Recommendations:**

**That the current Programme-wide Risk Register for the Council House-building Programme be noted.**

### **Reasons for Proposed Decision:**

The Council's House-building Programme is a major undertaking, involving significant amounts of money and risks, it is essential that the Officer Project Team and the Cabinet Committee record, monitor and mitigate those risks.

### **Other Options for Action:**

- (a) Not to have a Risk Register – but it would not be appropriate to contemplate such an option; and
- (b) To request amendments to the format or content of the Programme-wide Risk Register.

### **Report:**

1. At its meeting in July 2013, the Council House-building Cabinet Committee considered the first iteration of the Risk Register prepared by East Thames. Since the Council's House-building Programme is a major undertaking, involving significant amounts of money and risks, it is essential that the Officer Project Team and the Cabinet Committee record, monitor and mitigate those risks.
3. Following approval by the Cabinet of individual developments and development packages, East Thames has, and will continue to produce and keep updated Risk Registers for each development/package, which will be monitored by the Project Team at Project Team Meetings.
4. In addition, it is appropriate to have a "Programme-wide" Risk Register, which is a "live document" for the House-building Programme. East Thames, and specifically Pellings LLP, who are the Architects and Employers Agent appointed by East Thames, have updated the Programme-wide Risk Register, taking account of comments made by Members at the last Cabinet Committee. The current Risk Register can be found at Appendix 1 of this report.

**Resource Implications:**

If risks are not properly identified or managed, it could result in additional costs to the Council, with the amounts dependent on the issue and its severity.

**Legal and Governance Implications:**

There is no legal requirement to have and maintain a Risk Register, but it is good governance practice to do so.

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

None

**Background Papers:**

None

**Impact Assessments:**

Risk Management

The purpose of the Risk Register is to record, monitor and mitigate risks

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A



Risk ID	Date	Vulnerability	Trigger	Consequence	Likelihood (A, B, C, D)	Impact (1, 2, 3, 4)	Rating	Risk Owner	Existing Controls / Actions to Address Risk	Effectiveness of Controls / Actions	Required further Management Action	Responsibility for Action	Critical Success Factors and Measures	Review Frequency	Key Date
1	26-Jun-13	Basis of house building programme.	Change in Government and/or Local Plan.	Reputational risk.	C	1	C1	All	Establishment of high level demand, design, and financial parameters on which to base the programme together with clear and defined outputs.	Scheme proceeds to comply with Local Plan.	Ongoing review and monitoring.	All	Scheme is completed to Local Plan.	Quarterly	xx
2	26-Jun-13	Land availability.	Land not available within required timeframe.	Scheme may not be able to go-ahead. Increase in cost(s) and delay to programme.	C	1	C1	EFDC	Initial appraisals of existing garage sites demand and opportunity for development undertaken by EFDC.	Land is available within required timeframe and budget.	Ongoing review and monitoring.	EFDC	Land is obtained to enable scheme to proceed.	Quarterly	xx
3	26-Jun-13	Funding availability.	Decrease in funding for the scheme.	Insufficient funds for scheme to proceed as intended.	C	1	C1	EFDC	Continuous monitoring of available funding from a) 1 to 1 RTB replacement, b) Section 106 contributions, c) HCA grant, d) Sale of sites, and e) Third Party funding.	Sufficient funds are available for the scheme to proceed.	Ongoing review and monitoring.	EFDC	Sufficient funds are obtained for the scheme to proceed.	Quarterly	xx
4	26-Jun-13	Financial control	Unknown or unexpected costs. Reduction in budget(s).	Insufficient funds for scheme and/or budget overspend.	B	2	B2	ETG and PLLP	Provision of robust feasibility reports with funding and construction criteria review. Change control mechanisms implemented.	Ensuring sufficient funds are available for the scheme.	Continuous monitoring of anticipated cost(s) against budget.	ETG and PLLP	Ensuring scheme is within budget.	Monthly	xx
5	26-Jun-13	Programme management - impact on programme of site specific reports not being commissioned until post planning permission.	Late and/or untimely commissioning and/or receipt of site specific reports.	Increase in cost(s) and delay to programme.	B	2	B2	PLLP	Prepare Project Executive Plan (PEP) with high level programme. Provide early feasibilities to formulate the whole of the six year programme. Undertake site specific report ahead of or as part of planning application to mitigate delays between planning consent and tender action.	Early identification to site specific risks / issues.	Ongoing review and monitoring.	PLLP	Site specific risks and issues are identified early on in the project to minimise any increase in costs and/or delay to programme.	Monthly	xx

6	26-Jun-13	Resistance from local community.		Increase in cost(s) and delay to programme.	B	2	B2	All	Engage local community. Encourage use of local labour by contractors and encourage provision of training and apprenticeships. Undertake resident consultation and formulate a publicity strategy.	Local Community are receptive to scheme.	Ongoing review and monitoring.	All	Local Community accept the completed scheme.	Monthly	xx
7	26-Jun-13	Impact on programme of party wall issues.		Increase in cost(s) and delay to programme.	A	2	A2	EFDC and ETG	Establish ownership of properties adjacent to or affected by proposed development. Ensure that party wall notices are issued promptly (possibly outside of the build contract requirements).	Early identification of any party wall issues.	Ongoing review and monitoring.	EFDC and ETG	Any party wall risks and issues are identified early on in the project to minimise any increase in costs and/or delay to programme.	Monthly	xx
8	26-Jun-13	Legal issues including rights of title, boundary ownership, easements on or over the site.		Increase in cost(s) and delay to programme.	A	1	A1	EFDC	Establish clear line of responsibility for each of the legal issues and engagement of EFDC Legal Directorate.	Early identification of legal issues and rights.	Ongoing review and monitoring.	EFDC	Any legal issues and rights are identified early on in the project to minimise any increase in costs and/or delay to programme.	Monthly	xx
9	26-Jun-13	Design parameters	Design criteria and parameters not established and/or established late.	Increase in cost(s) and delay to programme.	B	1	B1	All	Early meeting and engagement with local planning authority to establish design criteria and parameters.	Design criteria and parameters established in good time to enable programme to be met.	Ongoing review and monitoring.	All	Design criteria and parameters established within required timeframe to enable programme to be met.	Monthly	xx
10	26-Jun-13	Overlooking to/from adjoining residents.	Design affects adjoining owner's Right to Light and/or view.	Adjoining owner's Right to Light affected. Possible complaints from adjoining owners. Increase in cost(s) and delay to programme.	B	2	B2	PLL / ETG	Consideration of appropriate screening or single storey development.	Adjoining owner's Right to Light not affected.	Ongoing review and monitoring.	PLL / ETG	Adjoining Owner's Right to Light and/or views not adversely affected.	Monthly	xx
11	26-Jun-13	Impact of existing trees	Existing trees may affect the design and/or below ground works.	Increase in cost(s) and delay to programme.	A	1	A1	ETG	Commissioning of Arboricultural report - site specific.	Review Arboricultural report before proceeding with detailed design.	Ongoing review and monitoring.	ETG	Arboricultural report is received and reviewed prior to design.	Monthly	xx
12	26-Jun-13	Impact of ground conditions and contamination.	Ground contamination present. Ground conditions not suitable.	Increase in cost(s) and delay to programme.	A	1	A1	EFDC / ETG	Assessment of initial reports to be undertaken by EFDC to inform desktop study and commissioning of the site investigation requirements.	Review site / ground investigations report before proceeding with detailed design.	Ongoing review and monitoring.	EFDC / ETG	Site investigation report is received and reviewed prior to design.	Monthly	xx

13	26-Jun-13	Flood risk	Site may lie within / on a flood risk zone.	Increase in flood prevention measures as part of scheme. Increase in cost(s) and delay to programme.	C	1	C1	PLLP	Consider advice of local planning authority and Environment Agency.	Advice from planning authority and Environment Agency taken on-board and reviewed.	Ongoing review and monitoring.	PLLP	Scheme is completed to minimise any potential affects of flooding (within acceptable limits).	Quarterly	xx
14	26-Jun-13	Accurate design at planning application stage	Unknown topography of existing site.	Scheme not designed to accommodate existing topography.	B	2	B2	EFDC / ETG	Commission topographical surveys.	Existing topography is established early and in good time.	Ongoing review and monitoring.	EFDC / ETG	Scheme is designed to take into account existing topography where appropriate.	Monthly	xx
15	26-Jun-13	Transport / traffic / parking assessment	Transport / traffic / parking assessments not undertaken.	Planning application cannot be submitted without transport statements. Delay in programme.	A	2	A2	EFDC / ETG	Commission transport statements to support planning application.	Transport Statement is able to be prepared and submitted with planning application.	Ongoing review and monitoring.	EFDC / ETG	Planning application submitted with suitable transport statement.	Monthly	xx
16	26-Jun-13	Clarity of design parameters	Unclear and/or non-existent design parameters.	Scheme not designed to meet Employer's Requirements.	C	1	C1	ETG / PLLP	Establish consistent set of Employer's Requirements - reference to East Thames Group Design Guidance and requirements of the Essex Design Guide.	Clear design parameters are established early on in the project.	Ongoing review and monitoring.	ETG / PLLP	Design able to proceed with clear design parameters in place.	Monthly	xx
17	26-Jun-13	Inexperienced contractor design team		Contractor design team not able to fulfil their duties and meet the Employer's Requirements.	C	1	C1	PLLP	Include a requirement for the contractor's design team to be clarified at tender stage of each project / phase.	Clarification of the contractor's design team at tender stage.	Ongoing review and monitoring.	PLLP	Contractor's Design Team is able to produce a design that is compliant with the Employer's Requirements.	Quarterly	xx
18	26-Jun-13	Financial control	Unknown or unexpected costs.	Insufficient funds for scheme and/or budget overspend.	A	1	A1	PLLP / ETG	Undertake financial gateway review at each stage of feasibility / design / procurement / construction.	Ensuring sufficient funds are available for the scheme.	Continuous monitoring of anticipated cost(s) against budget.	PLLP / ETG	Ensuring scheme is within budget.	Monthly	xx
19	26-Jun-13	Effect on design of site risks	Unknown or unexpected site risks.	Increase in cost(s) and delay to programme.	A	1	A1	PLLP	Commission surveys early.	Site risks established early.	Ongoing review and monitoring.	PLLP	Site risks identified can be eliminated or minimised.	Monthly	xx
20	26-Jun-13	Loss of control of design through Design & Build procurement	Poorly defined Employer's Requirements.	Increase in cost(s) and delay to programme.	C	2	C2	PLLP	Develop robust set of Employer's Requirements that control design to meet Client's brief.	Employer's Requirements are clearly defined.	Ongoing review and monitoring.	PLLP	Employer's Requirements are fulfilled.	Quarterly	xx
21	26-Jun-13	Poor durability of materials	Materials do not perform as expected.	Increase in future maintenance and life cycle costs.	C	2	C2	PLLP	Using basis of East Thames Group Design Guidance, complement with cost and use exercises where required.	Acceptable results from Cost and Use exercises undertaken (where required)	Ongoing review and monitoring.	PLLP	Future maintenance and life cycle costs are minimised.	Quarterly	xx

22	26-Jun-13	Design liability provided to end user	Collateral warranties with sufficient cover not in place.	End user liable for design as a result of actions / inactions by the design team.	C	2	C2	PLLP	Ensure that collateral warranties are required from the contractor's design team to end user clients and establish level of professional indemnity insurance.	Collateral warranties obtained from contractor's design team.	Ongoing review and monitoring.	PLLP	End user is not responsible for any design liability.	Quarterly	xx
23	26-Jun-13	Ensure that sustainability criteria supports effective capital cost versus cost in use analysis	Sustainability criteria does not support capital cost versus cost in use analysis.	Scheme is not sustainable and may not achieve relevant compliance.	C	2	C2	PLLP / EFDC	Ensure that Employer's Requirements require the contractor to consider a fabric first approach to thermal performance with bolt-on technologies minimised. Code for Sustainable Homes pre-assessment commissioned early.	Fabric first approach undertaken by contractor.	Ongoing review and monitoring.	PLLP / EFDC	Sustainability criteria achieved.	Quarterly	xx
24	26-Jun-13	Compliance with public procurement regulation	Procurement process etc. not followed.	Procurement process may need to be halted / aborted / repeated / extended.	C	2	C2	ETG	Proposed use of East Thames Group contractor framework - OJEU compliant and ensure processes are consistent with EFDC standing orders. ETG to advise on framework renewal dates.	East Thames Group Contractor Framework used and implemented.	Ongoing review and monitoring.	ETG	Scheme complies with all necessary procurement regulation.	Quarterly	xx
25	26-Jun-13	Contractor financial failure	Contractor may cease trading during the course of the scheme and/or not be able to finance the works.	Scheme may halted / stopped.	D	1	D1	ETG / PLLP	Updated financial references and checks to be undertaken.	Financial standing of contractor is known.	Ongoing review and monitoring.	ETG / PLLP	Contractor is able to finance / complete the scheme and provide all necessary resources.	Six-Monthly	xx
26	26-Jun-13	Contractor performance	Lack of KPIs / incentives for contractor to complete the scheme.	Increase in cost(s) and delay to programme.	D	1	D1	ETG / PLLP	Establish KPIs, monitor and incentivise.	Monitoring of contractor's performance against KPIs can take place.	Ongoing review and monitoring.	ETG / PLLP	Contractor's performance meets or exceeds KPIs.	Six-Monthly	xx
27	26-Jun-13	Financial control	Unknown or unexpected costs.	Insufficient funds for scheme and/or budget overspend.	C	1	C1		Implement Change Control mechanism - ensure the effects of any changes / variations are known to the team ahead of instruction. Agree levels of retention and insurance. Agree wording for performance bond / parent company guarantee provision.	Ensuring sufficient funds are available for the scheme.	Continuous monitoring of anticipated cost(s) against budget.		Ensuring scheme is within budget.	Quarterly	xx

### Risk Categorisation

<b>Likelihood</b>	<b>A</b>	A4	A3	A2	A1
	<b>B</b>	B4	B3	B2	B1
	<b>C</b>	C4	C3	C2	C1
	<b>D</b>	D4	D3	D2	D1
		<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	<b>Impact</b>				

**Likelihood:**

- A Very High
- B High
- C Medium
- D Low / Very Low

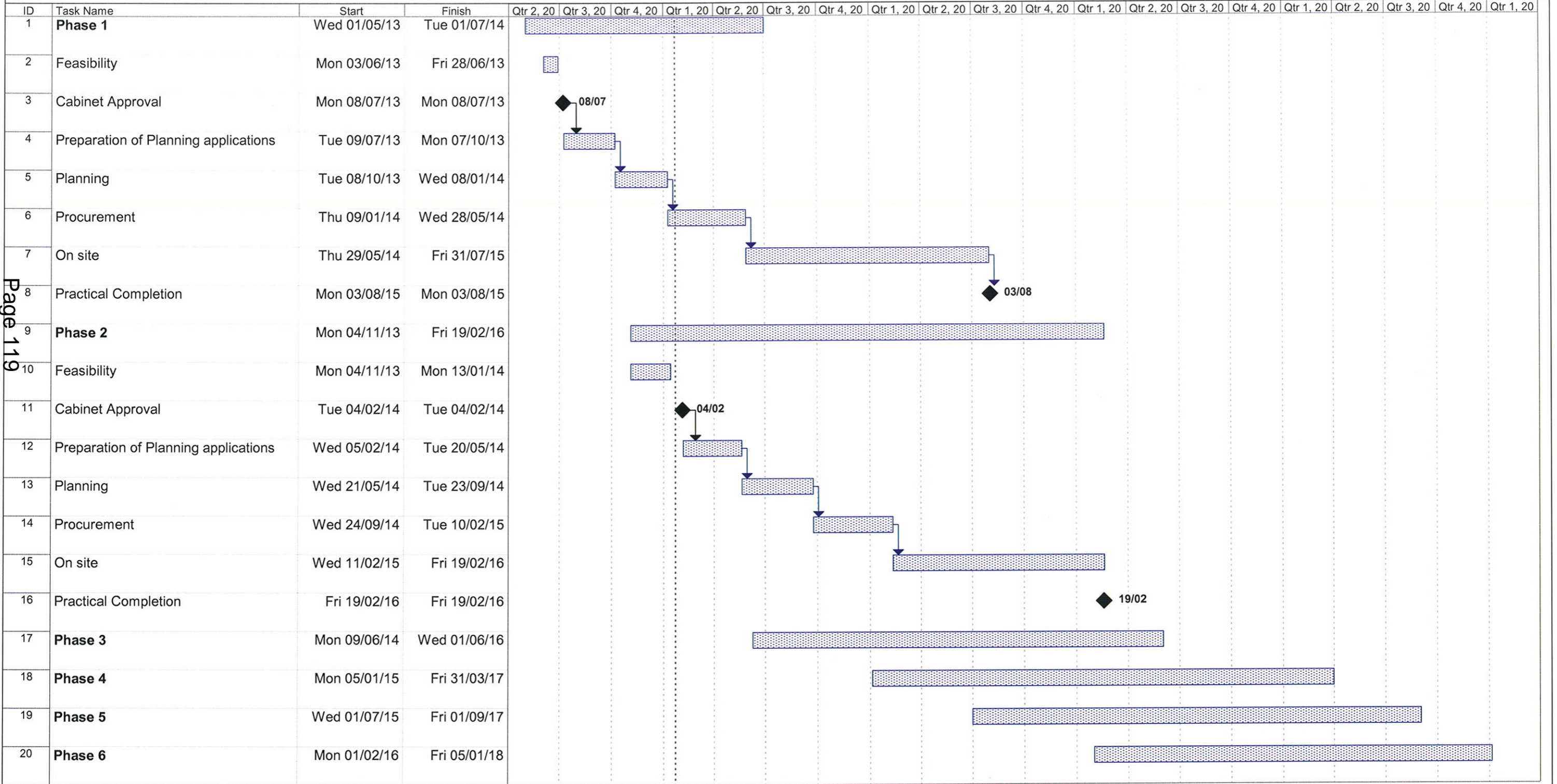
**Impact:**

- 1 Major
- 2 Moderate
- 3 Minor
- 4 Insignificant

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# EFDC - CHBP



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Agenda Item 11

Project: EFDC - CHBP  
Date: Tue 21/01/14

Task		Progress		Summary		External Tasks		Deadline	
Split		Milestone		Project Summary		External Milestone			

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