

Notice of :	EXECUTIVE
Decision Number:	EX6/2019
Relevant Officer:	Andrew Foot, Head of Housing
Relevant Cabinet Member:	Councillor Mrs Christine Wright, Cabinet Member for Housing
Date of Meeting:	21 January 2019

DEVELOPMENT OF NEW COUNCIL HOMES AT TROUTBECK CRESCENT, MERESIDE

1.0 Purpose of the report:

- 1.1 To seek approval to proceed with a development of 75 new Council homes at Troutbeck Crescent, Mereside, following a decision on 21 May 2018 to demolish existing flats there for re-development.

2.0 Recommendation(s):

- 2.1 That the Council bids to Homes England for capital grant to help fund the construction of new Council homes for Affordable Rent at Troutbeck Crescent.
- 2.2 That the Council procures a building contractor to construct new Council homes at Troutbeck Crescent, and that subject to grant funding being made available and planning approval received, authority is given to the Head of Legal to enter into a design and build contract for a cost not exceeding the sum set out in Appendix 7b, to the Executive report.
- 2.3 To grant delegated authority to the Head of Legal to authorise the relevant legal documents to progress the scheme including to the de-designation of the public open space on the site.

3.0 Reasons for recommendation(s):

- 3.1 To enable the development of new Council homes and to deliver on the principles of the previously agreed decision regarding the demolition and redevelopment of Troutbeck Crescent.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

4.1 The relevant Council Priorities are both:

"The Economy: Maximising growth and opportunity across Blackpool".

"Communities: Creating stronger communities and increasing resilience".

5.0 Background Information

5.1 On 21 May 2018, Executive approved the demolition for re-development of 77 Council flats and 4 flats to be acquired from leaseholders at 19-29 Troutbeck Crescent, Mereside (Decision EX23/2018). The flats and bedsits had become increasingly unpopular, with high turnover and they had been difficult to let. This report updates on progress and seeks approval to proceed with a scheme to construct 75 new Council homes on the site.

5.2 Since approval was given by Executive in May 2018, good progress has been made in relocating 42 tenants of the existing flats to alternative Council properties. It is expected that all remaining tenants will move to new homes within the next two months. Agreement has also been reached to acquire the 4 leasehold interests. It is expected that the flats blocks will be entirely vacant by March 2019.

5.3 Planning permission for the demolition was granted in December 2018 and demolition will take place once the blocks are empty and following services disconnections and asbestos removal work.

5.4 Designs for a development of new Council homes on the site of the existing flats and on some land that is currently public open space on the east side of Troutbeck Crescent have now been worked up, as set out in Appendix 7a. The plans replace the existing 81 small flats and bedsits with a mix of 75 new Council homes in a predominantly 2 storey design. The development will be outwards facing, overlooking improved open space to form an attractive gateway to Blackpool from Preston New Road.

5.5 All of the homes will be Council homes managed by Blackpool Coastal Housing and

rented at Affordable Rents that are 80% of market rents. The mix of new homes has been designed to meet the greatest needs for affordable homes in the area. Nearly two thirds of the new homes (47) will be 2 and 3 bedroom houses, along with 19 one bedroom “coach house” flats over car ports and 9 dormer bungalows all 2 bedroom. All of the homes will have their own gardens or outside terraces. Over a third of homes will be easily adaptable for people with limited mobility, meeting Building Regulations accessibility standard M4(2).

- 5.6 Public consultation on the plans was carried out in November 2018 and early January 2019 and there was general support for the proposals. A planning application will be made immediately following approval of the development plans by Executive. Pre-application discussions have already taken place with planning officers and the designs reflect their comments.
- 5.7 A statutory process will also be followed to de-designate part of the public open space on the east side of Troutbeck Crescent to enable some of the new development there. The open space currently forms a buffer between Preston New Road and the existing flats but offers little public amenity; as part of the development proposals, the remaining open space will be re-landscaped with foot and cycle paths to improve public access and connect with the planned new neighbourhood at Whyndyke Farm.
- 5.8 Following approval of the scheme by Executive, it is proposed that a bid is made to Homes England for capital grant funding from the Affordable Housing Programme. Funding is currently available at a level that will cover around a quarter of the costs of new affordable housing development, and Government are committed to continuing to provide funding for new affordable housing schemes.
- 5.9 The planned use of grant funding from Homes England’s Affordable Homes Programme and the charging of Affordable Rents at 80% of market rents will enable this development of new Council homes to be financially viable over a 30 year period. The majority of the cost of the development that is not met from grant funding will be funded by borrowing through the Council’s Housing Revenue Account, with the costs of loan interest and repayment met from rents. In November 2018 longstanding restrictions on the total borrowing by Councils to fund new Council homes were lifted, so development at Troutbeck Crescent will not restrict the Council’s financial capacity to build more new Council homes elsewhere.
- 5.10 It is expected that subject to planning approval being received and grant funding being made available, a contract for the construction of the new homes will be let around May 2019 to enable a start on site with the new construction in summer 2019. Approval is sought to give delegated authority to the Head of Legal to approve the signing of a construction contract up to a value set out in Appendix 7b. This is the current budget estimate that enables the scheme to be financially viable. The costings would however undermine the Council’s position in continuing negotiations so the

time of publication this document is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

5.11 It is expected that the new development of 75 homes will be completed by summer 2021.

5.12 Does the information submitted include any exempt information? No

5.13 **List of Appendices:**

Appendix 7a - Plan of the proposed new development

Appendix 7b – Estimated construction costs of the new development

Appendix 7b is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered on balance that the public interest would be not served by publishing information at this stage.

6.0 Legal considerations:

6.1 As set out in the Executive report of 21 May 2018 tenants and leaseholders were consulted on the re-development in accordance with legal requirements. The Council is paying statutory levels of compensation in the acquisition of all interests, including the termination of tenancies and acquisition of leasehold interests through voluntary agreement. All remaining tenants would be given statutory notice of tenancy termination if required, but it is hoped that all tenancies will be ended through mutual agreement and the granting of new tenancies on alternative properties. The completion of the acquisition of leasehold interests is expected to be achieved through voluntary agreement, so it should not be necessary to further advance a Compulsory Purchase Order.

6.2 Planning approval and a statutory de-allocation of existing Public Open Space on the east side of Troutbeck Crescent will be achieved prior to any commitment to a building contract to construct the new homes.

6.3 The procurement of a contractor to construct the new homes under a design and build contract will follow OJEU compliant procedures.

7.0 Human Resources considerations:

7.1 The re-development will be undertaken using existing staff resources. The scheme is being led by the Council's Housing team, with project management support from the development team at My Blackpool Home, quantity surveying and contract management from the Council's Estates team and procurement through the Council's Procurement team. Officers of Blackpool Coastal Housing have led the re-

location of existing tenants, are involved in agreeing the design and specification, and will let the new Council homes. Negotiations with leaseholders have been conducted by the Council's Estates team and support at all stages will be provided by the Council's Legal and Finance teams.

8.0 Equalities considerations:

- 8.1 The mix of new homes has been designed to provide the affordable homes that are in most demand in the area. The scheme replaces old Council flats with a similar number of new Council homes.
- 8.2 More than a third of new homes have been designed to be accessible to people with limited mobility and to be easily adaptable. This includes 9 new bungalows, to help meet the needs of people with physical disabilities as part of the new development. The new homes will be let using the Council's latest allocation policy which has been subject to an equalities impact assessment.

9.0 Financial considerations:

- 9.1 The total cost of the construction of the new homes is set out in Appendix 7b. It is expected that around a quarter of the cost will be made available to the Council by Homes England through the Affordable Housing Programme.
- 9.2 The new affordable homes will be let at Affordable Rents that are 80% of market rents, enabling the costs of the new homes to be met from estimated rental income over 30 years.
- 9.3 As the new homes pay for themselves within 30 years, there is a neutral impact on the Council's 30 year Housing Revenue Account (HRA) business plan. It is assumed that rents will rise in line with the Consumer Price Index (CPI). The level of outstanding debt in the Housing Revenue Account will remain at a low level compared with the value of the whole Council housing stock, and as there is no longer any cap set by Government on the total amount of debt in the Council's Housing Revenue Account, the borrowing will not affect the financial capacity to build further Council housing in other locations.

10.0 Risk management considerations:

- 10.1 There is a risk of not being able to complete the acquisition of all of the existing flats on the planned timescales. This will be minimised by the swift completion of the acquisition of outstanding legal interests and the serving of formal notice of seeking possession of remaining tenancies where required.
- 10.2 The risk of grant funding not being available from Homes England is minimal because

of Government's commitment to funding new affordable homes, but a bid for funding will be made as soon as possible after approval of the scheme by Executive; the Council is experienced in meeting Homes England's funding and audit requirements.

- 10.3 Pre-application discussions have taken place with Planning officers to confirm support for the principle of new homes on the site and minimise the risk of not getting planning approval for the scheme. Similarly, public support for the principle of the scheme shown through public consultation reduces the risk of failing to de-allocate the public open space element of the site.
- 10.4 There is always a risk of increased development costs, but this has been minimised by using a cautious estimate of construction costs in the financial appraisal, and through the proposed use of a design and build construction contract that limits the Council's risk to post-contract increases in cost. Extensive site investigations have been undertaken and these show that the site should not have any difficult ground conditions or services issues.
- 10.5 The scheme has been designed to be sustainable for the long term through the use of high quality design and materials and traditional forms of construction.

11.0 Ethical considerations:

- 11.1 While re-development is disruptive to neighbours, the Council and BCH will work with local residents to deliver the demolition and new development scheme as set out in this report with the least possible inconvenience.

12.0 Internal/ External Consultation undertaken:

- 12.1 Public consultation on the new development plans was undertaken on 1 November 2018 and on 9 January 2019.

13.0 Background papers:

- 13.1 None.

14.0 Key decision information:

- | | | |
|------|---|---------|
| 14.1 | Is this a key decision? | Yes |
| 14.2 | If so, Forward Plan reference number: | 33/2018 |
| 14.3 | If a key decision, is the decision required in less than five days? | No |

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 11 January 2019 Date approved:

17.0 Declarations of interest (if applicable):

17.1 None.

18.0 Executive decision:

18.1 The Executive resolved as follows:

1. To agree that Appendix 7b – Estimated construction costs of the new development is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
2. That the Council bids to Homes England for capital grant to help fund the construction of new Council homes for Affordable Rent at Troutbeck Crescent.
3. That the Council procures a building contractor to construct new Council homes at Troutbeck Crescent, and that subject to grant funding being made available and planning approval received, authority is given to the Head of Legal to enter into a design and build contract for a cost not exceeding the sum set out in Appendix 7b, to the Executive report.
4. To grant delegated authority to the Head of Legal to authorise the relevant legal documents to progress the scheme including to the de-designation of the

public open space on the site.

18.2 Date of Decision:

21 January 2019

19.0 Reason(s) for decision:

To enable the development of new Council homes and to deliver on the principles of the previously agreed decision regarding the demolition and redevelopment of Troutbeck Crescent.

19.1 Date Decision published:

22 January 2019

20.0 Executive Members in attendance:

20.1 Councillor Blackburn, in the Chair

Councillors Benson, Campbell, Jackson, Kirkland, Smith, I Taylor and Mrs Wright

21.0 Call-in:

21.1

22.0 Notes:

22.1 Apologies were received from Councillor Cain who was engaged elsewhere on official Council business.