

Report to the Cabinet

Report Reference: C-031-2013/14

Date of meeting: 9 September 2013



**Epping Forest
District Council**

Portfolio: Housing

Subject: Development Strategy – Council Housebuilding Programme

Responsible Officer: Paul Pledger (01992 564248)

Democratic Services Officer: Gary Woodhall (01992 564470)

Recommendations:

(1) That the Development Strategy, at Appendix 1 of this report, be approved, 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;
- (c) the KPIs that are to be used to measure progress, which have previously been agreed by the Cabinet;
- (d) the feasibility reporting format, consisting of:
 - the design proposals (the number and nature of units to be developed);
 - a scheme budget estimate;
 - a procurement plan;
 - a financial appraisal of the site;
 - a project timetable;
 - a project risk assessment; and
 - a recommendation on how to proceed.
- (e) the Council will make use of East Thames' existing EU-compliant Framework Agreement for constructing the Council's new homes;
- (f) the Council will adopt the East Thames Design Guide to inform the design parameters and development of each site; and
- (g) the Council will adopt the East Thames Employers' Requirements.

**This report has been fully considered by the Council
Housebuilding Cabinet Committee**

Executive Summary:

The Cabinet has previously agreed to develop around 120 new Council properties over a 6-year period and that East Thames undertakes the role of Development Agent to deliver this programme on behalf of the Council. In order to achieve this, a development strategy is required, setting out the approach the Development Agent and the Council will take, including what assumptions will be made, the standards used, the consultation methods that will be adopted, the procurement methods used for construction works and the performance targets used to measure progress, and ultimately the success of the programme. This strategy has been considered by the Council Housebuilding Cabinet Committee at its meeting in July 2013. However, decision to adopt the Strategy rests with the Cabinet.

Reasons for Proposed Decision:

Responsibility for the approval of the Development Strategy rests with the Cabinet.

Other Options for Action:

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 already approved by the Housebuilding Cabinet Committee.

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'

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.

Report:

1. Within the Terms of Reference for the Housebuilding Cabinet Committee, it states that we will consider and recommend to the Cabinet the Development Strategy for the Council's House-building Programme on an annual basis.
2. As part of their appointment, it was a requirement that East Thames prepare the Development Strategy on behalf of the Council.
3. Particular attention is drawn to the East Thames Design Standards (Hard Copies available to view in the Members Room), the Employers' Requirements, the format of the feasibility reports, the financial assumptions used to compute the financial viability reports and the procurement method proposed to appoint the developer for the construction phase of the programme.
4. The Cabinet's attention is also drawn to the proposed format of the financial appraisals for each phase, which is modelled on a 30-year pay-back with a positive Net Present Value (NPV) over 30-years, using the financial assumptions set out in the Strategy. Any shortfall in funding will be met through the use of subsidy, the approach to which we have already considered in detail and approved separately.
5. The Development Strategy is set out at Appendix 1 of this report for consideration in detail and, subject to being satisfied with its contents, we recommend its approval to the Cabinet, together with the use of the supporting Design Standards and Employers' Requirements.

Resource Implications:

Adoption of the Development Strategy triggers a fee payment in the sum of £3,000 to East Thames in accordance with the terms of the Development Agreement. This will be met from the existing budget within the HRA Capital Programme for Council Housebuilding.

Legal and Governance Implications:

Within its Terms of Reference, the House-Building Cabinet Committee is expected to consider and recommend to the Cabinet the Development Strategy for the Council's Housebuilding Programme.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

The Housebuilding Cabinet Committee have considered the strategy and we support its contents.

Background Papers:

East Thames Design Standards and Employers' Requirements
Council House-Building Cabinet Committee Report on "Funding the Housebuilding Programme"
(Available for viewing in the Housing Directorate)

Impact Assessments:

Risk Management

Since the Development Strategy has a direct bearing on the financial viability and delivery of the Council's Housebuilding programme, 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 learn from the experience of East Thames, who have been undertaking developments similar to that proposed in the strategy for some time.

Since the Cabinet Committee will consider and sign-off financial appraisals for every proposed development, the financial effects of the Strategy 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