

EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Council Housebuilding Cabinet **Date:** Tuesday, 18 June 2019
Committee

Place: Council Chamber - Civic Offices **Time:** 7.00 - 8.00 pm

Members Present: H Whitbread (Chairman), N Avey, A Patel, J Philip and A Lion

Other Councillors: N Bedford, S Heap, S Heather, J Jennings, R Morgan and C Roberts

Apologies: S Stavrou

Officers Present: P Pledger (Service Director (Housing & Property Services)), M Rudgyard (Housing Development Manager) and J Leither (Democratic Services Officer)

1. WEBCASTING INTRODUCTION

The Chairman reminded everyone present that the meeting would be broadcast live to the internet and that the Council had adopted a protocol for the webcasting of its meetings.

2. SUBSTITUTE MEMBERS

The Cabinet Committee noted that Councillor A Lion would substitute for Councillor S Stavrou at the meeting.

3. DECLARATIONS OF INTEREST

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

4. MINUTES

Resolved:

That the minutes of the meeting held on 30 August 2018 be taken as read and signed by the Chairman as a correct record.

5. PROGRESS REPORT FOR PHASES 2-6

The Housing Development Manager gave an update on the progress that had been made across each of the two phases of the Housebuilding programme that were on site (Phases 2 and 3), and the developments that would make up future Phases 4-6.

Phase 2

Burton Road, Loughton – 15 x 3 bed houses, 2 x 2 bed houses, 23 x 3 bed flats & 11 x 1 bed flats

This development was behind programme and had encountered several delays due to the following:

- The discovery of an unidentified live cable running across the site;
- Additional time spent remediating contamination across the site that had not previously been identified; and
- A fire in August 2018 to the upper floors of Block B which had extended completion to July 2019. There would be a phased handover of all of the houses and flats in Block A through April and May 2019.

The anticipated final account was currently £10,861,015.00 which represents a 10% increase upon the originally agreed contract sum. The additional costs relate to the diversion of the live electric cable, additional remediation costs, and additional offsite works that have been instructed on the main highway. The costs relating to the fire will be covered by the Contractor and their insurers with no implications for the Council.

Handovers at Burton Road have now commenced and the 17 houses are all occupied. The flats at Davis Court are due to be handed over on the 12th and 13th June 2019 with the flats at Churchill Court handing over in September 2019.

Phase 3

Bluemans End, North Weald – 2 x 3b houses, 1 x 2b Flat & 1 x 2b flat

The homes were handed over on the 26 March 2018 which was a total of 8 weeks behind programme. This was due to Thames Water delays in providing their connection.

The Final Account was agreed at £839,170.77 which was 11% above the originally agreed contract sum. These additional costs are made up of variations mostly relating to boundary treatments, the removal of unforeseen contaminated waste and removal of asbestos.

Stewards Green Road – 4 x 2b houses

The homes were handed over on the 13th December 2018 which was a total of 46 weeks behind programme. This delay was due to the discovery of asbestos in the hardcore material that had been used to form the sub-base of the new entrance road.

The final account was yet to be agreed but was anticipated at £852,921.00 which was 13% above the originally agreed contract sum. These additional costs are made up of variations mostly relating to boundary treatments and the removal of contaminated waste over and above what had been allowed for. The Council intends to pursue the Consultant for costs in relation to the additional works that were required to clear the previously unidentified hazardous materials.

London Road – 1 x 3b House

The home was handed over having reached practical completion on the 7 March 2018 which was as per the agreed programme

The Final Account was agreed at £262,507.93 which was 11% above the originally agreed contract sum. These additional costs were because of variations to the

specification, the most significant additional costs being the change in heating system required and PV installation.

Parklands, Coopersale – 2 x 2b Houses & 1 x 1b Flats

The homes were handed over having reached practical completion on the 10 October 2018 which was a total of 20 weeks behind programme. The delays were due to the design of the gravity fed drainage system and associated increase in ground levels.

The Final Account was agreed at £763,848.98 which was 7% above the originally agreed contract sum. These additional costs were made up of variations, the most significant being the increase in levels across the whole of the development to allow for a gravity fed drainage system.

Springfield and Centre Avenue – 1 x 3b House, 5 x 2b Houses & 2 x 1b Bungalows

The homes were handed over having reached practical completion on the 7 January 2019 which was a total of 28 weeks behind programme. This was due to delays at the end of the programme where external works and boundary treatments took far longer than had previously been anticipated.

The Final Account was agreed at £1,650,655.23 which was 17% above the originally agreed contract sum. These additional costs are made up of variations, the most significant being the provision of a gravity fed drainage system and treatments to the site boundaries.

Centre Drive – 1 x 3b House

The homes were handed over having reached practical completion on the 8 November 2018 which was a total of 19 weeks behind programme. This was due to delays at the end of the programme where additional surface water drainage works had to be undertaken.

The Final Account was agreed at £355,188.00 which was 18% above the originally agreed contract sum. These additional costs are made up of variations, the most significant being the additional surface water drainage works required.

Queens Road, North Weald – 10 x 3b Houses & 2 x 2b Houses

Due to the nature of the site a package of initial enabling works needs to be completed, including the relocation of a UKPN substation before construction works could commence.

A letter of intent was issued to Storm Building Ltd up to a works value of £250K to undertake the enabling works. The enabling works were expected to take three months to complete.

The main construction works were originally expected to commence on the 5 March 2018. However, due to several factors including the discovery of a significant volume of asbestos under the concrete slabs to the garages and delays in completing the relocation of the substation, the start on site this was delayed until the 7 January 2019. Anticipated completion of the project has been delayed until August 2020.

In terms of project costs, there was already a forecast of an overspend of £388,864.00 above the originally agreed contract sum, an increase of 17%. The cost increases were mainly due to:

- The discovery of asbestos for which an additional £125,000.00 was negotiated with the Contractor for removal costs; and
- Delay to the start date post tender to the sum of £157,532.41. The contractors original tender was based on a start date in October 2016 and commenced in August 2017.

Phases 4, 5 and 6

Work had now commenced on the delivery of Phases 4, 5 and 6 with a number of planning permissions already enacted, garages demolished and planning conditions relating to contamination being approved.

In considering how best to approach the procurement of the construction contracts it was agreed to package up the sites in terms of size and geography to take advantage of economies of scale. This had meant that Phases 4, 5 and 6 has been broken down into 9 packages. A schedule of these packages was attached at Appendix 1 to Agenda item 6.

Detailed design development was currently progressing on all 9 of these packages with the furthest progressed (Packages 1,2 and 3) expected to be tendered in July 2019 with start on site anticipated in September 2019.

The design development period is longer than would normally be expected as we have asked the Architect to undertake further work to de-risk the scheme to take into account the lessons learnt from Phases 1, 2 and 3. This additional design period will also give us more cost certainty on each development.

Councillor J Philip asked why phasing on scale and location in package 8 included Loughton and Waltham Abbey, which were not in the same location and this did not make sense putting one Loughton unit with 4 Waltham Abbey Units.

The Housing Development Manager explained that package 8 consisted of 5 single unit developments and whilst they were not in the same location, packaged together they would appeal more to the contractor.

Councillor Avey stated that there were significant delays on all of these projects and asked if this was normal for these projects to see these kinds of delays.

The Housing Development Manager advised that the delays were longer than anticipated due to the eagerness of contractor, when establishing their original programme and setting out their costs, they were quite keen to be competitive and that could sometimes lead to them estimating a bit more positively than they should have done originally to win the work. I have since spoken to the contractors and advised them that we would like to see more realistic timescales and costs. This was all part of our learning curve and I would say that these delays were not normal.

Councillor A Patel referred to Phases 4, 5 and 6, paragraph 23 of the report where the Architect had been asked to undertake further work to de-risk the scheme to take into account lessons learned from previous Phases due to contamination of land and service issues. Therefore in terms of contamination when preparing the costings on a proposed scheme would the Architects do their own site analytical work before putting together a proposed costing, do we request to see any of this information before or just rely on their cost to ensure that they are compliant.

The Housing Development Manager advised that in the past the contractor, taking into account the information he was given as part of the contract documents, would put aside a sum for decontamination and asbestos removal that was to be undertaken, but from what we have previously seen that sum is not adequate once they have found out the level of asbestos contamination. Going forward the Council would now do their own site investigations to establish clearly the level of contamination and the make-up of the soil so we can design and de-risk what is underground.

Councillor A Patel expressed concern that the Council would be put at risk in terms of being held to account if the Council hadn't foreseen the potential contamination on the land, at the moment the onus is with the Contractor but if we carry out more analytical work then they could ask us for costs.

The Housing Development Manager advised that the risk would lie with the consultant who provided the report rather than the Council who would always look to deal with it through pursuing the consultant for costs.

Councillor A Lion referred to the risk analysis and asked how would the Council mitigate those risks and push the pressure back on to the suppliers to actually deliver on time. How do we mitigate those risks and push the onus back on to the suppliers.

The Housing Development Manager advised that the contractors have been advised within the framework that they should be accurate with submitting both price and programme.

Councillor A Lion asked should the Council not be putting financial penalties on the contractors and if they don't deliver on the said date we could collect those penalties, every week the contract falls behind the Council are losing money by not being able to rent the properties. How do the Council mitigate those risks and push the onus back onto the suppliers to actually deliver on time and within budget.

The Housing Development Manager advised that previous conversations with the consultants and the contractors it had been made clear they should give accurate costings and times, which was within the framework. There was an option within the contract to enforce penalties but the Council had an ongoing relationship with the contractor and would like to start on the basis of a position of trust to deliver on the programme and at the price agreed. Previously our development agents have not always given the Council the best advice.

Councillor J Philip stated that in Appendix 1, 6 of the schemes had gone past their planning approval expiry date and 2 expire at the end of the week. What have we done or are doing about this.

The Housing Development Manager advised that 5 of the schemes that had passed their planning expiry date had been enacted upon and those sites had been cleared, they would be going out to tender in July 2019 and be on site in September 2019.

Future packages were in the process of enacting and those planning permissions with the exception of Thatchers Close, Loughton this package was about to be resubmitted for planning permission.

Councillor S Heap asked for a delay in Phase 4, Hornbeam Close (site B), he stated that the residents were not ready to move out of their garages as they had been promised reallocation but to date this had not happened, they were last contacted by

the Council in 2017 telling them this would happen but they have now had a 12 day notice to quit with no reallocation. He stated that he was aware there were some empty garages in site A and asked for a small delay for the residents to be reallocated.

The Housing Development Manager stated that the difficulty he would have at this stage would be to delay as it would run the risk of a failure to enact the planning permission, he further added that he was working to tight timescales in terms of investigating the condition of the garages before they were demolished. He would look at this scheme again and if he was able to delay it would be a very short period of time.

Councillor Heap stated that a short delay would help them and asked when was this phase due to go out to tender as it was not due to run out of permission until August.

The Housing Development Manager advised that this site would go out to tender in November/December 2019, in order to allow works to be started on site before March 2020.

Decision:

That the contents of this Progress Report on Phases 2 - 6 of the Council Housebuilding Programme be noted, and presented to the Cabinet in line with the Terms of Reference.

Reasons for Decision:

Set out in its Terms of Reference, the Cabinet Committee was to monitor and report to the Cabinet on an annual basis progress and expenditure in relation to the Council Housebuilding Programme. The report, Agenda Item 6, sets out the progress made over the last 12-months.

Other Options Considered and Rejected:

This report was on the progress made over the last 12-months and was for noting purposes only. There were no other options for action.

6. PROGRAMME AND EXPENDITURE UPDATE FOR THE COUNCIL HOUSEBUILDING PROGRAMME AND ITS IMPACT UPON 141 RECEIPTS

The Housing Development Manager advised the report at Agenda Item 7 considered the current construction expenditure profile for the Council Housebuilding Programme against the "Replacement Right to Buy (RTB) Receipts" and considered various interventions to take up the shortfall in expenditure where identified.

Taking the profile of construction expenditure as described we could compare this against the level of RTB Receipts and from this we could see where a shortfall in construction expenditure means there was a deficit against the required spending to take up the RTB receipts.

If the construction expenditure profile proposed was maintained the first time a deficit could be seen in the required construction expenditure in Q4 2020/21 where we will see a shortfall of £1,976,872.00. This equated to £593,061.16 in RTB Receipts. Overall in 2020/21 our construction expenditure was in deficit by £3,281,851.37 against a requirement of £15,430,707.37.

This position becomes progressively worse over the course of 2021/22 when a deficit in construction expenditure of £6,352,077.55 against a requirement of £9,869,497.55 meant that we were £8,328,949.00 behind our construction expenditure target by the end of 2021/22.

Without intervention this could mean that the Council would need to repay £2,498,684.70 in RTB receipts back to the Government by the end of 2021/22.

In considering suitable intervention which would take up the required construction expenditure deficit the Council were making the following proposals in priority order;

- To proceed with planning applications on the following sites;
 - Vere Road, Loughton – 4 no. 1 bed flats and 6 no. 2 bed flats;
 - Hillyfields, Loughton – 2 no. 2 bed houses;
 - Pyrles Lane (Site A), Loughton – 2 no. 2 bed houses;
 - Pyrles Lane (Site B), Loughton – 3 no. 3 bed houses;
 - Colvers, Matching Green – 3 no. 2 bed houses;
 - Hansell Mead, Roydon – 2 no. 3 bed houses;
 - Pound Close, Nazeing, 2 no 2 bed houses and 2 no 3 bed houses;
 - St Thomas's Close, Waltham Abbey – 1 no. 2 bed house and 2 no. 3 bed houses; and
 - Springfield (Site B), Epping – 2 no. 1 bed bungalows.
- To reconsider the criteria for the selection of garage sites for development particularly regarding occupancy levels. This provided a fresh pipeline of sites for development as well as potentially dealing with issues of fly tipping and anti-social behaviour that was still evident on some Council owned garage sites.
- To consider the purchase of affordable homes provided through S106 agreements by private developers. The Council already had experience of this procurement method and were currently negotiating with developers on sites across the District.
- To consider purchasing land owned privately for development rather than remaining solely reliant on land that the Council currently own.
- To consider the purchase of suitable commercial premises that with a change of planning use could be redeveloped for affordable housing.
- To establish a 'street property purchase' programme.

Councillor J Philip stated that to ensure the Council catch up with expenditure and this will not happen by just putting planning applications forward that the Council should look at other options.

Councillor A Lion asked if any consideration had been given to adding floors to any Council owned blocks of flats.

The Housing and Property Service Director advised that early conversations had taken place with the Council's consultants but there were many things to take into consideration:

- Leaseholders living in the flats;
- The adequacy of the foundations; and

- The adequacy of the fire regulations.

The Council could not guarantee that they would be able to complete in the timescale that was available.

Councillor R Morgan asked what the planned timescale was for the Colvers, Matching Green and were parking spaces going to be provided as there were many issues around displaced parking.

The Housing Development Manager advised that nothing had yet been scheduled, but due to the urgency of the spend required, it was hoped that this site would be ready to apply for planning permission within the next 3-6 months, where parking would be looked at during that time.

Councillor N Bedford asked if the Council had considered looking to buy properties across the neighbouring boundaries for example in Waltham Forest.

The Housing and Property Service Director stated that the Council had not looked outside of its own boundaries. He did advise that the Council had recently bought 8 houses off of a developer in Roydon and that they were looking at all alternative solutions. The Council had partnerships with 6 affordable housing developers but required schemes to come forward.

Decision:

- (1) That the contents of this programme and expenditure update for the Council House Building Programme and its impact upon 141 receipts be noted, and presented to the Cabinet in line with the Terms of Reference.
- (2) That the recommendations proposed for taking up future 141 receipts are approved by the Cabinet in line with the Terms of Reference.

Reasons for Decision:

Set out in the Cabinet Committee's Terms of Reference was to monitor 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 RTB Receipts received as a result of the Government's increase in the maximum RTB Discount to be spent on housebuilding.

Other Options for Action:

Taking no action to ensure that construction spending was increased to meet the known level of 141 receipts could lead to a significant repayment of this funding for the supply of new affordable homes being repaid to the Government.

7. SUBMISSION OF A NEW PLANNING APPLICATION FOR THE LADYFIELDS SITE, LOUGHTON

The Housing Development Manager presented a report to the Cabinet Committee advising that the report sought approval to submit a new planning application for the Ladyfields site in Loughton. The site had an existing planning approval for 6 x 2-bed affordable homes with 23 parking spaces. In line with the policies of the Local Plan,

where zero parking was required within 400m of a railway station, it would be possible to increase the number of affordable homes on the site.

The site was located within 400m of Debden Station on the London Underground Central Line and if left as previously approved, this site would not comply with the new Local Plan Policies.

Therefore, by submitting a new planning application for the site, compliant with the intentions of the new Local Plan, the Council could increase the number of affordable homes by better utilising the land to enable the delivery of between 10 and 11 additional affordable homes for applicants on the Council's waiting list. Improving the districts housing offer, through building more Council-owned Affordable Housing, was a target in the Council's Corporate Plan.

It was therefore recommended that a new planning application be submitted for the site at Ladyfields, Loughton in line with the Local Plan Policy requirements, thereby increasing the development opportunity for the site to between 10 and 11 affordable homes for Council tenants. It should be noted that this recommendation does not override the existing planning consent on the site.

Councillor N Avey stated that one of his responsibilities as a Portfolio Holder was for parking and although the Local Plan dictated the way forward regarding parking it was counter intuitive as there was already so many problems across the district regarding parking. The people who buy/rent these houses will almost certainly have at least one vehicle which will cause a major problem with displaced parking.

Councillor J Philip stated that he disagreed with Councillor N Avey as advised that we did have to do something to reduce parking across the district. He did say that for 6x2 bed homes 23 car parking spaces was excessive. The original planning permission had been approved and this was a new application which did not override the original one but it might be worth going forward to get a better balance for this site.

Councillor A Lion stated although we do need to reduce the amount of vehicles it was too early to reduce these sites to zero, we as a Council should maintain a level that was acceptable.

The Cabinet Committee agreed to amend the decision as below.

Decision:

(1) That a second planning application be submitted for an already approved development at Ladyfields, Loughton, recognising the Local Plan looks for reduced parking in proximity to a train/underground station and that we take an approach to maximise the available housing and minimise the parking in discussion with the Planning department.

Reasons for Decision:

The Council has an ambition to develop 300 new affordable homes for Council tenants by 2025, making use of its 1-4-1 receipts to fund the programme. The Local Plan also sets out its ambition to deliver 11,400 new homes of all tenures across the district over the life of the plan. In its Terms of Reference, the Cabinet Committee is required to approve the submission of detailed planning applications, and/or if more appropriate, outline planning applications.

Other Options Considered and Rejected:

Not to progress with a second planning application and to enact the current scheme, which will deliver both new affordable homes and associated car parking, but not taking the opportunity to deliver a scheme in line with the new Local Plan Policy.

8. COUNCIL HOUSEBUILDING PROGRAMME - RISK REGISTER

The Housing Development Manager presented a report to the Cabinet Committee and advised that attached at Appendix 1 of Agenda Item 9, was the programme wide risk register associated with the Council's Housebuilding Programme, which was for review, commenting or noting as appropriate.

Decision:

(1) That the contents of the report, Agenda Item 9, on risk management in relation to the Council Housebuilding Programme be noted, and presented to the Cabinet in line with the Terms of Reference.

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 record, monitor and mitigate those risks.

Other Options Considered and Rejected:

- (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.

9. ANY OTHER BUSINESS

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

10. 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