

Housing Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Thursday, 16 November 2023 at 2.00 pm
Council Chamber - South Kesteven House,
St. Peter's Hill, Grantham. NG31 6PZ

Committee Members: Councillor Virginia Moran (Chairman)
Councillor Lee Steptoe (Vice-Chairman)

Councillor Emma Baker, Councillor Anna Kelly, Councillor Zoe Lane,
Councillor Penny Milnes, Councillor Habibur Rahman, Councillor Jane Wood and
Councillor Paul Wood

Agenda Supplement

10. **Housing Pipeline Update Report** (Pages 3 - 13)

This report provides an update on the Housing Revenue Account New Build programme including acquisitions.

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Housing Overview and Scrutiny Committee

16 November 2023

Report of Councillor Phil Dilks, Cabinet Member for Housing and Planning

Housing Pipeline Update Report

This report provides an update on the Housing Revenue Account (HRA) New Build programme including acquisitions.

Report Author

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Recommendations

This item is for noting only.

Decision Information

Does the report contain any
exempt or confidential
information not for publication?

No

What are the relevant corporate
priorities?

High Performing Council

Which wards are impacted?

All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The Capital Programme for 2023/24 Housing Development investment has been established at £5.5m and will be utilised to fund strategic acquisitions, Swinegate Grantham and Elizabeth Road Stamford new build schemes. It is important that the HRA has a continual housing growth strategy that incorporates a range of interventions including acquiring properties directly from developers, new build and acquiring former Right to Buy properties that specifically meet the housing needs.

Completed by Richard Wyles, Deputy Chief Executive and S151 Officer

Legal and Governance

- 1.2 Regular reporting on agreed actions and measures is to be welcomed from a governance point of view, as it provides a transparent mechanism for reporting on performance.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

Risk and Mitigation

- 1.3 No significant risks have been identified.

Climate Change

- 1.4 The contents of this report do not have a direct impact on the Council's carbon emissions or the carbon emissions of the wider district. More detailed information on carbon impact of individual projects are outlined within the relevant project documentation.

1. Background to the Report

- 1.1 The purpose of this report is to provide the Committee with an update regarding the new build housing pipeline (Appendix 1 – Programme)
- 1.2 The approved Corporate Plan 2020-23 clearly sets out how South Kesteven District Council intends to meet our vision to "be the best district in which to live, work, and visit."

1.3 The Corporate Plan identifies 'Housing that Meets the Needs of Residents' as a key priority with the following: -

High quality housing is essential for all and the council is committed to working with partners to provide this by:

- Offering the new homes that people need, at a price they can afford.
- Ensuring new developments are in keeping with the character of South Kesteven and benefit the people who already live here.
- Providing high quality homes and services to those who rent property from the council

1.4 There are a number of schemes under consideration on HRA owned land. In the south of the district the focus is on examining opportunities within garage sites with a view to packaging these in to several lots for future development. Most garage sites can accommodate a maximum of four units per site.

1.5 The Council has a new build pipeline for delivery of new units and an update for each of these is below: -

Swinegate, Grantham

1.6 Lindum's have been appointed to construct 20 apartments via a direct award on a framework. The scheme has been granted planning consent. Non-material amendments and discharge of planning conditions have been approved by the planning authority.

1.7 Lindum's will conduct the enabling works to amend access to Watergate car park from the 13 November 2023. This will involve widening the entrance to the car park so it will become the entrance and exit to facilitate the site compound which will be sited at the exit.

1.8 Following a site visit from the conservation officer, planning officer and structural engineer an application to demolish and rebuild No.20 Swinegate was submitted on 6th October and is currently being validated. The application will be taken to the planning committee on 7th December and the planning officer will need to produce a report by 24th November. This will not affect progress on site and other works will continue during this period.

1.9 The site is extremely complex to deliver due to the existing car park, services, party wall notices and the fact that it is in a Conservation Area, but the design team have worked closely to mitigate any disturbance and to deliver the scheme. It is expected that a photo between SKDC representatives and Lindums will be organised to celebrate the commencement of the scheme and mark the milestone.

Elizabeth Rd, Stamford

1.10 Planning consent has been granted and the contract to build the 4 units has been awarded to D. Brown Building Contractors. The Cabinet approved the award for the £665,000 scheme and revised drawings and Non-Material Amendments were submitted on 1 November 2023. When these are confirmed, a starting date can be agreed (anticipated end of November) and works are expected to take approximately 30 weeks. A photo of representatives from SKDC and D Browns will be arranged to mark the milestone of works commencing on site.

Larch Close, Grantham

1.11 The 21-unit development was considered by the Planning Committee on 8th November 2023.

1.12 The procurement process will commence in winter when the outcome of the committee meeting has been finalised with the site works anticipated to start in June 24. The funding allocation for next year will be used for delivering this scheme but will require additional money due to increased build costs caused by inflation.

Wellington Way, Market Deeping

1.13 There are outline plans for a 14-unit scheme in this location that has received pre-application advice in 2021.

1.14 Work & investigations are underway with results and a report is expected by 28 November 2023.

1.15 Following receipt of the report, a new topographical survey to the site will be commissioned. This will include ground scanning due to concerns about the potential routes of underground services that may be present due to the proximity of two substations.

1.16 If the site is deemed suitable, then revised drawings will be prepared for a scheme suitable for people on our housing register which, in the Deepings, is currently a mix of 1 bed, 2 bed and 3 bedroomed accommodation.

Garage Sites

1.17 Gorse Rise Grantham– a former garage site that was demolished in February 2020. Initial discussions have begun regarding the redevelopment of the site. We are exploring a variety of schemes with a view to adding this scheme to the future developments pipeline.

1.18 Several other garage sites including Kesteven Road in Stamford have been earmarked for further discussions.

2. Key Considerations

3.1.1 In order to achieve its required annual housing targets there will be a hybrid approach to new builds which will include working closely with developers on planning schemes which include affordable units, the Council intends to purchase and manage these (in a manner similar to a Registered Provider). There have been discussions with house builders on two sites within the District and these discussions are progressing in a positive direction. Further information will be provided to the Committee once proposals have been developed including the financial implications supported by a housing needs assessment,

3.1.2 Local Authority Housing Fund (LAHF) 1 – The Council has a requirement to secure 21 units as part of the allocated funding with a deadline of the 30th November 2023 to exchange contracts on purchases. The Council secured 12 units at Langtoft, 1 property in Grantham and currently (as of the 2nd November at the time of drafting this report) has 5 other properties with solicitors for acquisition. A further 3 are being sought off a large development in the District but the timeline for exchanging on these properties is incredibly tight. A verbal update can be given to the committee regarding progress. Under the MoU the Council is required to provide:-

- 19 properties for households that meet the eligibility criteria
- 2 Four+ bed properties to be allocated to households currently in bridging accommodation ('the bridging element');

3.1.3 If all of the purchases can exchange by 30th November both points above will be met including securing 2 Four+ bed properties which has been incredibly challenging and we will be in the minority of Councils to achieve this.

3.1.4 As part of this update, and at the request of the Chairman, there has been a review of the acquisition of the properties at Langtoft. Attached to this report (appendix 2) are the questions and responses for the Committee to note.

3.1.5 LAHF 2 – the Council has accepted the second stage of the funding which is to deliver a further eight properties, seven 'main element' 2/3 bed properties and one 'bridging element' 4 bed+ property. The deadline for this funding is the end of March 2024.

4. Reasons for the Recommendations

4.1 This is a regular report where Members are invited to scrutinise progress and comment on performance.

5. Appendices

Appendix 1 – Programme

Appendix 2 – Langtoft questions

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Appendix 1

HRA New Build Programme

Summary table showing the position of the current
HRA New Build Programme correct as of November 2023

| Project | Number of Units | Planning Consent | Progress Stage | Construction Commencing | Completion date |
|--------------------------------|-----------------|------------------|--------------------------------------|-------------------------|-----------------|
| Swinegate, Grantham | 20 | Yes | Started on site with enabling works | October 23 | Feb 25 |
| Elizabeth Rd, Stamford | 4 | Yes | Construction to commence this month. | November 23 | May 24 |
| Larch Close, Grantham | 21 | No | With LPA for determination | June 24 | Oct 25 |
| Wellington Way, Market Deeping | 14 (TBC) | No | Pre-app advice received | TBC – 2025 | |
| Garage Sites – Stamford | TBC | No | Feasibility | TBC – 2025/26 | |
| Gorse Rise Grantham | TBC (4) | No | Feasibility | TBC – 2025/26 | |

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Appendix 2

1. Were we 'allowed' to buy these properties – citing the rules and regulations.

A paper was presented to Full Council on 1st March 2023 providing an update on the Local Authority Housing Fund (LAHF) ([south kesteven district council - Agenda item - Local Authority Housing Fund \(LAHF\) Update](#)). Following debate, Full Council approved the receipt of the LAHF funding and the memorandum of understanding with the Department for Levelling Up, Housing and Communities (DLUHC). It was made clear in the Full Council report that the purpose of the LAHF was to support local authorities in providing accommodation to Ukraine and Afgan families, settled in the UK legally under various government schemes.

The agreement with DLUHC is that the Council would provide a total of 21 homes over a two-year period. The Council is required to report all information to DLUHC on fund allocations and delivery until the Council's programme has been completed; these returns are to be signed off by the Council's S151 Officer or deputy.

July Cabinet subsequently delegated authority to the Council's S151 officer, in consultation with the Portfolio Holder for Housing and Planning to acquire properties using the LAHF grant funding in accordance with the grant agreement arrangements.

The conditions of the LAHF grant funding are outlined in the following document; [Local Authority Housing Fund Prospectus and Guidance \(publishing.service.gov.uk\)](#). It is clear (page 4) that the basic model assumes stock acquisition and that this can mean acquiring new build properties.

In accordance with the delegation given by Cabinet, the S151 Officer, Richard Wyles, made an Officer Delegated Decision on 26th July to purchase the properties at Langtoft. The report is exempt from publication because it contains commercially sensitive information ([south kesteven district council - Decision - Purchase of Properties Langtoft](#)).

The planning permission for the Langtoft development (S17/1900) required 35% of the dwellings to be affordable. The purchase of these properties does not contravene the requirements of the planning permission.

2. What were the exact terms of the Government grant on what we could purchase.

The Council has signed a memorandum of understanding with DHLUC regarding the requirements spending the grant funding. This was set out and agreed by Full Council (March 2023) and is monitored by DHLUC and the Council's S151 Officer. The conditions of the LAHF grant funding are also outlined in the following document; [Local Authority Housing Fund Prospectus and Guidance \(publishing.service.gov.uk\)](#).

3. On what date and where did we give the responsibility for negotiations to the Acting Director of Housing?

Delegation was given by Cabinet in July 2023 to the S151 Officer in consultation with the portfolio Holder for Housing and Planning. The decision to purchase the properties at the price paid was approved in accordance with that delegation on 26 July 2023.

4. Who approached who regarding the possible purchase and when.

The planning team monitors the provision of affordable housing to ensure that it complies with the requirements of the planning permissions. Ashwood Homes contacted the Planning Policy team on 18 May 2023 to confirm that the registered provider (RP) that they had been working with no longer wished to purchase the properties. A list of alternative RPs was provided to Ashwood Homes at the time. On 14 June, a list of developments was provided to Officers where it was known that the developers were struggling to find RPs to deliver affordable housing; the Langtoft site was on that list. Officers subsequently contacted Ashwood Homes.

It should be noted that the planning obligation for this site has a cascade meaning that the developer was required to find an RP to deliver the affordable units in the first instance. If, for whatever reason, an RP could not be secured, then the developer could offer the units to the Council. If the Council was not in a position to purchase the units, then they would revert to open market housing.

5. Over what period did negotiations take place?

A site visit took place by Officers on 23rd June 2023. The planning obligation required the developer to offer the units to the Council on the same terms that they were offered to an RP. The Council commissioned an independent valuation of the units prior to exchange of the contracts for sale. The negotiations took place between 14th June (initial contact) and 25th August (final completion).

6. On what date was the deal finalised and how? Eg. Contracts signed?

Contracts were exchanged on 4th August with completion taking place on 11th August for the first six properties and on 25th August for the remaining six units.

7. On what date did the commercial sensitivity cease, if different from 4.

Commercial confidentiality ceased on 4th August 2023.

8. Were we in any way bound to consult residents at any point in the negotiations?

There wasn't any requirement to consult with residents, they were always intended to be affordable units in accordance with the planning permission.

9. On what date did Craig inform the Cabinet member that he could inform Ward Councillors.

Councillors were advised on 4th August once commercial confidentiality ceased.

10. On what date did we issue the press release.

The press release was issued on Monday 7th August at 11:44am.

Any other info

The requirement was to ensure good value for money. It can be confirmed that the properties have been valued and the price paid is below the market value.

A letter was issued to all residents of Langtoft on Wednesday 6th September; this was a joint letter by the then Acting Director for Housing and Cabinet Member for Housing and Planning. This letter provided details about the process of acquisition.

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