

Title of Report	HRA NEW STOCK DEVELOPMENT	
Presented by	Cllr Andrew Woodman Housing, Property, and Customer Services PH Briefed <input checked="" type="checkbox"/>	
Background Papers		Public Report: Yes
		Key Decision: Yes
Financial Implications	The report seeks approval to move funding of £1,600,000 from the Development Pool to the Active Pool in the Capital Programme for 2025/26. The costs can be met from the Housing Supply budget, approved as part of the Housing Revenue Account capital programme 2025/26.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	The processes set out within the paper accord with the Council's legal processes and procedures including the Constitution.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	No Staffing implications directly as this is included in the workload of the New Build Project Officer. The contract looks to procure the services of a construction company to build on behalf of The Council.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To seek Cabinet approval to enter in to a contract for the design and build of new properties for The Council	
Reason for Decision	To provide high quality housing to the district	
Recommendations	THAT CABINET: <ol style="list-style-type: none"> 1. AGREES TO ENTER IN TO CONTRACT WITH A CONSTRUCTION COMPANY FOR THE DESIGN AND BUILD OF SIX PROPERTIES FOLLOWING A PROCUREMENT EXERCISE AS DETAILED IN THE REPORT UP TO A VALUE OF £1,600,000. 2. APPROVES THE TRANSFER OF £1,600,000 FROM THE DEVELOPMENT POOL TO THE ACTIVE POOL IN THE HRA 2025/26 CAPITAL PROGRAMME 	

	<p>3. DELEGATES AUTHORITY TO THE STRATEGIC DIRECTOR RESPONSIBLE FOR HOUSING TO FINALISE AND AGREE ALL NECESSARY AGREEMENTS AND TAKE APPROPRIATE PROCEDURAL AND PROCESS STEPS TO DELIVER THE ABOVE.</p>
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1.0 BACKGROUND

- 1.1 Queens Street Measham is an internal development opportunity that has been under development since 2021.
- 1.2 The planning authorisation was approved in early 2022 for the erection of six dwellings.
- 1.3 Since then, due to resource constraints and the impacts of COVID, the development has experienced significant delays.
- 1.4 In early 2025, a consultant was appointed to work with the Council to bring this site to fruition. The project is now at a stage where it can move forward to procure and appoint a contractor to undertake the build of this project.
- 1.5 Subject to the successful award of a contract, the build could commence in late 2025/26 with completion later in 2026/27.

2.0 TENDER PROCESS

- 2.1 The proposed development consists of six properties comprised of a three- bedroom detached house, a one-bedroom bungalow and four two-bedroom semi-detached houses. This broadly aligns with the housing needs of applicants on the Council's housing register.
- 2.2 This report is seeking approval to enter into a contract upon completion of a tender process for the contractor to develop the Queens Street project.
- 2.3 The Council will follow an open tender. The Housing Service will be supported by the Council's procurement team. On this occasion, a framework provider will not be used as it is considered that this would limit opportunities for local businesses who had shown an interest in the development of this site at the informal pre- engagement stage of the project.
- 2.4 The tender process will be open for a period of 6 weeks, and on receipt be evaluated on quality at 60% and price at 40% ensuring a quality tender is preferred over a cheaper option. This will be evaluated by the New Build Project Officer, the Asset Manager, and a third individual from our consultant Michael Dysons Associates to ensure no potential for tie. The successful bidder will be chosen based on their cost sum analysis breakdown along with a grading against their quality questions to provide a ranking of each tender return, the highest scoring tenderer will be chosen. The scores from the three evaluators will be averaged to create a single value which will make up the ranking.
- 2.5 The form of contract being tendered is a JCT Design and Build with some amendments proposed by internal legal services.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There is a budget of £3m in 2025-26 for New Supply already agreed in the Housing Revenue Account (HRA) Capital Programme approved by full Council in February 2025. Of this £3m, currently £375,000 of this budget is allocated into the active pool.
- 3.2 It is requested that £1.6m of the £3m is allocated from the development pool to the active pool for this project.
- 3.3 Current figures, set out below in Table 1, are estimates provided by the consultant to assist the Council with budget development. Once appointed, the financial figures will be finalised. Any unspent funds will be returned to the HRA development pool.
- 3.4 For the appraisal, it has been assumed that no major works will be completed within 10 years of the purchase date. A Net Present Value (NPV) for this development would be a positive value of £181,629. With a loan repaid year of year 42.
- 3.5 This purchase would be 40% funded by Right-to-Buy (RTB) receipts. Uplifts have been applied to the yearly maintenance and major costs for this NPV calculation to accommodate for increased costs of materials and borrowing.
- 3.6 Current restrictions with the RTB spending have been lifted allowing for a 100% usage of the RTB receipts in this financial year. However, the appraisal has been written in accordance with previous reports for clarity. If the Council was to fund this 100% with RTB receipts there would be a positive NPV of £1,005,026. With repayment by year seven.

Table 1.

Item	Estimated Cost £
3 Bed Property	157,335.00
1 Bed Bungalow	91,563.00
2 Bed Properties (4x)	699,974.00
External Works and Services	256,148.57
General Prelims (15%)	180,757.66
Overheads and profits (5%)	69,290.44
Project/Design Fees (5%)	69,290.44
Contingency/Risk allowance (5%)	69,290.44
Total	£ 1,593,649.55

4.0 Project Risks

No	Risk	Impact	Mitigation
1	Appraisal assumptions too conservative	Low	Appraisals have been generated with contingency.
2	Supporting services delays legal, finance, etc.	Low	Ensure deadlines are upheld and clearly stated.
3	Tender submissions higher than budget projections	Low	Budget projections have contingency and are developed with an external party with access to all relevant surveys.
4	Tenderers unable to	Med	Tender process to be strict and split 60/40

	undertake works to a satisfactory standard		Quality/Price.
5	Tenderers unable to complete contractual responsibilities	Low	JCT Design and Build form of contract to be used as an industry standard to ensure compliance and client risk managed.
6	Tender supporting documentation inadequate	Low	Checks are to be undertaken by project Officer and procurement with support of external V4.
7	Lack of tender engagement	Low	The Council has received some interest in this project previously and will be sending out reminders and links to the tender to these previously interested parties

Policies and other considerations, as appropriate	
Council Priorities:	<ul style="list-style-type: none"> · Communities and housing · Clean, green and Zero Carbon · Consumer Standards, providing suitable, safe, warm, and affordable homes to meet the diverse needs of vulnerable people
Policy Considerations:	Properties are purchased in line with the Asset Management Plan objectives to maximise the number of social homes that the Council provided through a programme of acquisitions, new build, conversions, re-modelling, and regeneration.
Safeguarding:	These properties will be managed by our Housing Management team who undertake regular reviews of the tenancy and inspections of the property and inhabitants.
Equalities/Diversity:	These properties will be allocated through the Choice Based Lettings System in line with the Council's Allocations Policy ensuring they best suit the needs of the individuals placed within them.
Customer Impact:	Providing good quality sustainable homes to residents.
Economic and Social Impact:	This property will have a positive social impact on the area as it will directly address the needs of the district
Environment, Climate Change and Zero Carbon:	The properties have a projected EPC rating of A with the three-bedroom detached house getting a projected EPC of B
Consultation/Community/Tenant Engagement:	A community information event was held in late June 2025 with another event planned to be held once the tender process is completed. This second event will have the contractor in attendance.
Risks:	General housing needs information has been used to determine the spread of properties to purchase.
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