

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 NOVEMBER 2015

Title of report	NEW BUILD PROPOSALS FOR COUNCIL HOUSING
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk Director of Housing 01530 454819 glyn.jones@nwleicestershire.gov.uk
Purpose of report	To provide Cabinet with an update on the preparation work undertaken to date in relation to the Council's proposed new build programme pilot and seek approval to proceed
Reason for Decision	To seek Member approval to progress the proposed schemes included in the recommendations.
Council Priorities	Value for Money Business and Jobs Homes and Communities Green Footprints Challenge
Implications:	
Financial/Staff	Costs to be met from commuted sums towards affordable housing already acquired through s106 of Town and County Planning Act 1990; capital held within the housing revenue account including one for one commitments arising from capital retained, and forecast, from right to buy receipts.
Link to relevant CAT	None
Risk Management	Risks would be managed through the Housing Project Board (chaired by the Director of Housing), the successor body to the HRA Business Plan Project Board. A senior representative from Legal would also join the Project Board for consideration of new build business.

Equalities Impact Screening	The risk of the delivery of affordable housing by developing registered providers reducing could impact detrimentally on those households on the Housing Register waiting to be housed, some of whom are the most vulnerable residents in the District. By pursuing these development opportunities the Council will help mitigate the risk, including regenerating a site which is located in the ward with the highest level of economic deprivation in the District.
Human Rights	No implications
Transformational Government	N/A
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	<ul style="list-style-type: none"> Residents of the neighbourhoods in and around Willesley Estate, Ashby and Greenacres, Linford & Verdon Crescent, Coalville.
Background papers	Emerging Issues Affecting Affordable Housing Delivery Cabinet 22 September 2015 Proposal to Acquire Brownfield Site Cabinet 22 September 2015 Housing Asset Management Strategy Cabinet 20 October 2015
Recommendations	<p>IT IS RECOMMENDED THAT CABINET:</p> <p>A) NOTES THE INVESTIGATORY PREPARATION WORK UNDERTAKEN TO DATE;</p> <p>B) SUBJECT TO POSITIVE LAND, UTILITY SEARCHES AND CONFIRMATION FROM THE EXTERNAL HEALTH CHECK, APPROVES THE PROPOSAL TO INCLUDE THE FOLLOWING 3 SCHEMES IN THE INITIAL NEW BUILD PROGRAMME:</p> <ul style="list-style-type: none"> • WILLESLEY ESTATE SITES X 2 (ASHBY); • GREENACRES, COALVILLE; AND • THE BROWNFIELD SITE, COALVILLE (IF SUCCESSFULLY ACQUIRED);

	<p>C) AT THE APPROPRIATE TIME, RECEIVES A FURTHER REPORT FROM THE DIRECTOR OF HOUSING RECOMMENDING THE MOST APPROPRIATE METHOD OF DELIVERING THE NEW BUILD UNITS.</p>
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1.0 BACKGROUND

- 1.1 In autumn 2014, the Council commissioned Housing Quality Network (HQN) to undertake an options appraisal of how the Council could increase the number of council-owned homes through new build and acquisitions. The HQN report was concluded in January this year and recommended that the pilot schemes for years 1 to 2 should include sites already held by the housing department and that are available for development. A copy of the HQN report is attached at Appendix 1.
- 1.2 Suggested pilot schemes included in the HQN report for years one to two were:
- Ashby (Willesley Estate)** – Smedley Close garage site and piece of land at bottom of Staley Avenue with potential to redevelop homes for affordable rent. (Plan at Appendix 2)
- Westgate, Ibstock**, - a sheltered scheme that has been empty for some time with the potential to develop up to 18 homes.
- Greenacres, Greenhill**, potential for up to 15-16 new homes, ideally many of these to be one bedroom, general purpose properties, although the redevelopment will need to be sensitive to the existing community who are mostly older. Local residents are also keen to retain a community facility on this site. (Plan at Appendix 3)
- 1.3 Since the HQN report was produced, Cabinet has agreed at its meeting on 22 September 2015 to decommission Westgate and, subject to a cash ceiling, for the Director of Housing to negotiate the acquisition of a brownfield site in Coalville, which together with an adjacent plot of council land would provide the potential to develop a further 12-20 affordable homes for rent. (Plan at Appendix 4)
- 1.4 The housing service proposes to include the following three schemes in its initial new build programme:
- Ashby (Willesley);
Greenacres, Coalville; and
the brownfield site, Coalville** (if successfully acquired).
- 1.5 Follow on schemes may include decommissioned sheltered blocks at Westgate, Ibstock and Woulds Court, Moira, and other corridor based, sheltered housing blocks that are unpopular. Any future new build proposals may be dependent on obtaining funding via the private sale of one or more sheltered blocks.
- 1.6 Delivery of the Asset Management Strategy (AMS) will ensure that the unpopular schemes at Queensway House, Measham, Wakefield Court, Castle Donington and St

Mary's Court, Hugglescote are all reviewed by 31 December 2015 and the remaining 5 schemes by 31 July 2016. The outcome of the reviews will inform whether the Council needs to either invest in them to make them more attractive, or decommission.

- 1.7 Similarly, there are a number of communal garages sites and hard-standing parking areas that will be reviewed by March 2016 and, unless there are exceptional circumstances that are defined in the AMS, they too will be decommissioned.
- 1.8 Recommendations for the future of all decommissioned units of accommodation and/or communal garages sites and hard-standing parking areas will then be made based against a range of criteria set out in the AMS.

2.0 HOUSING DEMAND AND ALLOCATION OF NEW HOMES

- 2.1 The Leicester and Leicestershire Strategic Housing Market Assessment (SHMA), June 2014, indicates a need for 212 new affordable housing units each year from 2011 to 2036 to meet the level of need across the district. During 2013-14 and 2014-15 the numbers delivered were 117 and 110 respectively, and although these were high compared with previous years, they fall well short of the SHMA requirements.
- 2.2 Demand for affordable housing in the district remains high. The housing register increased by more than 50% in the year from April 2014 (550 applicants) to April 2015 (840), despite more than 500 applicants being housed into social rented homes during the same period. The greatest demand is for smaller 1 and 2 bedroom general needs homes.
- 2.3 There are 162 applicants on the housing register wanting to live in Ashby. This equates to 19% of the housing register and of these, 82% or 133, are eligible for smaller 1 and 2 bedroom general needs homes.
- 2.4 There are a further 210 applicants on the housing register who want to live in Coalville (representing 25% of the housing register). Of these, 83% or 174, are eligible for smaller 1 and 2 bedroom homes.
- 2.5 Although the pilot schemes, if approved, will be developed in Ashby and Coalville, these new homes will help meet the housing demand across the District and will be let in accordance with the current Allocations and Lettings Policy. Other than in exceptional circumstances, this requires all housing applicants to demonstrate a District connection, evidenced by the fact that they have lived in the district for a prescribed period of time (minimum last 6 months), or are employed in the District on a minimum 12 month contract, or have parents, siblings or adult children who have lived in the District for at least 5 years.
- 2.6 In order to ensure the success of any new schemes, the housing service will use the flexibilities within the Allocations and Lettings Policy that provide for the development of local lettings plans for new developments. Accordingly, whilst all home seekers will need to have a District connection, the lettings plans will allow the council to restrict adverts to, or award extra priority to, certain types of home seekers e.g. new applicants or transfer cases, applicants in work, or to those with a particular level of housing priority.

3.0 ACTION AND FINDINGS TO DATE

3.1 Some preliminary work has been undertaken in relation to the 3 proposed schemes set out in paragraph 1.4 above, including:

- a) **Land and utility searches to identify any potential constraints to development** – details will be necessary to determine site layout and used to inform final delivery numbers. Legal Services are concluding this work and anticipate all information being with us before the end of October.
- b) **Pre-application advice sought regarding potential layout design and density** – responses from planning and development colleagues indicate that all 3 proposed schemes are within the limits to development so the principle of redevelopment of the sites for residential purposes would be acceptable subject to other material planning considerations including design, residential amenity, highways, and National Forest issues as well as contamination and River Mease Special Area of Conservation issues in respect of the Willesley site. The pre-application advice, together with input from the Urban Designer (see below), has informed our current projection of unit types and numbers that might be delivered on each of the 3 sites having particular regard to associated parking requirements.
- c) **Consultation with the Council's Urban Designer** – we have undertaken site visits with the Urban Designer who, subject to the quality of design, is supportive of redeveloping the sites and has provided a clearer indication of acceptable densities. He has suggested a particularly innovative approach in respect of the redevelopment of the Greenacres sheltered scheme which, if adopted, would likely foster higher levels of support and ownership from the nearby residents than was apparent from the recent consultation exercise (Consultation feedback detail is available from the Housing Choices Team Manager).

The suggested approach would be for the Council to draw up a broad scheme specification for Greenacres, including maximum number and size of homes needed, local demography information, any ground and financial constraints, resident feedback to date and perceived areas of concern. This specification would then be presented to 3 small groups of planning and design students at Nottingham University, who under the supervision and guidance of their lecturer (the Council's Urban Designer) would undertake further consultation with local residents with view to developing up to 3 competitive designs for the site. These designs would then be presented, in March 2016, to a panel of officers, residents and Members to make the final selection. It has also been suggested by the Urban Designer, that such an approach would be of real interest to the Homes and Communities Agency's head of design and sustainability.

- d) **Consultation with local residents and Ward Members** – we wrote to all tenants on the Willesley estate in Ashby and all tenants living in the vicinity of Greenacres, Coalville, including all Greenhill Council tenants living to the north of Cropston Drive. We invited written comments and views about the proposals to redevelop the 2 sites and held 2 open 'drop-in' sessions at coffee mornings arranged by the respective tenants and residents' associations. Copies of these letters and invitations to the two drop-in sessions were also issued to the respective Ward Members.

A copy of the written responses received, together with feedback at the 2 coffee mornings are available from Housing Choices Team Manager. Key messages are summarised below.

Willesley – 6 written responses were received, from which there are 2 emerging themes. Parking is seen as an issue on the estate and there are real concerns about the impact of additional vehicles the new homes may bring. 5 of the 6 respondents stated they were not in favour of allocating any new homes to younger tenants or single parents.

With regard to the open session held on 26 August, 10 residents attended. Key issues included:

Would Like – more bungalows for disabled; semi-detached homes; pieces of land to be used to provide more parking facilities or play area for children; consider dropped kerbs for existing homes to relieve parking issues.

Must Have – more parking provision.

Don't Like – some current issues with ASB, problems with parking.

Don't Want - homes for single applicants, flats or bedsits, no young singles, although some tenants commented that their adult children needed to live somewhere.

Greenacres – only 1 written response was received querying why the Council is considering provision of more 1 and 2 bedroom homes when we already have them on Linford/Verdon Crescent and cannot let them. (For the benefit of Cabinet the 1 and 2 bedroom homes we have on Linford/Verdon Crescent that cannot be let are all supported homes and we are proposing the provision of high demand, general needs homes referred to in paragraph 3.4 above)

With regard to the open session held on 2 September, there were 28 resident attendees, together with 5 council staff and Cllrs Sue McKendrick and Ronnie Adams. It was clear from the majority of those present that they are concerned about any changes. They would prefer the building to be refurbished as a sheltered scheme and let to those over 60/65 years, even though it was explained the cost of this could be prohibitive, and there is currently low demand for such accommodation. Key issues included:

Would Like – doing something rather than nothing; provision of 1 and 2 bed flats for older age group with no dependents; more bungalows; the proceeds from the sale of any fixtures, fittings or furnishings within the building to be used for the local TARA.

Must Have – a DDA compliant community building – both in the interim during build phase and the long term. Lower age limit on the estate. During any build phase, the working hours, delivery times etc to be closely overseen by the Council.

Don't Like – supported homes being allocated to younger people but no support put in place; mixing younger residents with older ones.

Don't Want – to change the character of the existing community; don't want any young single people or young families.

- e) ***Valuations obtained from an independent qualified chartered surveyor and valuer***

Sheltered schemes - in order to inform the housing service's AMS relating to decisions on the future use of the Council's corridor based sheltered schemes, 2 valuations have been obtained for each sheltered accommodation site, both on the basis that they will be marketed for development. See Appendix 5:

- 1 valuation based on vacant possession of the building and associated land
- 1 valuation based on provision of a cleared site

Brownfield site – an independent valuation has been obtained to guide negotiations for the acquisition of the proposed brownfield site. However, the outcome of the land/utility searches and any potential constraints to development will also have a bearing on these negotiations.

- f) **External 'Health check' on assumptions and investigations to date** – we have invited our 3 developing registered providers (emh homes, Waterloo Housing Association and Nottingham Community Housing Association) and Nottingham City Homes, all of whom are organisations with a proven track record of successful delivery in this field, to submit a fixed price to provide 5 days of consultancy during the next 3-4 months, to undertake the following:
1. Having regard to the findings of any ground surveys/land searches, sense check the feasibility of development on the proposed plots.
 2. Having regard to planning requirements and access to any pre-planning advice already obtained, advise us on site assembly, including the proposed numbers/types of properties to be developed and proposed layout.
 3. Review and comment on our new build financial model, including build cost assumptions and advise on the level of any additional costs that should be accounted for.
 4. Advise on the level of client involvement we might reasonably insist upon with regard to the development and project management of the gifted units, and what we subsequently need to put in place to deliver this. (CLT will recall that Cabinet approved the gifting of 38 affordable units from Bellway Homes at its meeting on 22 September 2015).
- 3.2 The above have also been asked to quote a day rate and rates for blocks of 5 days and 10 days for any additional work that may be required to progress these, and any other similar, projects. The deadline for submission is 22 October 2015.

4.0 RESOURCE COMMITMENTS AND GOVERNANCE

- 4.1 The initial work on options for delivery, site feasibility, pre-planning advice regarding the proposed pilot schemes and proposed 'health check' is being managed between the Housing Choices team manager, Planned Investment team manager and Director of Housing with input from the HRA Business Support team manager. However, a specialist, technical resource will eventually be required to act as the project manager for all new build issues (including regeneration activity), whether their role is directly project managing the construction process or acting as the client for an external agent we employ to carry out the project management and/or construction. As the workload develops, we will be looking to recruit to a new build project officer (although this might be on a part-time basis initially). The Director of Housing will present a future report to CLT seeking approval for the appointment at the appropriate time.

4.2 At the current stage, the new build project would be one of three housing projects which would sit under the Housing Project Board (chaired by the Director of Housing), the successor body to the HRA Business Plan Project Board. It is suggested that a senior representative from Legal could also join the Project Board for consideration of new build business. It is envisaged that a project team would be convened to run the new build project consisting of:

- the New Build Project Manager
- Planned Investment team manager
- Housing Choices team manager
- Housing Management representative
- Legal representative
- Finance representative
- Financial Systems rep

4.3 A detailed communications plan will be developed for each scheme as part of the wider project plan, setting out how we will maintain ongoing consultation with residents and Ward Members.

4.4 Monthly Progress Reports would be considered by the Housing Project Board, which would report into CLT, and reports would also be submitted at agreed intervals to CLT / Cabinet and/or when a decision is required.

5.0 FINANCIAL IMPLICATIONS

5.1 HRA Business Plan projections

As a result of the Summer Budget announcements and forecasts arising from the proposed four year rent reduction, funding shortfalls are presented within the HRA 30 year business plan cash flow model. These funding shortfalls will mean that the Housing service will need to achieve efficiency savings as per the amounts laid out in Column A of the table below.

5.2 On 22 September 2015, Cabinet approved the proposal to vary the provision of affordable housing relating to Woodside Farm by acceptance of 38 gifted properties. Inclusion of these gifted properties into the HRA business plan from 2018/19 impacts HRA cash flows favourably by reducing the funding shortfall by £7.5m over the 30 years, as laid out in Column B of the table below.

Table 1 – Movement of HRA funding shortfall following inclusion of gifted properties

	Column A Forecasts arising as a result of the Summer Budget	Column B Revised forecast position on inclusion of Woodside	Net change
Predicted funding shortfall as at:			
2021/22	£6.029m	£5.854m	£0.175m
2022/23 – 2024/25	£6.19m	£5.098m	£1.092m
	taking the cumulative total to £12.219m	taking the cumulative total to £10.952m	taking the cumulative total to £1.267m
2041/42 - 2044/45	£10.029m	£3.807m	£6.222m
	taking the total funding shortfall to £22.248m over the 30 years	taking the total funding shortfall to £14.759m over the 30 years	taking the cumulative total to £7.489m

5.3 Funding Assumptions

- 5.4 A provision of £726k was set aside within the 2015/16 HRA Capital Programme for the purpose of developing a new build scheme. £407k of this funding relates to right to buy one for one commitment, of which 30% is retained from right to buy sale receipts and 70% is match funded from the HRA Capital Programme.
- 5.5 If a right to buy one for one commitment is unspent within three years of the commitment arising, 30% would need to be repaid by the Council back to Treasury, including an additional payment for compensation in respect of notional interest.
- 5.6 Use of the 30% commitments is on a cumulative basis over a three year period. Therefore, new build schemes delivered before a commitment arises will contribute to that future commitment being spent. It is important to note however that future commitments are not guaranteed and can only be projected based on assumed right to buy sales and that 70% funding must be sourced from the Council's own resources for these commitments to be retained and spent on the provision of affordable housing. In practical terms, new build schemes delivered before a one for one receipt and commitment arises will need to be funded from existing HRA reserves via a revenue contribution to capital outlay (RCCO).
- 5.7 To Quarter 1 2015/16 this £407k commitment increased to £600k (assuming that the Council wishes to retain the one for one commitment and match fund replacement by

sourcing 70% funds internally). Approval was sought from Cabinet on 22 September to use this commitment along with £887k of section 106 funding for the provision of the brownfield scheme in Coalville.

- 5.8 Right to Buy sale projections (see Appendix 6) for 2015/16 forecast a further additional £939k commitment. From 2016/17 – 2020/21 a further commitment of £2.17m is forecast. Again, these commitments assume that the Council wish to retain the one for one commitment and match fund replacement by sourcing 70% funds internally. If a right to buy one for one commitment is unspent within three years, or should the Council deem the provision of match funding unaffordable, 30% of these amounts would need to be repaid by the Council back to Treasury, including an additional payment for compensation in respect of notional interest.
- 5.9 There are currently no indications from DLGC that the Right to Buy, One for One scheme will be terminated and therefore financial projections are based on an assumption that the scheme and arising commitments will continue.
- 5.10 In addition, section 106 funds (or commuted sums) of £887k exist. Due to the nature of this funding stream, no future projections exist. Should these funds be unspent by the allocated time period, funds must be returned to the developer who made the contribution.
- 5.11 See Appendix 7 for full Right to Buy, One for One replacement forecasts and Appendix 8 for schedule of commitments and the date they must be spent by.

5.12 New Build assumptions

- 5.13 The tables below detail assumptions used in determining the viability and impact of each proposed new build scheme.

Table 2 – General Assumptions

	1 Bed	2 Bed	3 Bed	4 Bed
Build Cost	£94,336	£126,773	£153,115	£181,104
2017/18 Rent per unit per week (Affordable rent)	£83.94	£90.23	£104.41	£140.29
Rent ongoing	-1% real reduction to 2019/20; 2.5% 2020/21 ongoing (CPI of 1.5% + 1%)			
Void levels	1.50%			
Bad debt level	2.50%			
Management cost	£30 per unit p.a. (£0.58p p.w) 2.5% inflation			
Repairs	£520 revenue per unit per year from year 6, inflated at 2.5% p.a.			
Planned Maintenance	£1,200 capital per unit per year from year 11, inflated at 2.5% p.a.			

Table 3 – Scheme Specific Assumptions

Site	Brownfield site, Coalville	Greenacres	Willesley Estate
1 Bed	4	4	3
2 Bed	8	6	5
3 Bed	0	0	0
4 Bed	0	0	0
Total	12	10	8
Other costs	£150k land cost		
Communal Facility	£50k provision for play area	£71k	n/a
Delivery year	2017/18	2017/18	2017/18
% of rent achieved in first year	50% (Quarter 3)	50% (Quarter 3)	50% (Quarter 3)
Build costs			
2015/16:	£112,500		
2016/17:	£739,514	£604,367	£426,000
<u>2017/18</u>	<u>£739,514</u>	<u>£604,367</u>	<u>£426,000</u>
Total:	<u>£1,591,528</u>	<u>£1,208,734</u>	<u>£852,000</u>

5.14 Individual Scheme Impact Assessments

5.15 Proposed schemes are assessed by the following means:

- a) *Notional subsidy* – this represents the funds which must be provided by the Council if a scheme will not be supported entirely by external borrowing (debt which can be serviced from the rent from that dwelling). In reality, both the borrowing and the subsidy will be met from HRA resources or additional borrowing up to the HRA borrowing limit (for which there are no rent serviceable restrictions), or a combination of both.
- b) *Net present value (NPV)* - the difference between the present value of cash inflows and the present value of cash outflows over the 30 years from 2015/16 which indicates whether the projected earnings generated (in present cash terms) exceed the anticipated costs (also in present cash terms) associated with the scheme.
- c) *Contribution to HRA cash flows* - the estimated impact to HRA cash flows of the proposed scheme over 30 years from 2015/16.

- d) *Impact to funding shortfall* – the estimated impact to the funding shortfalls currently forecast over the 30 years from 2015/16 as a result of the impact of the scheme’s cash flows to HRA balances and any resultant increase or reduction in interest earned on those balances.

The impact of each scheme, assessed on a mutually exclusive basis, is detailed in the table below.

Table 4 – Scheme viability on a mutually exclusive basis

	Brownfiled site, Coalville *	Greenacres	Willesley
Scheme cost	£1.592m	£1.209m	£852k
Funding	£887k S106 funds £705k One for one replacement funds	£1.209m One for one replacement funds	£852 One for one replacement funds
Notional Subsidy	£656k	£437k	£253k
NPV	+£260k	-£213k	-£109k
Contribution to HRA cash flows	+£784k	+£211k	+£229k
Funding Shortfall			
2021/22	£5.828m	£5.833m	£5.838m
2022/23 – 2024/25	£4.451m	£4.964m	£4.731
2041/42 – 2044/45	£1.671m	£2.535m	£2.453m
30 Year Total	£11.950m	£13.332m	£13.022m

* Cabinet may recall that when this scheme was presented to Cabinet on 22 September 2015, the net present value was a -£607k and that the estimated impact to the funding shortfall was to increase the HRA funding shortfall by £13k.

5.16 Following revision to forecasts of future right to buy one for one commitments it is proposed that the remaining balance of the scheme is also funded from right to buy one for one commitments, taking the total to £705k. The movement to a positive net present value position and more favourable impact to HRA funding shortfall are as a result of the allocation of section 106 funding to the scheme as agreed by Cabinet on 22 September 2015. It is important to note that without this funding; the scheme would not be viable in net present value or cash flow impact terms.

5.17 Impact of all New Build schemes - Should all schemes be developed simultaneously, the impact is as follows:

Table 5 – Scheme viability on the basis all schemes are developed

	All schemes
Scheme cost	£3.652m
Funding	£887k S106 funds £2.765m One for one replacement funds
Notional Subsidy	£1.428m
NPV	-£63k
Contribution to HRA cash flows	+£1.224m
Funding Shortfall	
2021/22	£5.780m
2022/23 – 2024/25	£5.725m
2041/42 – 2044/45	£1.561m
30 Year Total	£13.066m

5.18 As detailed above, £2.765m of right to buy and one for one funding is assumed on the basis that the Council wish to retain the one for one commitment and match fund replacement by sourcing 70% funds internally, and that the existing regime continues. Use of the 30% commitments is on a cumulative basis over a three year period.

5.19 In reality, the Council will need to use its own existing resources or consider additional borrowing before these receipts from right to buy sales arise.

5.20 Use of existing funds across the three schemes would be spent as per financial years as follows:

2015/16	£112k
2016/17	£1.77m
2017/18	£1.77m
Total	£3.652m

5.21 In year funding within 2015/16 set aside for the provision of new build and affordable housing which will be unspent, (comprising section 106 funding, right to buy and one for one commitments and the Council's own contributions as detailed above), will therefore be carried forward to the 2016/17 financial year. Proposals within this paper do not assume any additional borrowing.

- 5.22 As a result of forward spending of assumed right to buy and one for one commitment, a minimum revenue contribution to capital outlay (RCCO) will be required for the 2017/18 year, which did not previously exist, of £526k. In 2018/19 the RCCO will need to increase from £1.495m to £2.475m.
- 5.23 Cabinet should note however, that these funding assumptions have not taken into account the revised forecast outturn for the HRA and HRA Capital Programme for the 2015/16 year nor include any budget proposals for the 2016/17 financial year. Appendix 9 presents the cumulative cash flow of commitments.
- 5.24 In addition, it should be noted that as the proposed units in Ashby will fall under the Developer Contributions Scheme (DCS) required by the River Mease Special Area of Conservation Water Quality (Phosphate) Management Plan (WQMP), an additional small contribution per dwelling will be required as follows:

- 1 bed dwelling = £127 per unit (max)
- 2 bed dwelling = £187 per unit (max)

So at most, the DCS will incur additional costs of £1,316 (max based on 3 x 1 bed plus 5 x 2 bed)

6.0 DELIVERY VEHICLE

- 6.1 It is proposed that NWLDC will own the schemes it develops. The cost floor mechanism gives local authorities some protection from Right to Buy, in that the costs of producing the new build unit can effectively be recovered. Assumptions about future levels of RTB for new build units have been built into the financial modelling. Long term, the delivery of the new build units could involve a range of different approaches including local small and medium enterprises (SME). However, given that it is almost 30 years since the Council's last new build programme and there is limited internal expertise in this area, a full assessment will be undertaken to minimise any risks to the council. The units could be achieved via:
- NWLDC procuring a constructor (design and build), and project managing the process in house (NWLDC owns the risk).
 - NWLDC procuring an architect / constructor, and employing an external organisation to project manage the process (NWLDC owns the risk).
 - NWLDC procuring a partner to deliver a specified number of properties to an agreed design on a site, ownership of which temporarily transfers to partner until completion (partner owns the risk).
- 6.2 For a local authority embarking on new build for the first time after a long gap, and with limited internal expertise, it could be argued that the latter option presents an attractive, low risk way forward, although it is generally more expensive. Advice on the best option will be sought from the consultant we subsequently instruct, and a future report will be presented to Cabinet with the recommended way forward.

6.3 The specialist procurement officer in Housing would be able to run any procurement exercises, with the support of the Planned Investment Team Manager, the New Build Project Manager and the corporate procurement team.