

SIGNED OFF BY	Director of People
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TO	Executive
DATE	Thursday, 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Housing and Support

KEY DECISION REQUIRED	Y
WARDS AFFECTED	Horley West and Sidlow;

SUBJECT	Lee Street Development
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RECOMMENDATIONS	
<p>(i) Approval of the updated Capital Programme scheme cost of £850,389 and the allocation of £190,000 additional funding to the scheme (through the further allocation of Section 106 funds pending confirmation of Homes England grant funding).</p> <p>(ii) The Head of Housing be authorised, in consultation with the:</p> <ul style="list-style-type: none"> • Head of Finance • Head of Legal and Governance • Executive Member for Housing & Benefits • Executive Member for Finance & Deputy Leader • Executive Member for Investment & Companies <p>a) To enter into a contract to build with the recommended contractor subject to costs falling within the revised capital budget as detailed in the exempt report in Part 2 of the agenda.</p> <p>b) To appoint and enter into contracts (as required) with any remaining consultants or suppliers, including entering into collateral warranties to allow the contract to progress to completion.</p> <p>c) To allocate and spend any capital grant allocated by Homes England for the scheme to the approved budget.</p>	

(iii) The Head of Housing be authorised in consultation with the:

- **Head of Legal and Governance**
- **Executive Member for Housing & Benefits**
- **Executive Member for Finance & Deputy Leader**
- **Executive Member for Investment & Companies**

- a) To appoint and enter into contracts (as required) with any inspectoral bodies or warranty providers (i.e. NHBC/LABC)**
- b) To enter into any Easements, Licences, Covenants, or Wayleaves as required on the development**
- e) Complete Party Wall agreements as required on the development**

REASONS FOR RECOMMENDATIONS

The revised scheme presented to Executive in February 2020 secured planning permission in March 2020. A tender exercise for the scheme was completed in November 2020. Higher than anticipated construction costs have resulted in a budget shortfall. A budget increase of £190,000 is therefore sought to progress the project to completion, to be funded initially through the further allocation of Section 106 funds pending confirmation of Homes England grant funding.

Grant funding will be sought through the Homes England Affordable Homes Programme and, if successful, will fund the additional delivery costs of the scheme. If grant funding is not awarded, the additional costs will be funded through the additional contribution from Section 106 funds.

EXECUTIVE SUMMARY

- The proposed Lee Street development is required to help house single people. Since the Homelessness Reduction Act (2017) the Housing Service has been assisting an increasing number of single homeless people, numbers have increased further as a result of the impact of COVID.
- The background to the scheme is set out in the February 2020 report to Executive. Following the report to Executive in February 2020, a revised scheme based on traditional build construction secured planning permission. As explained in the February 2020 report, the pre-tender estimate of the revised scheme was higher than previous schemes.
- A competitive tender process for the amended proposal was completed in October 2020 with a tender evaluation completed in November. Returned tender prices are above the pre-tender estimates and the previously revised budget granted. To progress to build, approval of additional funding is required. An application will be made to the Homes England Affordable Homes Programme and any funding granted will be allocated to this scheme. If grant funding is not made available, the additional costs will be funded through an additional contribution from Section 106 funds.

Executive has authority to approve the above recommendations

STATUTORY POWERS

1. The Council has no statutory obligation to undertake this work but has general powers of competence under section 1 of the Localism Act 2011 to do anything that individuals with full capacity generally may do, subject to the provision of the Act.

BACKGROUND

2. A previous report dated February 2020 (<https://reigate-banstead.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=1408&Ver=4>) was considered by Executive. That report set out the background to the proposal to deliver 4 x 1 bedroom bungalows, intended for single people. That report included the history of the proposed developments for the site. This position remains unchanged.

KEY INFORMATION

3. Following on from February 2020 Executive, the scheme was tendered following the granting of planning permission in March 2020. Tenders received were higher than the pre-tender estimates and the scheme exceeded the approved financial position set out in February 2020 exempt report in Part 2 of the agenda at that time.
4. As a result, it has not been possible to enter into contract. An additional budget allocation of Section 106 reserves is required to progress the scheme to build contract and final completion. The financial implications are set out in the exempt report in Part 2 of the agenda.

OPTIONS

5. Option 1 (**Recommended Option**)- Proceed with the development based on the traditional brick and block approach and approve the revised capital budget allocation and the additional Section 106 funding allocation as outlined in the exempt report in Part 2 of the agenda.
6. Option 2- Not proceed with the development. **This is not a recommended option** as the site is sitting vacant and can be better utilised for housing purposes. Not proceeding may incur reputational damage with the public as well given that this site has been promoted historically.

LEGAL IMPLICATIONS

7. The Council has general powers of competence under Section 1 of the Localism Act 2011 to undertake any activity which an individual with full capacity may undertake. This includes improving service provision and quality of life.

FINANCIAL IMPLICATIONS

8. To see the project through to practical completion an additional £190,000 will be required, initially to be allocated from Section 106 reserves

9. An application will be made in due course for affordable homes grant funding from Homes England to support the scheme. Should we be successful with this grant application, any funding secured from Homes England will be prioritised for investment into the scheme and s106 funding will only be drawn as required. It is not certain at this stage what level of additional funding will be approved.
10. The financial implications of the proposals are summarised above and reported in more detail in the exempt report in Part 2 of the agenda.

EQUALITIES IMPLICATIONS

11. There are no equalities implications arising from this proposal.

COMMUNICATION IMPLICATIONS

12. Communications will respond to any media enquiries which may arise due to the delay to the proposed start-on-site. The appointed contractor will also be required to publish regular newsletters to neighbouring residents.

RISK MANAGEMENT CONSIDERATIONS

13. The main risk for the Council in undertaking development are in terms of construction cost changes and market fluctuations.
14. The scheme has now been tendered. We will fix the build price upon entering into contract. In addition, a decision to utilise a JCT Design & Build contract on this project will further minimise the level of risk that the Council is exposed to. A contingency has been included in the scheme appraisal to cover unforeseen costs (details of which are included in the Part 2 (exempt) paper).
15. Given the level of demand on our Housing Register and Homelessness Prevention Teams there is minimal risk of the properties not being let upon completion.

OTHER IMPLICATIONS

16. There are no further implications to be considered.

CONSULTATION

17. Executive Members have been consulted about these proposals.

POLICY FRAMEWORK

18. Our Vision: This development helps us to meet our vision to make the borough a great place to live, work in, do business in and visit.
19. People Objectives: This development helps us to meet our objective to deliver homes that can be afforded by local people and provides a wider choice of tenure, type and size.

BACKGROUND PAPERS

1. Reigate & Banstead 2025: our five year plan https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025
2. Housing Delivery Strategy 2020-2025 - http://www.reigate-banstead.gov.uk/info/20040/housing/550/housing_strategies/3
3. Development Management Plan 2020- 2025 - http://www.reigate-banstead.gov.uk/info/20380/current_planning_policy/888/development_management_plan