

EXETER CITY COUNCIL

SCRUTINY COMMITTEE 31 AUGUST 2010

COUNCIL OWN BUILD: PROGRAMME UPDATE

1 PURPOSE OF THE REPORT

- 1.1 This report provides an update on the Council house building programme.

2 BACKGROUND

- 2.1 Last September Executive approved the policy of building new Council properties where Government funding is available provided the schemes are financially viable and can be delivered within the necessary timescales.
- 2.2 Exeter City Council was successful in securing £1,545,000 from the Homes and Community Agency (HCA) for the first wave of Council development. This related to 18 new homes at Merlin Crescent and 3 new homes at Sivell Place. All homes are designed to be occupied by over 55's as part of the Council's down-sizing initiative and to meet Passiv Haus Certified Standards – the Council will be the first Local Authority in the UK to build social housing to this high standard.
- 2.2 The Council was not successful in securing funding in the second round of grant allocations from the HCA for proposed developments at Chestnut Avenue, Rennes House Car Park, Bennett Square, Newport Rd and Whipton Methodist Church. Latterly those Local Authorities that were successful at securing second round grants have subsequently had their grant offers retracted under the new Government's funding freeze, unless building contracts were already in place.

3 CURRENT PROGRESS

Wave One – Merlin Crescent and Sivell Place

Programme

- 3.1 The Council appointed ISG Pearce as our main contractor for this project and works commenced on the 22 March 2010 on both sites. Works are currently progressing in accordance with the agreed contract programme with completion scheduled for 11 November 2010 for Sivell Place and 4 March 2011 for Merlin Crescent. Appendix I provides the latest site photos illustrating progress to date.

Finances

- 3.2 The latest project forecasts indicate that the two sites (Merlin Crescent and Sivell Place) will cost £3,045,507, which shows an overspend of £334,097 when compared to the original budget of £2,711,410. The original budget was set prior to receipt of the tender prices, which increased the overall budget to £3,077,890. This therefore represents a saving of £32,383 against the post tender contract price.

Increases in the tender prices were due mainly to higher preliminary costs per unit at Sivell Place together with the requirement for a new sewer requisition and manhole. However, attempts are still being made to identify further savings within the existing contract sums to minimise the effect of any overspend compared to the original budget.

It is anticipated that any overspend will be met from commuted sums (central station and future St Loyes receipt) or capital receipts rather than increase the borrowing requirement, as this would have an impact on the ability for this scheme to be self-financing.

This overspend has been identified in the first quarter capital monitoring report to Scrutiny Resources (15 September 2010) and the Executive Committee (29 September 2010).

Health and Safety

- 3.3 No health and safety incidents have been incurred on either site since commencement. No Health and Safety Executive visits have taken place although they have been invited to visit both sites.
- 3.4 Monthly health, safety and environmental site inspections are undertaken by ISG Pearce and Merlin Crescent was recently externally inspected as part of ISG Pearce's status as a Considerate Constructor. ISG Pearce were awarded 36.5 points out of 40 by the Considerate Constructor's Inspector which puts the Merlin Crescent site on the top 10% of sites reviewed for the Scheme's Annual National Awards.

Apprenticeships

- 3.5 One condition of the HCA grant funding was that the Council would seek to create a number of apprenticeships as a result of the building programme. Following their successful tender ISG Pearce have created 1 additional apprenticeship to work on these projects and safeguarded 2 existing apprenticeships to date.

Wave Two – Chestnut Avenue, Rennes House Car Park, Newport Road, Bennett Square and Whipton Methodist Church

- 3.6 As stated above the Council were not granted HCA funding in the round two bids. The HCA's reasons for not providing funding were:
- The developments did not offer best value for money when compared with other sites where bids has been submitted
 - The developments did not fit with the strategic direction of the Local Authority
- 3.7 The Strategic Housing Team clearly demonstrated to the HCA that their reasons for grant refusal were unfounded on the basis that:
- All the developments provided excellent value for money as each of the schemes would not only result in the creation of much needed new homes in the city but also they would free up a similar number of family sized homes through our downsizing initiative.
 - The developments provided additional value as they included disabled homes within each scheme.
 - The developments were all designed to Passiv Haus Certified Standards and Code for Sustainable Homes Level 4. These standards are higher than the Code Level 3 standards that the HCA currently fund despite their guidelines stating clearly that they expected all new build to be designed to a minimum of Code Level 4.
 - All the developments fitted with the Council's strategic direction to develop downsize homes to free up much need family-sized homes.

3.8 Current Status of Wave Two Developments

The table below provides a summary of the Wave Two Developments:

Site	Number of Homes	Design Status	Planning Status	Next Stage
Newport Rd	10	Full detailed design	Planning Permission granted in principle – 26 July 2010	Findings of Investment Strategy will determine how the site will be developed
Chestnut Avenue	22	Design on hold	Pre-consultation with Planning Officers favourable	Development put on hold pending future funding opportunities
Whipton Methodist Church	12	Full detailed design	Submitted for Planning Approval (September 2010 Committee)	Findings of Investment Strategy will determine how the site will be developed
Bennett Square	10	Full detailed design	Submitted for Planning Approval (October 2010 Committee)	Findings of Investment Strategy will determine how the site will be developed
Rennes House Car Park	22	Full detailed design	Submitted for Planning Approval (October 2010 Committee)	Findings of Investment Strategy will determine how the site will be developed

3.9 An investment strategy for future new build funding is in the process of being prepared to analyse the options available to the Council for delivering the sites in light of changes to Government affordable housing funding. The Strategy will cover options such as partnership working with other affordable housing providers, potential joint ventures with the private sector and opportunities to package sites with developers. Until the Investment Strategy is completed no further work will be undertaken on the Wave Two sites. The investment strategy will be finalized following the forthcoming Government Comprehensive Spending Review, scheduled for October 2010.

4 RECOMMENDED that Scrutiny Committee Community

1) notes the report.

HEAD OF HOUSING SERVICES

S:PA/LP/Committee/810SCC5
16.8.10

COMMUNITY & ENVIRONMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:**

None

APPENDIX I – Progress Photographs (July 2010)

**Merlin Crescent
July 2010**



**Sivell Place
July 2010**



