



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**



Cabinet

Date: 11 July 2023

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

New Build Housing Scheme for 4 units at Elizabeth Rd, Stamford

Report Author

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Purpose of Report

This report sets out the proposals for a 4-unit new build social housing development at Elizabeth Rd, Stamford and to recommend that the new build contract be awarded to D.Brown Building Contractors Ltd.

Recommendations

That Cabinet:

1. Approves the contract award to D Brown Building Contractors Ltd to undertake works to facilitate and deliver the development of a 4-unit new build housing scheme at Elizabeth Rd, Stamford for the sum of £665,952.28.
2. Agrees to delegate price variations to the contract of no greater than 10% to the Chief Finance Officer, in consultation with the Cabinet Member for Housing and Planning, due to the complexity of the new build and the associated price volatility.

3. **Delegates the Chief Finance Officer in consultation with the Cabinet member for Housing and Planning to enter into the contract with D Brown Building Contractors Ltd.**

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

Supported Housing for all

Which wards are impacted?

Stamford

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 delivery of this scheme is a key element of the new build programme or the Housing Revenue Account (HRA). The budget for this proposal is included in the 2022-2023 and 2023-2024 capital programme and is funded from the Capital Receipts Reserve. The delivery of 4 units will provide a rental income stream to the HRA and will be built in the HRA financial business plan. Based on a comparable affordable rental figure of £83.46 per week, this will generate an annual rental of £16,024 per annum (based on 48 rent week). This is a return on investment of 2.41% and this is broadly in line with social housing returns.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

- 1.2 The necessary processes have been followed in accordance with the Council's Contract Procedure Rules. There are no further significant legal, or governance implications not already highlighted within the body of the report.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

Risk and Mitigation

- 1.3 A project risk register will be created in partnership between the contractor and the Council, which will be subject to robust review as the project progresses. As part of the process there will be a mutual agreement of the identified risks and enable confirmation of ownership to be confirmed by the contractor of the Council.
- 1.4 The contractor will be responsible for insuring the build until the development is handed over to the Council.

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

- 2.1 The proposed site, outlined in red in Appendix 1, is situated on Elizabeth Road in Stamford, Lincolnshire. The total area of the site is 586m² (0.059 hectares).
- 2.2 This site is owned by South Kesteven District Council and is accessed off Elizabeth Road. The site comprises of a large area of hardstanding which is currently used by surrounding residents for parking and also provides vehicular access to the adjacent property to the south.
- 2.3 The development looks to introduce four one- bed, two-person apartments along with associated landscaping, parking and refuse provision. The access to the adjacent property will be retained. Appendix 2 and 2B show the proposed development.
- 2.4 The scheme has been influenced through public consultation providing a high-quality development.
- 2.5 The housing need in Stamford is extremely high, there are currently 250 people on the housing register with a one-bed need and want to live in Stamford.
- 2.6 The rents will be set in-line with affordable rent, this will be set following the completion of the development and the outcome of the red book evaluation that will set the value of the assets. Affordable rent is set higher than social rent as per legal process around setting the rental value, finance support on this process to ensure all processes are correct and financially compliant.

- 2.7 The private rental market in Stamford is high with a one-bed currently available for between £695-£1000 pcm meaning that there are very little options for those needing one-beds who are on a low income. It means then that young people and families then must move away from the area to find affordable housing; therefore provision of more affordable housing options in this area is imperative.
- 2.8 Planning consent was granted in March 2022 (planning reference S21/2328 in the background papers).
- 2.9 Since March 2022 there has been some drainage issues that have been investigated and rectified to enable the expressions of interest to be undertaken.
- 2.10 An Expression of Interest (EOI) had been conducted on two frameworks with Pagabo and Efficiency North. The EOI set out the tender criteria. The EOI returned a few interests under each framework. Pagabo framework is a DPS (Dynamic Purchasing System) which has no compliant provision for direct award. Therefore this limitation eliminated Pagabo as the preferred framework provider.
- 2.11 The preferred contractor D Brown Building Contractors Ltd has the required experience, skills, knowledge and resources. With other construction projects they have delivered for the Council they had shown strong ability to manage large budgets and assess the wide range of risks and issues at a large programme level. The evaluation using the established criteria was undertaken by the project team against the market and they are of the opinion that the final submission from D Brown Building Contractors Ltd provides value for money for the works to be undertaken. Therefore the recommendation is to award the contract to D Brown Building Contractors Ltd via the Efficiency North framework for a contract figure of £665,952.28.
- 2.12 If Cabinet approve the decision to award the contract the development will commence in October 2023 and the scheme is anticipated to take 30 weeks to complete.

3. Key Considerations

- 3.1 Key areas for consideration are set out within the report.

4. Other Options Considered

- 4.1 The Council could wait to commence the scheme or not build the apartments.

5. Reasons for the Recommendations

- 5.1 There is a housing need for the Council to develop the site therefore the recommendation is for the contract be awarded to that works can commence in autumn 2023.

6. Consultation

- 6.1 Stakeholder consultation was undertaken during October 2021 which invited comments and feedback from the public, local ward members and other interested parties. The outcome of the consultation has been incorporated into the final design as necessary including the provision of parking and other enhancements.
- 6.2 Subsequent consultation was undertaken as part of the planning process.

7. Background Papers

- 7.1 [Planning search - elizabeth road \(southkesteven.gov.uk\)](https://southkesteven.gov.uk/planning-search-elizabeth-road)
- 7.2 Appendix 1 – site plan
Appendix 2 – proposed development
Appendix 2B – proposed development