

CABINET

27 JANUARY 2023

REPORT OF PORTFOLIO HOLDER FOR HOUSING

A.5 PROPOSED RE-DEVELOPMENT OF THE FORMER HONEYCROFT SHELTERED ACCOMMODATION SITE, WALDEGRAVE WAY, LAWFORD

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

1. To advise Cabinet of the proposals for redevelopment of the Honeycroft site following an open tender process.
2. Approval of the acquisition and redevelopment scoring/appraisal for use of the site for housing purposes for older purposes
3. To seek Cabinet's approval to proceed with the scheme and with the bid made by Rose Builders.
4. To seek Cabinet's recommendation to Council that funding from receipts is allocated to the proposals.
5. To authorise the Corporate Director for Operations and Delivery in consultation with the Housing Portfolio Holder to agree the final scheme.

EXECUTIVE SUMMARY

Following completion of the demolition of the former Honeycroft sheltered accommodation in June 2021, Cabinet took a decision on 16 July 2021 to seek proposals in respect of the redevelopment of the site and an open tender process has now been undertaken in conjunction with procurement partners at Essex County Council.

The specification for the scheme enabled bidders to propose their own designs and construction methods, however, it was requested that the scheme should be as energy efficient as possible and bidders were encouraged to be innovative in this regard. A range of local developers and builders were advised of the bidding opportunity as were a number of manufacturers and consortia who have contacted the Council over the recent past promoting their development and construction services.

Proposals have now been received back and evaluated, with the preferred scheme made up of: fully accessible and adaptable bungalows; a small community facility with optional additional accommodation above; and all associated parking and landscaping to benefit the site.

Three submissions were received. These were evaluated by officers on a combined price, quality and social value basis. The recommended bidder is Rose Builders who have put forward a scheme (proposed site plan attached at Appendix C) to construct 13 new lifetime bungalows, a small community building with an optional flat above and all the associated landscaping and parking necessary for the site.

The proposed scheme incorporates many carbon reducing technologies set out in the following sections of this report, including solar panels, heat pumps, water butts, electric vehicle charging points and even the option of a green wall.

The tender cost submitted for the development is £2,828,717.05, however, there are a number of caveats to this which are listed in the Finance and Other Resource Implications section below and therefore the sum of £3,250,000.00 is requested as the budget for the scheme.

RECOMMENDATION(S)

It is recommended that Cabinet:

- (a) agrees to the principle of re-development of the Honeycroft site to provide additional housing accommodation to be used for the sole purpose of occupation by elderly persons;**
- (b) agrees the scoring matrix for the use of the site Honeycroft site for redevelopment purposes in accordance with the Council's Acquisition and Development Policy Assessment, as set in Appendix A;**
- (c) approves re-development of the Honeycroft site on the basis of the Scheme proposed by the recommended supplier, including the optional flat above the proposed community building and agrees to enter into a contract with them to deliver the Scheme, subject to funding being approved by Full Council as part of setting the HRA budget; and**
- (d) delegates authority to the Corporate Director (Operations and Delivery) in consultation with the Housing Portfolio Holder to determine the detailed scheme content and implement the redevelopment of the Honeycroft site subject to the funding being agreed by Full Council on 14 February 2023 as part of their consideration of the wider HRA Budget Proposals for 2023/24.**

REASON(S) FOR THE RECOMMENDATION(S)

The proposed development will provide specialist accessible properties that reflect the past use of the site and are much needed to meet the current housing demand (scoring under the Housing Acquisition and Development Assessment showed an aggregate score of 28).

The properties will be lifetime homes and will provide accessible living for later life and enable people to stay in their own community despite changing physical needs.

The scheme incorporates many carbon and energy saving measures to meet current and future energy efficiency demands, making them cheaper to run and therefore combatting fuel poverty.

Redevelopment supports many of the Councils current corporate priorities for 2020 – 2024 as well as the priorities in the Housing Strategy 2020 – 2025.

The proposal made by Rose Builders includes the highest number of residential units and scored highest overall in the quality and social value assessments as well as overall when considered in terms of financial and non-financial assessments.

Rose Builders are a respected local construction firm who have their main office in the Manningtree and Lawford area. They therefore have a vested interest in providing a good quality and successful development for their own reputational reasons in this area.

ALTERNATIVE OPTIONS CONSIDERED

The following options were considered and eliminated:

- To do nothing and leave the cleared site as it is – There are 8 bungalows on part of the site that are fully occupied. The cleared site is currently fenced around. It is likely that weeds would regrow and the site would be fly-tipped on, subject to antisocial behaviour and becoming an eyesore for the local residents and a detriment to the surrounding area.
- To sell the land and let someone else develop it – This would be complicated based on the other occupied bungalows on the site that currently share the communal areas. To sell off an area of land without including the communal areas would reduce the amount of external and amenity space reducing the number of properties that could be constructed and therefore the value of the land on a sale.
- Accepting one of the other bids submitted - Other bids were either invalid or did not score as highly in the assessment.
- Retendering on a similar basis – Would involve delay and potential inflationary effects. No certainty of receiving any other bids.
- Redesigning and tendering on a more traditional basis – Would involve significant delay and potential inflationary effects. Direct costs would be incurred in design procurement and work. No certainty of receiving any other bids.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

This decision supports the following priorities in the Corporate Plan 2020 – 2024:

- Building Sustainable Communities for the Future: Building and managing our own homes.
- Community Leadership Through Partnerships: Health and wellbeing – for effective services and improved public health.
- A Growing and Inclusive Economy: Support existing businesses

The decision furthermore contributes to the following priorities in the Housing Strategy 2020 – 2025:

- Delivering Homes to meet the needs of local people
- Supporting people in their homes and communities.

This development will also directly support the aspiration in the Housing Strategy to deliver a further Council managed homes across the District.

The Highlight Priorities 2022/23 adopted by Cabinet at its meeting in March 2022 included under the Corporate Plan Priority of Building and Managing our own homes, the following

Highlight Actions to support the priority

B4: *Working in partnership with procurement specialists at Essex County Council in order to run a tender exercise for the design and construction single storey homes suitable for older and disabled persons. The procurement exercise will result in a high profile redevelopment of around 20 bungalows at the Honeycroft site. The redevelopment will seek to provide homes achieving appropriate energy efficiency and lifetime homes standards along with meeting other industry benchmarks for quality and design. Options for the use of Modern Methods of Construction will be included along with offering the opportunity to Small & Medium size Enterprise (SME) developers. The overall design is to recognise current landscape constraints and provide a secure yet welcoming micro community that supports independent living and quality lifestyle.*

OUTCOME OF CONSULTATION AND ENGAGEMENT

Existing residents on the site have been advised of proposals to redevelop. If Cabinet agrees to proceed with this development, then the current residents of the 8 bungalows on site will be consulted on the details of the scheme and advised of the progress of proposals along with the Tenants' Panel.

Planning permission will also be required and this will include the usual notice to statutory consultees and public consultation.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	YES	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	21 October 2022

The assessment of tenders includes the statutorily required consideration of social value. The proposals include some variables and there is some scope for refining and a delegation to officers is proposed, in consultation with the Portfolio Holder, in order to facilitate negotiation and agreement of the final scheme details.

Section 9 of the Housing Act 1985 provides discretionary power for the construction of homes:

“(9) *Provisions of housing accommodation.*

(1) *A local housing authority may provide housing accommodation—*

(a) by erecting houses, or converting buildings into houses, on land acquired by them for the purposes of this Part, or

(b) by acquiring houses.”

The principle of Paragraph 11 of Schedule 5 of the Housing Act 1985 is to retain dwelling-houses determined as particularly suitable, having regard to its location, size, design, heating system and other features, for occupation by elderly persons. Therefore, the Right to Buy will not apply if the property is let to the tenant for occupation by a person who was aged 60 or more (whether the tenant or predecessor or another person).

The assessment of tenders included the statutory requirements of the Public Services (Social Value) Act 2017 to give consideration to how what is proposed to be procured might improve the economic, social and environmental wellbeing of the relevant area and how, in conducting the process of the procurement, it might act with a view to securing that improvement.

X	The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:
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The Scheme will still require planning permission to proceed and the process needs to be carefully managed, especially in light of the fixed price being linked to being on site by October 2023.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The tender has been submitted on a fixed price cost of £2,828,717.05. There are however clarifications that it does not include the following:

- Any contamination of the site and removal of any foundations, services or obstructions should these have not already been removed by the previous demolition company;
- Any Section 106, CIL or infrastructure levy payments including legal fees (should these be required);
- Any utilities infrastructure upgrades, diversions, network reinforcements, sub-stations or off-site works;
- A start on site no later than October 2023;
- Any abnormal or additional planning conditions, reserved matters, or additional/revised applications required outside of the usual single planning application granted within 13 weeks; and
- Any abnormal items arising from the results of the surveys and reports carried out (ecology, highways, soil investigations, arboriculture etc.)

A contingency sum on top of the fixed tender price is therefore requested of just under 15%, taking the total development budget requested to £3,250,000.00.

The Housing Investment Programme has the capacity to fund this project and currently no external grants/funders have been identified. Potential funders are being explored and if any applications are successful, this will allow capacity for future projects.

Investigating the current market, there is only one bungalow currently for sale in Lawford, which is a 2-bedroom property on the market for £300,000.00. Over the last 6 months, three other bungalows in Lawford have been sold via the website Rightmove:

1 x 2 bedroom new build listed at £450,000.00
1 x 2 bedroom re-sale at £350,000.00

1 x 2 bedroom re-sale at £285,000.00

As a comparison and taking the lowest price of these properties as an average for 1 and 2 bedroom bungalows, it would cost £3,705,000.00 to purchase 13 (if indeed it were possible to find that many on the market). In addition the proposed scheme also includes first floor flat and an onsite community building which will provide a flexible space that can be used for small social gatherings for residents of this and the neighbouring community, as well as for drop-in clinics for wellbeing and healthcare providers and TDC's own housing team.

In accordance with the Council's Housing Acquisition and Development Policy, a whole life costing exercise has been completed which is set out on Appendix D. As highlighted within the Appendix, a net surplus is anticipated to be produced over the 30 Year HRA business plan period, which primarily reflects the use of capital receipts rather than funding the scheme via borrowing, which would require principal and interest payments to be made each year. The on-going cost of the scheme can therefore be accommodated within the current HRA business plan without an adverse impact on the sustainability of the HRA in the long term.

In terms of utilising capital receipts, as discussed earlier in the year, the use of borrowing was discounted given the likely interest rate 'premium' that would be payable. It is therefore proposed to fund the full cost of the scheme (£3.250m) from capital receipts. At the present time, the level of uncommitted capital receipts totals £6.470m, so the estimated cost of the scheme set out above can therefore be accommodated, which would leave £3.220m still available for future investment opportunities.

Given the use of capital receipts at the level proposed above, the funding of the scheme would require a Full Council decision. Therefore, this has been included within the HRA Budget Proposals 2023/24 report that is set out elsewhere on the agenda. Therefore, the decision set out in this report would remain subject the Full Council agreeing the HRA Budgets for 2023/24 at its meeting on 14 February 2023. This timescale can be accommodated within the proposed project milestones.

There may be opportunities to maximise the benefit of the 1-4-1 capital receipts scheme given the proposals relate to new development. This will be reviewed during the year as part of the usual financial performance / outturn reports.

In line with the Council's climate agenda and carbon saving commitment, the specification put weight on carbon saving measures as part of the build. Rose Builders have therefore designed the properties utilising Structural Insulated Panels (SIPS), which are high performance when it comes to energy efficiency, widely advertised as being 50% more efficient than traditional timber frame. They are however more expensive than traditional construction methods and Rose Builders have given some saving options (shown in the following table) should the Council wish to compromise on the extent of energy performance for the buildings:

Construction	Cost
SIPS, ASHP, PV array, MVHR	100% of the tender cost
Timber frame, ASHP, PV array, MVHR	90% (indicative figure and in respect of the cost of the dwellings element of the build only, excluding the parking, landscaping, investigations, planning and external areas

	etc. cost)
Traditional brick and block, ASHP	85% (indicative figure and in respect of the cost of the dwellings element of the build only, excluding the parking, landscaping, investigations, planning and external areas etc. cost)

Glossary:

SIPS	Structural Insulation Panels
ASHP	Air Source Heat Pumps
PV array	Photovoltaics (solar panels)
MVHR	Mechanical Ventilation with Heat Recovery

Whilst the lower specification would still meet building regulation standards for energy efficiency, this development is an opportunity for Tendring to lead by example when it comes to climate action.

X	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:
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No additional comments to make.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	<p>Provision exists in the Housing Investment Programme. Whilst the cost for the proposed development is a little higher than if it was constructed using traditional methods (see the Finance and Other Resource Implications section above), it will deliver on the Council's carbon saving aims and will provide bungalows that cost less to use than their traditionally built counterparts.</p> <p>Being specifically designed for older persons, these properties will not be subject to right to buy under the current guidelines.</p>
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	<p>With every development there is a risk and this is one of the largest the Council has undertaken in recent years. Having a fixed price for the majority of the development helps to mitigate some of the risk, however doesn't eliminate it all together. The project will need to be well managed and communication between Rose Builders and the Council's project lead will need to frequent and good to identify and anomalies or deviations quickly so these can be resolved with as little additional cost or time delay as</p>

	possible.
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	The Council has aspirations to build and manage its own homes in order to meet community housing needs. This development provides the opportunity to work with an energy and sustainability consultant, in conjunction with a local college/university to learn and capture data both through the design and construction, but also afterwards when the properties are occupied. This will provide full life-cycle data and valuable information to inform future projects.

MILESTONES AND DELIVERY

The timescale from placement of the contract to handover and occupation of the properties is anticipated to be 81 weeks. However, giving consideration on progress to date, it is unlikely that the milestones in the Corporate Priorities can be achieved and accordingly a revised programme will be set at a later stage.

October-December (Q3) - Honeycroft: Completed consultation on scheme design and Planning application submitted. Scheme costs determined and report presented to Cabinet/Full Council seeking approval on the funding.

January-March (Q4) - Honeycroft: Planning application determined Building works commence on site

Once the contract is placed, the anticipated timescale for delivery is as follows:

Detailed site investigations and facilitating work 6 weeks

Pre-planning Phase 8 weeks

Planning Phase 15 weeks

Technical Design & Pre-construction Phase 8 weeks

Construction Phase 40 weeks

Handover 4 weeks

Based on the above timescale and the contract being placed in February 2023, the development should be fully completed by September 2024.

ASSOCIATED RISKS AND MITIGATION

Financial – this development will require a substantial investment to complete and with funds needing to be borrowed it will be important for void periods to be kept to a minimum to ensure maximum income.

Right to Buy - Being built specifically for the occupation of older persons, these properties should be exempt from Right to Buy based on current guidance (*Paragraph 11, Schedule 5 of the Housing Act 1985*).

Reputational – this will be the largest development the Council has undertaken in some time and includes many energy saving materials and technologies in order to showcase by

example what can be achieved. The quality of the design, energy efficiency of the final product and the overall success of the end development will impact on the Council's reputation. In placing the contract with Rose Builders, whose offices are based in the Lawford area, they will be significantly invested themselves in the reputational aspect of the project.

Increasing costs – the costs of living, procurement and construction are all increasing on an almost weekly basis. The tender price received from Rose Builders is a fixed price, based on the conditions listed in the Finance and Other Resource Implications section. It will be important that the contract is well managed with any unforeseen items dealt with as swiftly and efficiently as possible to keep any additional costs and time delays to a minimum.

EQUALITY IMPLICATIONS

These bungalows are designed specifically for older persons with the flexibility of lifetime homes in order for them to be adapted for future needs without the resident having to move from their community.

All units will be fully wheelchair accessible and meet the Building Regulations Part M Cat 3 – Dwellings for Wheelchair Users standards.

External and communal areas will be level and accessible, larger bays will be created within the parking area for use by larger or accessible vehicles.

A small community building has been included for the development that will allow the opportunity for social and community gatherings. This space is intended to be flexible to enable the option for service providers to use the space to bring their services directly to their service users.

SOCIAL VALUE CONSIDERATIONS

A weighting for social value considerations was included within the tender exercise and the proposed development will provide the following social value:

Enhanced local community and environment – by way of new energy efficient homes well insulated for the winter and designed with shading to keep cooler in the summer. This represents a carbon saving over the lifetime of the home and a saving on the running costs as compared to a traditional build

Communal garden and pond – promoting local biodiversity and maximising co2 uptake as well as providing good quality usable outside space for the residents of the site and their visitors. Rose Builders have committed to donating a bench for the garden for residents to use. Bird boxes and bug hotels to also promote biodiversity will be installed.

Community room – providing a space for classes, social activities and visiting service providers as well as social activities to encourage the local community to interact and come together.

Grow your own space – an area of the external space will be allocated for vegetable beds to encourage those residents who want to plant and grow their own vegetables. This promotes physical activity, health and wellbeing.

Education – Rose Builders have committed to providing 2 x four week periods of work experience for those aged 16+ recruited from Colchester Institute, the local Jobcentre or direct application. They will also arrange 2 x STEM events during the construction period.

Local businesses – Rose Builders is a local business to Tendring and has committed to spend 75% of their materials supply chain budget for this build within Essex, supporting the local economy.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030

The homes are to include high efficiency standards and ecological features:-

Rose Builders have focused their design on the Tendring Climate Emergency Action Plan 2020 – 2023 in the following areas:

100% renewable energy – the buildings will have PV arrays with any excess energy produced sold to the grid. Air Source Heat Pumps will be used to supply space heating. The new homes will not use oil or gas.

Net zero emissions by 2030 for newly constructed council buildings and refurbishments – the proposed properties will achieve an EPC A rating, which is close to net zero.

Electric vehicle charging – All parking spaces will have EV charging points for residents and visitors.

Waste reduction – SIPS panels are manufactured to size reducing construction waste, they also have no plastic packaging. Rose Builders company have a policy to used plastic free packaging wherever possible. Rainwater butts will be included within the development to collect and store rainwater for watering vegetables and plants in the communal areas.

Trees – new trees planted will be the most efficient for carbon offsetting and have high Carbon Performance Certificates.

Further learning – there is the opportunity to work with an energy and sustainability consultant in the delivery of the scheme who will work with a local college/university to run a full lifecycle and embodied carbon assessment of the design and construction, along with 1 – 3 years of monitoring. This will provide data for TDC to inform future developments.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder

The intention of the development is to create a small community on the site where neighbours will support and look out for each other reducing the opportunity for crime. There is currently an element of fly-tipping on the site and re-development here should stop that.

Health Inequalities

The bungalows have been designed as Lifetime

	Homes, aimed at older persons and being wheelchair accessible and fully adaptable to meet the future changing needs of a resident. This will enable residents to remain in their home and continue to be a part of their local community even if their physical needs change in the future.
Area or Ward affected	Lawford, Manningtree and Mistley

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The main Honeycroft sheltered housing building was closed in 2018 and demolished in 2021. In July 2021 Cabinet agreed that proposals could be sought to redevelop the site with one and two bedroom bungalows to provide much needed accommodation for those in the area seeking to downsize from a larger property.

The Housing Register quoted at the time of the Housing Strategy shows that 53% of households registered for one bedroom accommodation are over the age of 60, being 507 households. This demonstrates a clear need for accommodation aimed at the older demographic, in practical terms, accommodation that is accessible and adaptable for future needs.

Demand in for housing in Manningtree, Mistley and Lawford is approximately 7% equating to 137 households. Whilst not as high as other areas, the current opportunity here provides the scope for the Council to create a blueprint for addressing demand in other areas.

In the report to Cabinet in July 2021 a desktop indicative layout was produced that showed 20 properties on the site. In investigating and specifying the scheme for tender, it was noted the large and established trees on part of the site, the removal of which would be unlikely to achieve a favourable planning decision and doesn't fit well with biodiversity net gain, or the climate agenda. The criteria for the tender was therefore adapted for a minimum of 12 bungalows to be provided in addition to the eight already present, with additional weight given if additional units above this benchmark were achieved.

CURRENT POSITION

Three submissions were received:

Bidder	Financial	Number of units	Qualitative evaluation (%)	Overall evaluation (%)
Bidder 1	Invalid	0	Invalid	Invalid
Bidder 2	£2,314,750.00	12	25	75
Bidder 3	£2,828,717.05	13	40	81

Officers recommend further negotiation and acceptance of the Bidder 3 (Rose Builders Ltd) proposal.

PREVIOUS RELEVANT DECISIONS

23 March 2018 – Cabinet decision to close the Honeycroft and Spendells sheltered housing schemes

13 July 2018 – Cabinet decision to demolish the main scheme building at the Honeycroft site.

16 July 2021 – Cabinet decision to seek proposals for the redevelopment of the Honeycroft site.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Housing Acquisition and Development Assessment

Appendix B – Summary Scoring Matrix

Appendix C – Initial proposed scheme layout.

Appendix D – Whole life costing

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