

**15 June 2016**

**Environment and Housing Management Committee**

**Brentwood Garage Sites Update**

**Report of:** *Helen Gregory, Head of Housing & Benefit Services*

**Wards Affected:** *Hutton Central and Hutton East*

**This report is:** *Public*

**1. Executive Summary**

- 1.1** The report provides an update on progress in delivering the Garage Site redevelopment proposal.
- 1.2** In September 2015 the committee granted approval to procure a Registered Provider (RP) developer framework to acquire and redevelop Magdalen Gardens and to redevelop Fawters Close for older people's housing to remain in Council ownership.
- 1.3** By January 2016, with significant changes to the funding of local authorities, the Council sought to identify alternative revenue funding streams for the General Fund. The Council is currently exploring how garage site redevelopments could generate revenue funding for the General Fund.
- 1.4** This financial assessment is ongoing. Whilst this is taking place, the procurement of a RP framework has been placed on hold pending the outcome of the assessment. It was the intention that the Council would invest the Right To Buy Capital Receipts with the RP framework partners. Since this is now on hold, consultants have been commissioned to prepare a specification and tender drawings to enable the Council to procure a building contractor for Fawters Close and Magdalen Gardens. This will contribute towards the Council meeting the December 2016 Right To Buy Capital Receipt expenditure target.
- 1.5** A separate project management tender is to be undertaken to seek architectural advice, contracts administration and cost management throughout the construction process to completion and handover, as there is no in-house development team.

- 1.6** The third site identified in the garage site programme, Fielding Way has been assessed and is not considered viable for housing redevelopment. An alternative site is being identified as part of the next tranche of garage sites to be assessed for the programme.

## **2. Recommendation(s)**

- 2.1** That delegated authority is granted to seek tenders to procure a building contractor for the redevelopment Fawters Close and Magdalen Gardens.
- 2.2** That delegated authority is granted to seek tenders to appoint consultants to provide architectural advice, contracts administration and cost management throughout the construction process to completion and handover, as there is no in-house development team.
- 2.3** That delegated authority is granted to the Chief Executive and Finance Director in consultation with the Chair of Environment & Housing Management Committee to award the building contract to the successful building contractor within the approved budget.

## **3. Introduction and Background**

- 3.1** In September 15, the Council approved the procurement of a framework of RP developer partners to acquire and redevelop the freehold or long leasehold interest in the garage sites for affordable housing, with Fawters Close retained in Council ownership and managed by the Council.
- 3.2** A RP framework was considered the preferred development option because RPs have the track record and capacity to deliver high quality new build affordable housing.
- 3.3** However, by January 16, as a result of the changes to the funding of local authorities, the Council began to identify potential revenue funding sources for the General Fund.
- 3.4** The procurement of a framework of RPs has been placed on hold pending the completion of a full financial assessment of the garage site redevelopment programme as a possible funding source.

#### **4. Issue, Options and Analysis of Options**

- 4.1** A full assessment of the financial options is ongoing. The assessment will consider a number of options and their impact on revenue income generation for the General Fund.
- 4.2** In addition to the General Fund considerations, the Council must continue to meet its Right To Buy Capital Receipt spend targets by December 16. Under the proposed RP framework agreement, the Council could have invested the RTB Capital receipts with the framework RPs. Since the procurement of the RP framework is on hold pending the outcome of the financial options appraisal, consultants have been commissioned to prepare a specification and tender drawings to enable the Council to procure a building contractor. In addition, a separate project management tender is to be undertaken to seek architectural advice, contracts administration and cost management throughout the construction process to completion and handover, as there is no in-house development team.
- 4.3** The estimated design and procurement programme is set out below:

	Fawters Close and Magdalen Gardens	
Task	Start	Finish
Prepare detailed drawings and tender documents	May 16	July 16
Prepare tender documents	June 16	July 16
Out To Tender for building contractor and consultants.	July 16	Aug 16
Tender return evaluation, contractor and consultant appointments.	Aug 16	Sept 16
Start on site	Sept 16	April 17

- 4.4** It is proposed that the construction of Fawters and Magdalen Gardens is delivered as one building contract to achieve efficiency under a traditional form of contract. Anticipated start on site in September 16 would achieve Right to Buy Capital Receipt expenditure in the sum of approximately £550,440 by December 2016. This would be achieved through construction interim certificates and consultant fee expenditure.

**4.5** The third site identified in the garage site programme, Fielding Way, has been assessed and is not considered viable for housing redevelopment. An alternative site is being identified as part of the next tranche of garage sites to be assessed for the programme.

## **5 Reasons for the recommendation**

5.1 The Council will progress the design to tender and the procurement of a building contractor for Fawtens Road and Magdalen Gardens directly, pending the outcome of the financial assessment.

5.2 This will contribute towards the Council meeting its Right To Buy Capital Receipt expenditure targets for December 2016.

## **6 Consultation**

6.1 Residents of Fawtens Close have been consulted on the boundary wall and access arrangements during the construction period.

## **7 Reference to Corporate Plan**

7.1 The Council's Corporate Plan aims to:

- Broaden the range of housing in the borough to meet the needs of Brentwood's population now and in the future and;
- Achieve a better mix of housing to meet Brentwood's needs, including a wider range of housing solutions for older people.

7.2 The Housing Strategy 2013-16 aims to:

- Address opportunities for delivery of new housing through the emerging asset management strategy;
- Continue to foster partnership arrangements with registered social landlords to deliver affordable housing.

7.3 The garage redevelopment proposals aim to broaden the range of housing in the borough to meet housing needs including housing solutions for older people.

## 8. Implications

### **Financial Implications**

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- 8.1 The cost for the redevelopment of the garage sites has already been budgeted for in the 2016/17 Housing Business Plan. The building work on the sites will need to start before 31/12/16 so that the council does not incur any interest on the retained RTB funds.

### **Legal Implications**

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- 8.2 The estimated value of the building contract is below the OJEU procurement threshold, so is not subject to the full EU procurement regime, but must still comply with the EU principles of fairness, transparency and diversity.
- 8.3 In addition, the Council's Contracts Standing Orders will apply, so that any procurement exercise must involve a formal tendering process conducted in compliance with the relevant Standing Orders.
- 8.4 BDTLegal will be available to advise and assist officers throughout the procurement process.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.5 There is a health & safety risk at Fawters Close with asbestos roofing on garages. A asbestos survey has been commissioned to provide essential health & safety advice on safe removal of the asbestos , as the garages will need to be demolished at Fawters Close to enable the development.

## 9 **Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 None

## **10 Appendices to this report**

Appendix A – Exempt

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