

Report subject	Council Newbuild Housing & Acquisition Strategy (CNHAS) 2023-2028
Meeting date	13 December 2023
Status	Public
Executive summary	<p>This report makes recommendations regarding the progression of BCP Councils direct delivery housing response through CNHAS,</p> <ol style="list-style-type: none"> 1. its drive towards the People & Communities key objective of “ensuring everybody can live in good quality, sustainable and affordable homes” 2. the pressing challenges posed by Homelessness and our robust acquisition & development response. 3. the social rent preference where possible in lieu of affordable rent - Hillbourne housing project leading the way!. <p>The report highlights 5 ‘critical aspects’ for this progression:</p> <ul style="list-style-type: none"> • Key projects - 7 major Housing projects to be achieved (some completed but all to have started construction works) by 2028, refer para-2.1. • Key Construction & planning commitments - those schemes either currently being built, have yet to be contractually committed to or be submitted for planning approval. • Key partnerships - Homes England, DLUHC (department of Levelling up Housing & Communities), Royal Foundation & various development & construction parties! • Key Context – new Local Plan, 5-year BCP Council Housing Strategy - including Homelessness and the significant Temporary/move -on accommodation response needed – all led by the <i>Housing Delivery</i> service within the newly created directorate of Investment & Development. • Key Successes – safe, sustainable homes & learning from Completed schemes and acquisition programmes.
Recommendations	<p>Cabinet endorses the recommendations below for onward approval at full council:</p> <ol style="list-style-type: none"> 1. A revised capital budget (Total scheme Cost) of £33,360,000 for the Hillbourne Housing project, previously approved in 2018 and in April 2022, for 110 homes. <ol style="list-style-type: none"> 1.1 Awarding the build works for the 110 home Hillbourne housing project and satisfying outstanding planning conditions etc, to Wates Residential in the sum provided in the confidential section of this report. 1.2 The delegation to the relevant Service Director, in consultation with the Chief Finance Officer of the authority to enter into the Contracts for build works with Wates Residential, provided that all key

	<p>parameters (including delivery within the approved capital budget) are met.</p> <p>1.3 Resolves that the Council as local housing authority appropriates the land shown edged red on the plan annexed at Appendix 7 for housing purposes pursuant to section 19 of the Housing Act 1985.</p> <p>1.4 The transfer of land shown edged red on the plan annexed at Appendix 7 from the General Fund to the Housing Revenue Account (HRA) to enable the development of the affordable housing.</p> <p>2 BCP Council execute the Deed of Variation to the Homes England Agreement entitled Bournemouth, Christchurch and Poole Council (5069) - AHP 21 - 26 Grant Agreement (LA), previously approved at September 2022 Cabinet & Council meetings.</p> <p>3 BCP Council execute the Grant Agreement (Local Authority) in relation to the Single Homelessness Accommodation Programme 2023 –2028.</p>
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Reason for recommendations	<p>To effectively contribute to the relevant Key Objectives of</p> <ol style="list-style-type: none"> 1. ensuring everybody can live in good quality, sustainable and affordable homes 2. ensure the most vulnerable receive the care they need to feel secure and supported – Extra care & specialist housing. 3. Meeting future growth needs. 4. Preventing homelessness and rough sleeping. 5. Improving housing options, opportunities and choice for all. 6. Empowering and co-creating neighbourhoods where residents wish to live and be part of the community. 7. Improving safety and sustainability across Bournemouth, Christchurch and Poole's housing. 8. to directly deliver against the Corporate Strategy target of building at least 1,000 new homes on BCP Council owned land/property (sites) over the next 5 years
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Portfolio Holder(s):	Cllr Vikki Slade - Portfolio Holder for Dynamic Places & Cllr Kieron Wilson, Portfolio Holder for Housing and Regulatory Services
Corporate Director	Jess Gibbons, Chief Operations Officer
Contributors	Nigel Ingram – outgoing Head of Housing Delivery Jonathan Thornton – Interim Head of Housing Delivery
Wards	Council wide
Classification	For Decision

1.0 Background

- 1.1 The original Council Newbuild Housing & Acquisition Strategy (CNHAS) approved by Council in November 2021 had 24 sites identified in its programmes 1-3 and a potential further 9 were placed in the harder to reach programme 5 – programme 4

related to acquisitions.

- 1.2 More sites/properties have been identified/brought forward over the last 2 years- refer para 3 and annex 5.
- 1.3 CNHAS when launched, was stated as the mechanism by which the Council's Corporate Plan Dynamic Places aim of building at least 1,000 homes on council owned land across a 5-year period of a mix of tenure types, would be realised.
- 1.4 It was reported to Council in March 2023, in the 'Maintaining the Momentum' report on CNHAS that significant supply chain inflation was experienced by some of the larger housing schemes, and this was impacting the delivery timing of this build programme - as is the case across the country. Consequently, both initiating starts on site of construction works for projects and maintaining satisfactory progression during the build phase remains challenging going forward- refer para's 3.2 & 3.3.
- 1.5 Importantly CNHAS has a variety of property types and tenures represented within the programmes as well as new builds and property acquisitions, remodelling of existing homes and sourcing appropriate opportunities to address the diverse needs of BCP residents and those wanting to live here. It aims to create homes fit for the remainder of the 21st Century and generate a positive financial outturn for the Council, and an MTFP contribution.
- 1.6 This positive revenue income helps support other spending priorities for the council. The new homes also provide cost avoidance by providing good quality alternative housing to people who would otherwise be accommodated in bed and breakfast, (For an average family placed in bed and breakfast, the cost incurred by BCP Council can be approximately £30k / year). General needs, specialist & homelessness housing and residential care via extra care housing all contribute.
- 1.7 The Housing Delivery teamwork with many departments within the council to enable its activities but also external parties such as contractors, suppliers, other councils, housing associations, landlords and government sponsored funding /resource organisations who all form an essential link in the chain that delivers additional homes for BCP council and its current and potential residents.
- 1.8 The quality – from an environmental performance and space standards of new homes we develop is high - to ensure they are fit for the future and do not place unnecessary demand on existing maintenance and energy resources. The specifics of these quality principles were approved in November 2021 and are regularly reviewed and updated to reflect emerging issues and regulations such as sustainability, fire performance and accessibility.
- 1.9 In 2023 (to date) 7 new build sites have been completed representing 83 affordable-predominantly Social and Affordable rented homes. A further 74 homes have been delivered through street acquisitions and turnkey new build contracts. The table1 at the end of section 3 provides more detail.

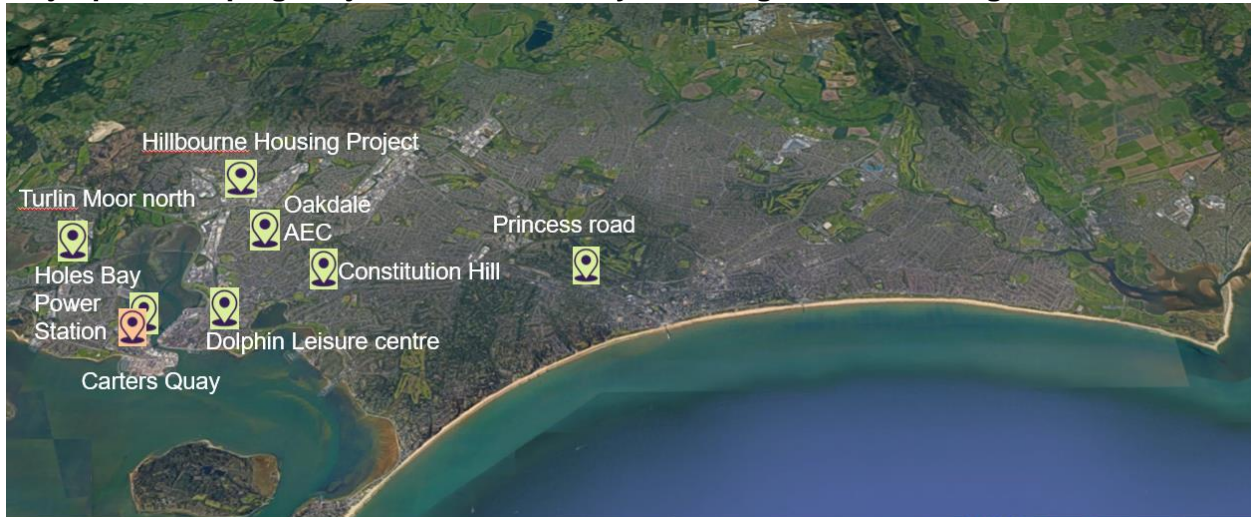
2.0 Summary of 'critical aspects' required to deliver the homes needed.

At November 2023 the number of sites within CNHAS is 44, (37 yet to be completed and at various stages along their development pipeline- refer section 3) these represent 1153 homes and are being prioritised to reflect the council's Vision, Priorities and Key Objectives, alongside reflecting housing need, viability and funding availability. Members are therefore asked to support the following proposals, requirements, and adjustments.

- 2.1 **Promotion of priority schemes** with local communities and existing and potential partners – particularly Homes England, Annex 1 presents a schedule of the current 7 housing led projects under discussion – four of these are within CNHAS already. 2

strategic meetings, one an on-site tour of these 7 keys sites took place at the end of October 2023 with senior Homes England officers.

7 Major place shaping Projects + Carters Quay – with significant Housing - 2023-2028



2.2 **Hillbourne Housing Project**, represents the 1st of these 7 that could start on site this financial year, it is presented in detail to members at annex 2, its primary proposals & budgets for this 110-home scheme were initially approved in 2018 and again in April 2022.

2.2.1 The Capital budget for Hillbourne has understandable increased over the last 18 months, but work undertaken by Wates Residential has assisted in mitigating the impact of this through the Pre-Construction Services Agreement (PCSA) with BCP Council – which has now concluded. A report analysing the value for money aspects, by Rider Levett Bucknall (RLB) is presented in appendices for Annex 2 and Recommends that BCP should proceed, and the revised project cost proposed by Wates of £3,228m² is above the RLB and BCIS benchmark data averages, and whilst at the upper end, is within what they consider to be an acceptable range. This is partially explained by the standard of units being provided - which are higher than many affordable housing schemes in respect of the sustainability and space credentials aimed at future proofing the development.

2.2.2 An additional mitigation approach to make the project viable, is bidding for Homes England grant for more homes - 70 compared to 40 previously envisaged and differing tenures, including Social Rented homes - compared to just shared ownership. The outcome of this bid will be known before any legal or financial commitment deadlines and was a central point in the tour of 27th October discussed in para 2.1.

2.3 **Amendments to Homes England Grant Agreement** - Following an internal review, Homes England need to make changes to the AHP 21 -26 Grant Agreement we have agreed with them, through a Deed of Variation ('DOV'). The DOV reflects changes Homes England are making to facilitate operational practices and future flexibilities, to support delivery of allocations in the programme should they be required.

2.3.1 It was over a year ago since Council originally approved this agreement, but officers do not consider the changes to be material, from what can be established at this moment in time, but it should be noted that if BCP Council does not agree to this DOV then we will not receive grants issued for affordable housing issued under this Agreement. Reference to para 2.2.2 above highlights

the impact of this. Annex 3 presents a legal review from the in-house legal team of these changes.

Since the agreement was executed, Homes England have undertaken a thorough review and refocus and their new objectives align more closely with BCP Councils- refer extract below from their recent presentation.



2.4 **A separate new Grant Agreement (Local Authority)** in relation to the Single Homelessness Accommodation Programme 2023 –2028 (SHAP) also requires councillors’ approval to execute, pertinent points are that it is like the previous Rough Sleepers Accommodation Programme (RSAP) that this council successfully bid for and secured Capital and revenue grants for the delivery of 40 properties- 30 of which were individual street property conveyances, for the period 2021-2023.

2.4.1 SHAP is the next incarnation of that project and referred to many times in previous CNHAS reports- the difference this time is a number of consecutive bids (rather than 1) over the course of 2023 have been made & been successful for up to 70 homes & **over £6m of grant**. To draw down this grant we require councillors to approve the terms of the Grant Agreement. Annex 4 provides a legal summary. Paragraph 4.1 below provides details on the need’s groups.

2.5 The streamlining of our processes to help the purchasing of street property acquisitions for our challenging Homelessness situation, to enable officers to keep up with demands under various programmes identified in section 4 of this report.

3.0 **4 stages of the Development Pipeline**

There are 44 BCP council sites/properties representing 1153 homes in **programmes 1, 2, 3 & 5** of CNHAS development pipeline, refer annex 4 for the list of the 44.

3.1 **Feasibility** – when a property/site is in the ‘control’ of the housing delivery team, ascertaining how feasible it is to get both planning permission for an appropriate scheme and the financial viability of doing so. Budgets (often indicative) are preferred for this activity if you need to get to the pre-app stage of the planning process. For example, the *Royal Foundation* work is at this stage.

3.1.1 Oakdale AEC and Constitution Hill are a further 2 of the 7 referred projects at Annex 1, both with authority and budgets to proceed to planning submission stage. Architects are appointed and engagement with stakeholders has

commenced and will be ongoing for many months prior to formal applications being made.

Both Oakdale and Constitution Hill sites have existing buildings, and these are to have demolition notices served on them at the appropriate time – ward councillors and portfolio holders are aware.

- 3.1.2 Many projects at this stage include those earmarked for Homelessness and alleviating the temporary accommodation/bed and breakfast challenges in the region. These include the former day centre at Darracot Road, and sites 44, 45, 46, 48 & 49 (refer Annex 4) being progressed through the pre-app planning stage.

- 3.2 **Planning application/submission** – when a positive feasibility position is established and preferably a sufficient budget allocated, a planning application will be made to get “consent”. Targeting start on site occurs when receipt of planning consent enables completion of the procurement/tendering process with a contractor or developer. On occasion it may be appropriate to tender a scheme prior to grant of planning consent.

- 3.2.1 The Princess Road site- also one of the 7 projects at Annex 1, already has a planning consent and has been through a full construction tender process and funding approval at council but was unable to get to the next stage of the development pipeline for reasons previously reported - excessive construction costs.

A working group across departments established in summer 2023 determined that the current designs and proposals – commissioned in 2018 - needed changes to reflect policies (fire safety particularly) but Homelessness challenges also – the 20 unit hostel currently proposed may not be appropriate. Consequently 4 actions are underway:-

- 3.2.1.1 Homes England have been invited to consider options for progressing the project and be part of a working group.
- 3.2.1.2 Officers are reviewing the current planning consent to establish a technical start on site before the existing permission lapses in late April 2024.
- 3.2.1.3 Consideration of new designs and potentially a new application could be made in 2024 if it improves viability.
- 3.2.1.4 The external grant allocated to this site from Homes England has been reallocated to another project by them.

- 3.3 **Construction gets underway** after a successful tendering/negotiation, a start on site can occur if adequate budgets/approvals have been secured at relevant Governance levels. Currently 5 projects are at this stage, 3 with future financial challenges, these are:-

- 3.3.1 Cabbage patch site-St Stephens Road, the 11 apartments are almost finished but installation of statutory services substation is delaying completion & elongating preliminaries that push costs beyond approved budgets. Since scheme approval by Council in September 2020, build costs and specific inclusion of an electrical substation have pushed the cost to the limit of the previous approval and Officer Decision Record limit of £500k. It is anticipated that the final cost will surpass this limit and will be reported back to Cabinet in due course, once costs are finalised.

- 3.3.2 Craven Court, this 24-home scheme is progressing well but additional demolition and asbestos relating matters at the start of the scheme have expended the full contract contingency. As the scheme progresses, and further costs are known, it will be reported back to Cabinet as required.

3.3.3 Templeman House- the contractor going into administration in 2022 has meant the re-start of this required a new tender process which means a delay to completion obviously. A re-start in early 2024 with a new contractor will mean a review of the budget when details are known.

3.4 **Delivery** (handover to internal client). The successful navigation of these stages enables the Completion and Handover to occur, and the homes Delivered to the end client- BCP Homes, Childrens services, Adult Services, Seascape etc.

3.4.1 The table below represents completions this calendar year (2023)

Moorside Road, Bournemouth	14 nr 4 bed Houses	Bournemouth
Cynthia House (Alice Gardens), Poole	22 homes- 10 houses 12 apartments	Poole
Northbourne Day Centre	9 homes- 4 houses 5 apartments	Bournemouth
Godshill close, large disabled family bungalow	1 accessible bungalow	Bournemouth
Wilkinson Drive, Bournemouth	11 homes- 2 houses 9 apartments	Bournemouth
Herbert Avenue / Bourne Valley, Poole	24 flexible homes for temporary accommodation	Poole



Herbert Ave - CGI & Today

It is essential to make progress along the development pipeline if we are to address the needs of local people and those wanting to re-locate here. Current performance against these stages is presented in the table below.

Table 1. CNHAS summary of homes distribution over **Newbuild & Acquisitions**

4 stages of development	Feasibility	Planning secured	Construction /on-site	Delivered
Sites (44)	25	7	5	7
Homes (1153)	725	275	70	83
Acquisition Programme (250+ Homes)	BCP Target / DLUHC or Homes England Bid	Identified - Offer yet to be accepted	Offer accepted (in construction or yet to commence)	Completed acquisition
Rough Sleepers Accommodation Programme RSAP (2023-23)	40 target 40 bid			40
Single Homelessness Accommodation Programme including Young People provision SHAP (2023-25)	86 target 86 bid	10	46	
Care Experienced Young People Programme CEYP (2022-27)	20 target	4		4
Local Authority Housing Fund LAHF 1 (2023-24)	25 target 25 bid	4	22	3
Local Authority Housing Fund LAHF 2 (2023-25)	10 target 10 bid	10		
Private Sector Rented PRS	160 target	On Hold	On Hold	27
Temporary Accommodation TA (B&B families) Q2 of 2023-2025	83 target	0	13	
Specialist Housing	10 target TBC			

4.0 The Acquisition programmes

- 4.1 Single Homelessness Accommodation Programme (SHAP) is the next 2-year capital and 3 year revenue temporary accommodation initiative that DLUHC is funding, it replaces the successful BCP council Rough Sleepers Accommodation Programme (RSAP) of 2021-23, but is a more targeted endeavour focussing on:-
- those with the longest histories of rough sleeping or the most complex needs (including those known to Councils as the Target Priority Group), to help them recover from rough sleeping and its associated traumas;
 - vulnerable young people (age 18-25) who are experiencing or are at risk of homelessness or rough sleeping.
 - BCP council have bid for and secured funding for up to 70 homes at a total grant of **£6.19 m** (Recommendation 3)
- 4.2 Local Authority Housing Fund (LAHF) is currently a 2 phase 5 Quarter programme (to April 2024) £500m DLUHC initiative (Local Authority Housing Fund) aimed at Ukrainian and Afghan refugee families - 2,3 & 4 bed houses- and BCP council have had the number of units and grant levels predetermined by DLUHC, at 25 homes and **£4m** respectively for phase 1 and 10 further homes **£1.5 m** at phase 2. Phase 3 has recently been announced by DLUHC, with a fund of £450m to deliver 2,400 new

homes, nationally.

- 4.3 The Strategic Housing (Housing Options) Team have identified a need to further expand the available temporary accommodation to reduce the financial burden of bed and breakfast accommodation. 80 properties are required of which BCP will provide a minimum of 30 properties by March 2024. A further 50 will be provided by working in partnership with Registered Providers (Housing Associations)

5.0 Financial statements for the development pipeline & acquisition programmes.

- 5.1 The £221m of funding targeted in the February 2023 MTFP towards CNHAS (General fund and HRA budgets), will require significant re-profiling for the next 3 years to reflect ongoing challenges, including Homelessness - Permanent and Temporary accommodation.
- 5.2 The first of these reprofiles will be for the Hillbourne Housing Project – increasing the existing budget for the new one in recommendation 1.
- 5.3 The General fund Budget for all of CNHAS projects at the February 2023 Budget for the Medium-Term Financial Plan 2023/24 was £86m, which represents spend allocated going forward (not previously spent).
- 5.4 The CNHAS HRA Budget was at February 2023 projected at £135m, of which £70m required no further approval, but the balance will be presented for approval through appropriate Governance channels when the reprofiling has taken place in line with 5.1 above.

6.0 Summary of legal implications

- 6.1 Recommendation 1 is the approval of Formal documents will be required to finalise the grant of the contract to the selected tenderer for the Hillbourne project and accept grant.
- 6.2 Recommendations 2 and 3 are to comply with the Constitution the approval of Council is required for the Council to enter into the following agreements:
- a Deed of Variation to the Homes England 5-year Capital funding agreement entitled Bournemouth, Christchurch and Poole Council (5069) - AHP 21 - 26 Grant Agreement (LA),
 - a Grant Agreement (Local Authority) in relation to the Single Homelessness Accommodation Programme 2023 –2028.

The above documents set out the basis on which the Council will secure the funds it has successfully bid for. Councillors' attention is drawn to the further legal advice on the terms and obligations being entered into, as set out in annexures 3 & 4 respectively.

7.0 Summary of human resources implications





- 7.1 Staff resourcing continues to be monitored to facilitate the delivery.

8.0 Summary of DIA impact

- 8.1 The CNHAS vision and aims reflect the Council's sustainability agenda, the formal DIA Impact summary statement is below with a carbon footprint estimate of 3 (low).

Impact Summary

Climate Change & Energy	Amber - Minor negative impacts identified / unknown impacts
Communities & Culture	Amber - Minor negative impacts identified / unknown impacts
Waste & Resource Use	Amber - Minor negative impacts identified / unknown impacts
Economy	Amber - Minor negative impacts identified / unknown impacts
Health & Wellbeing	Amber - Minor negative impacts identified / unknown impacts
Learning & Skills	Green - Only positive impacts identified
Natural Environment	Amber - Minor negative impacts identified / unknown impacts
Sustainable Procurement	Green - Only positive impacts identified
Transport & Accessibility	Amber - Minor negative impacts identified / unknown impacts

-  Major negative impacts identified
-  Minor negative impacts identified / unknown impacts
-  Only positive impacts identified
-  No positive or negative impacts identified

Answers provided indicate that the score for the carbon footprint of the proposal is: 3	The Carbon Footprint is banded as follows:
	0-4 Low
	4.5-9.5 Moderate
	10-14 High

9.0 Summary of public health implications

9.1 None expected.

10.0 Summary of equality implications

- 10.1 CNHAS considers the profile of the future customers and additional demographic information on the population of BCP, which has influenced the identified priorities and objectives.
- 10.2 The EIA Panel met on 26th August 2021 and gave CNHAS an overall amber rating • Amber – good to go subject to minor changes or mitigating actions being put in place and followed through in the development of the project/service/policy/procedure or practice.

11.0 Summary of risk assessment

Overall Project Risk Rating		
Key Project Risks	Gross Risk Rating	Mitigating Actions
Rising construction costs render the projects unaffordable	Medium/high	<p>Build costs on projects are based on either</p> <ul style="list-style-type: none"> A) Estimates based on data sets B) recent tender values C) contract values <p>Good feasibility & project management will enable the preparation of accurate estimates prior to engaging with prospective contractors and close monitoring of progress when on site, will mitigate most issues that may arise and be dealt with promptly. Contingencies help for the project unforeseen aspects, but the risk remains medium to high for primary reasons:</p> <ul style="list-style-type: none"> 1. because of many projects being regeneration in nature with existing buildings so there are unknowns 2. The current volatility in the marketplace means inflation is causing difficulties in predicting costs. Even when In contract with builders whose supply

Overall Project Risk Rating		
Key Project Risks	Gross Risk Rating	Mitigating Actions
		chains 'struggle' if the duration of the contract is over 6months – 2 quarters.
Fall in housing need for accommodation tenure provided caused by changes to the housing market or economy	Low	Monitor through construction period the requirement for Social and affordable rent with Strategic Housing Options team. If required, the Housing Delivery Team can appraise and suggest changes to tenure to suit need and financial viability as required.
Insufficient funding available,	Low	Monitor and review spend of such funding on other schemes within the development programme. Should insufficient funding be available, schemes will be prioritised and potentially some schemes put on hold until sufficient funding is available. Alternative tenures could attract different funding, which could be used to ensure the scheme is brought forward.
Increased fire risk during construction phase	Low	Design and construction will be closely monitored by Housing Development Team, Employers Agent and the Construction Team & in House specialists for Health & Safety.

Background Information

[Original \(first\) CNHAS report Sept 2021](#)

[Original \(to be updated in 2024\) 2021 CNHAS strategy details - Vision, standards etc.](#)

[Homes England 5 Year Framework 2021-26 Approval](#)

Annex 1 - Homes England officers – Tours of Key sites

Annex 2- Hillbourne Housing Project Revised Budget **Restricted as Commercially Sensitive**

Appendix 1-6 for Annex 2 **Restricted as Commercially Sensitive**

Annex 3 – Summary of legal advice in relation to Homes England Deed of Variation legal summary, Bournemouth, Christchurch and Poole Council (5069) - AHP 21 - 26 Deed of Variation (LA)

Annex 4 – Summary of legal advice in relation to Homes England Grant Agreement (Local Authority) in relation to the Single Homelessness Accommodation Programme 2023 –2028.

Annex 5 - List of CNHAS Pipeline developments