

## **EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Council Housebuilding Cabinet **Date:** Thursday, 4 June 2015  
Committee

**Place:** Council Chamber, Civic Offices, **Time:** 6.30 - 9.56 pm  
High Street, Epping

**Members Present:** D Stallan (Chairman), R Bassett, S Stavrou, G Waller and J Philip

**Other Councillors:** N Bedford, Y Knight, R Morgan, A Patel, M Sartin and C Whitbread

**Apologies:** W Breare-Hall

**Officers Present:** A Hall (Director of Communities), P Pledger (Assistant Director (Housing Property and Development)) and J Leither (Democratic Services Assistant)

**Also in attendance:** D Read (East Thames Group), I Collins (Pellings LLP) and N Penfold (Pellings LLP)

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### **1. SUBSTITUTE MEMBERS**

The Cabinet Committee noted that Councillor J Philip substituted for Councillor W Breare-Hall at the meeting.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

### **3. MINUTES**

**Resolved:**

That the minutes of the meeting held on 5 March 2015 be taken as read and signed by the Chairman as a correct record.

### **4. CHANGE OF ORDER**

The Chairman proposed to the Cabinet Committee that due to the content of new information regarding Agenda Item 10, Marden Close and Phase 1 and 2 Progress Reports that this information should be heard in private session. He therefore proposed that Agenda Item 11, Risk Register be heard before Agenda Item 10, Marden Close and Phase 1 and 2 Progress Report.

**Resolved:**

(1) That Agenda Item 10, Marden Close and Phase 1 and 2 Progress Report would be heard in private session; and

- (2) That Agenda Item 11, Risk Register would be heard before Agenda Item 10.

## 5. HCA INVESTMENT PARTNER QUALIFICATION

The Assistant Director (Housing, Property & Development) presented a report to the Cabinet Committee. He advised that East Thames had made an application to the Homes and Communities Agency, on behalf of the Council, to become Investment Partners thereby qualifying for Affordable Homes Grant as part of the HCA's Affordable Homes Programme 2015-18.

Without this qualification, the Council would not be able to draw on the £500,000 grant that has been awarded for 40 new 1 and 2-bed homes at Burton Road, Loughton as part of Phase 2 of the Council's House-building Programme

East Thames Group had received written notification from the HCA in a letter dated 19 May 2015 that the Council had now qualified to participate in the Affordable Homes Programme 2015-18 on the basis that the Council would be working with East Thames Group as its development partner, which not only secured the £500,000 HCA Grant for Phase 2 but also enabled the Council to make further bids to the HCA for Affordable Homes Grant on future phases of its House-building Programme should the Council decide.

### Decision:

That the Cabinet Committee note that the Council has qualified as an Investment Partner with the Homes and Communities Agency.

### Reasons for Decision:

It was a requirement of the contract with East Thames, as the Council's Development Agent, that they make an application on behalf of the Council to the Homes and Communities Agency to become an investment Partner so that the Council could apply for Affordable Housing Grant.

### Other Options Considered and Rejected:

This report is for noting only.

## 6. FEASIBILITY STUDIES

The Assistant Director (Housing, Property & Development) presented a report to the Cabinet Committee on the feasibility of developing a number of sites. He advised that each of the sites were presented as individual feasibility studies, which identified the number of units and the mix that would be achievable for each site. At this stage, Members were asked to consider the merits of each site and agree which were to progress for inclusion in a future phase of the Council House-building Programme in line with the Policy on Prioritisation of Sites.

### Decisions:

- (1) That following the Cabinet Committee considering the viability of each of the 9 (nine) individual feasibility studies taken from the Cabinet approved list of Primary Sites, or have since been agreed to be added to the list, for consideration and inclusion in a future phase of the Council House-building Programme, the following decisions be made:

**(a) Pound Close, Nazeing**

That the Cabinet Committee agreed that this was a viable site to progress to a detailed planning stage.

**(b) Palmers Grove, Nazeing**

That the Cabinet Committee agreed that this was a viable site to progress to a detailed planning stage. However, Members requested that the design should accommodate a vehicular turning circle on the site.

**(c) Millfield, High Ongar**

That the Cabinet Committee agreed that this was a viable site to progress to a detailed planning stage.

**(d) St. Peters Avenue, Ongar**

That the Cabinet Committee agreed the St. Peters Avenue, Ongar site be deferred to a future meeting of the Cabinet Committee for more information on the access to the site, Members felt that the site access was too narrow and asked for it to be looked with regard to widening the access road.

The Cabinet Committee agreed that in the mean-time, the garages would continue to be marketed and let to local residents.

**(e) Queensway, Ongar**

That the Cabinet Committee agreed that this was a viable site to progress to a detailed planning stage.

**(f) Graylands, Theydon Bois**

That the Cabinet Committee agreed that this was a viable site to progress to a detailed planning stage.

**(g) Green Glade, Theydon Bois**

That the Cabinet Committee agreed that this site should remain as a garage site until such time as the vacancy percentage of the garage site reaches 20% as agreed by the Cabinet in 2012.

Members proposed and agreed to continue to market and rent garages to local residents.

**(h) Colvers, Matching Green**

That the Cabinet Committee agreed that Option B, 2 x 3 bedroom 2-storey houses with 5 parking spaces, was a viable site to progress to a detailed planning stage.

**(i) Parkfields (Site A), Roydon**

That the Cabinet Committee proposed that this site would be included in a future phase of the Council House-building Programme as the access to the

site would need to be looked at due to being narrow and no turning point on the site.

(2) That for any sites not considered viable for Council house-building, alternative uses be agreed based on the following options:

- (a) To sell the site for social housing to a Housing Association in return for a capital receipt to fund future Council house-building and to gain nomination rights for Council housing applicants;
- (b) To sell the site for private development, either for residential or other use in return for a capital receipt to fund future Council house-building;
- (c) To divide up the site and sell the land to local residents to extend their private gardens in return for a capital receipt to fund future Council house-building;
- (d) To demolish the garages, re-surface and mark out the land and to leave the site as open car parking for local residents;
- (e) To sell the site to a Town or Parish Council for their own purposes (eg. public amenity space) in return for a capital receipt to fund future Council house-building; or
- (f) To continue to market and rent the garages to local residents.

(3) That where there was difficulty with a narrow or restricted access and no turning point, consideration should be given to installing a sprinkler system into the units or making arrangements for other appropriate fire prevention measures acceptable to the Fire and Rescue Service and that the costs and general approach to fire prevention at such developments be considered at a future meeting of the Cabinet Committee.

#### **Recommendations to the Cabinet:**

(1) That, as a result of the proposed development at the following locations, the Cabinet considers increasing the priority for the proposed off street parking schemes at:

- (a) Millfield, High Ongar;
- (b) Queensway, Chipping Ongar;
- (c) Graylands, Theydon Bois; and
- (d) Colvers, Matching Green.

(2) That, following the decision to progress to the detailed planning stage, the priority of the following schemes also be increased:

- (a) Green Glade, Theydon Bois; and
- (b) Parkfields (Site A), Roydon.

#### **Reasons for Decision:**

At its meeting in August 2014, the Cabinet Committee asked that each of the sites on the Primary List of approved sites be progressed to feasibility stage to create a bank of sites for future phases of the House-building Programme. The 9 sites included in

this report are from the original list of 65 sites approved by the Cabinet in 2012. Each site is presented on its own merits at this stage. However, when all of the feasibility studies have been considered, the Cabinet Committee will then be asked to batch the sites in line with the Policy on Prioritisation of Sites.

**Other Options Considered and Rejected:**

- (1) Not to progress with any of the schemes presented in this report.
- (2) To develop the sites with a different number of homes, or with an alternative mix of property types or parking allocation.

**7. FINANCIAL REPORT**

The Assistant Director (Housing Property & Development) presented a report to the Cabinet Committee on the financial position with regard to the Housebuilding Programme. He advised that one of the Cabinet Committee's Terms of Reference was to monitor expenditure on the Housing Capital Programme Budget for the Council Housebuilding Programme, ensuring the use (within the required deadlines) of the capital receipts made available through the Council's Agreement with the Department of Communities and Local Government (DCLG), allowing the use of additional "Replacement Right to Buy (RTB) Receipts" received as a result of the Government's increase in the maximum RTB Discount to be spent on housebuilding.

The Assistant Director advised that the Schedule set out at Agenda Item 7, Appendix 1 was the current position as at 18 May 2015 with regard to the Right to Buy Receipts.

He advised that, at its meeting in March 2015, the Cabinet Committee received a suite of detailed financial reports covering all financial issues relating to the Housebuilding Programme, including the Conversion Scheme at Marden Close. Since progress was on a phase-by-phase basis and was monitored separately within the Agenda, it had been possible to consolidate the detailed financial reports into 3 appendices as set out below.

Appendix 1 captured the total amount of Replacement Right To Buy Receipts received and available for use for "One-for-One Replacement" on the Council's Housebuilding Programme, as captured on the Pooling Return to the DCLG, and when it was required to be spent. It also captured the actual expenditure to date and compared that to the projected future planned expenditure profile.

Appendix 2 set out the amount and use of financial contributions available to the Council's Housebuilding Programme from Section 106 Agreements, in lieu of the provision of on-site affordable housing on private development sites, and other sources of funding (e.g. sales of HRA land and non-RTB property, and external funding).

Appendix 3 set out the expenditure profile. This had been profiled to reflect the detailed programme that had been included elsewhere in the Agenda, which discussed the need to accelerate the house-building programme.

This information had been captured and presented for monitoring purposes. However, it was noted that, elsewhere on the Agenda, it had been reported that there was a need to accelerate the house-building programme to keep up with the rate at which the 1-4-1 receipts were accumulating, and what the Council's options were to meet this.

**Decision:**

- (1) That the current financial position be noted, in respect of:
  - (a) The amount of additional “Replacement Right to Buy (RTB) Receipts” for utilisation under the Government’s “one-for-one replacement” scheme that has been received; when it is required to be spent; the actual expenditure to date; and the future planned expenditure profile (Appendix 1);
  - (b) The amount and use of financial contributions available to the Council’s Housebuilding Programme from Section 106 Agreements, in lieu of the provision of on-site affordable housing on private development sites, and other sources of funding (e.g. sales of HRA land and non-RTB property, and external funding) (Appendix 2);

**Reasons for Decision:**

The Council’s Housebuilding Programme was a high profile, high cost activity. It was therefore essential to ensure that budgets, costs and expenditure are properly monitored, to enable corrective action to be taken at the earliest opportunity when necessary.

**Other Options Considered and Rejected:**

Not to have regular Financial Reports presented to the Cabinet Committee.

**8. ACCELERATION OF THE HOUSEBUILDING PROGRAMME**

The Assistant Director (Housing Property & Development) presented a report to the Cabinet Committee on how the Housebuilding Programme could be accelerated. He advised that there were many risks outside of the Council’s control that could result in delays in house-building. Therefore, the report in the Agenda explored the options available to ensure that all 1-4-1 Receipts from Right to Buy sales are spent within the required 3 years of receipt and none are passed on to the Government, with interest. These options included purchasing street properties or land on the open market, purchasing affordable homes built on Section 106 sites and providing local authority grant(s) to one of the Council’s Preferred Housing Association Partners to fund affordable housing schemes in need of grant.

**Decisions:**

- (1) That the Council Housebuilding Programme be accelerated further, and that the construction periods of Phases 3 onwards be brought forward to overlap, as set out in Agenda Item 8, Appendix 1;
- (2) That the potential of not being able to spend all of the 1-4-1 receipts, despite overlapping construction phases be noted;
- (3) That, should it be identified that individual vacant market properties need to be purchased to avoid one-for-one capital receipts being passed to the Government:
  - (a) The Director of Communities be authorised to source such properties for sale, make verbal offers to purchase and make recommendations to the Housing Portfolio Holder to agree their purchase; and

(b) Approval be given to the Director of Communities to appoint, on appropriate terms, a suitable consultant / organisation to act on the Council's behalf to negotiate the purchase of such properties - including to identify properties, assess their condition, undertake financial viability assessments, make recommendations and, if approved, make offers on behalf of the Director of Communities;

(4) That, where the Council agrees to purchase affordable rented housing from developers, the Director of Communities be authorised to employ a suitable organisation as the Council's Employers Agent to act on the Council's behalf during the construction period or, alternatively, to employ a Clerk of Works (or similar) to undertake this role as appropriate; and

(5) That, subject to the Housing Portfolio Holder being satisfied that it is the most cost-effective approach, the Council appoints a legal executive for 12 months renewable for a further 12 months as a cost of around £45,000 per annum.

**Recommendations to the Cabinet:**

(1) That, subject to the costs being able to be met from the Council Housebuilding Capital Budget:

(a) Should it be identified by the Director of Communities that there is a risk of one-for-one replacement capital receipts having to be passed to the Government, delegated authority be granted to the Housing Portfolio Holder to authorise the purchase of individual vacant properties for sale on the open market (either existing properties or new build);

(b) Delegated authority be granted by the Cabinet Committee to authorise the Director of Communities to enter into Development Agreements with private developers, and agree terms for the purchase, for affordable rented housing required to be provided by developers in accordance with Section 106 Agreements, where an opportunity is presented that is considered suitable and appropriate; and

(c) If outline planning application is granted for development on Council-owned land held by the General Fund at Pyrles Lane, Loughton and the Cabinet subsequently decides to sell the site on the open market, the sale be subject to a requirement that the required affordable housing element (expected to be between 40-50% of the total number of properties) be sold to the Council on practical completion, on agreed terms (to be set out in a separate Development Agreement) to be approved by the Cabinet when considering the sale of the site.

**Reasons for Decision:**

The Cabinet Committee have decided that all useable receipts (1-4-1) that are being accumulated from the sale of Council housing through the Right to Buy are to be reinvested back into building replacement Council housing at affordable rents. The Cabinet Committee have also considered a report on financing an accelerated House-building programme so as to ensure that all 1-4-1 Receipts from Right to Buy sales are spent within the required 3 years of receipt and none are passed on to the Government, with interest.

**Other Options Considered and Rejected:**

Not to accelerate or extend the Programme, or to accelerate it at a different rate or to extend it for a different period.

**9. FUTURE SITES - PHASES 4 AND 5**

The Assistant Director (Housing, Property & Development) presented a report to the Cabinet Committee on proposals for Phases 4 and 5 of the Housebuilding Programme. He advised that the Cabinet had previously agreed a number of feasibility studies from the list of potential development sites for Council Housebuilding. The Cabinet Committee had agreed at its meeting in March 2015 a strategic approach to the prioritisation of those sites by area taking account of demand from those applicants registered on the Council's Housing Register. His report sought to batch those sites that have been agreed as viable into Phases 4 and 5, and to progress those sites through the planning and tender stages.

**Decisions:**

(1) That, subject to the Cabinet Committee subsequently approving the further feasibility studies at St. Peters Avenue and Queensway, Ongar and Millfield, High Ongar, taking account of the priority order agreed by the Cabinet Committee in March 2015, Phase 4 be made up of 31 new homes on the following 9 sites in Buckhurst Hill and Ongar agreed as viable by the Cabinet Committee, based on a total scheme cost of £5,836,520, with a subsidy requirement of £2,053,000:

- (a) St. Peters Avenue, Ongar – (Deferred)
- (b) Queensway, Ongar
- (c) Millfield, High Ongar
- (d) Bourne House, Buckhurst Hill
- (e) Hornbeam Close (Site A), Buckhurst Hill
- (f) Hornbeam Close (Site B), Buckhurst Hill
- (g) Hornbeam House, Buckhurst Hill
- (h) Loughton Way, Buckhurst Hill
- (i) Pentlow Way, Buckhurst Hill

(2) That, Phase 5 be made up of 49 new homes on the following 15 sites in Loughton already agreed as viable by the Cabinet Committee, based on a total scheme cost of £8,335,700, with a subsidy requirement of £2,444,000:

- (a) Bushfields, Loughton
- (b) Chester Road, Loughton
- (c) Chequers Road (Site A), Loughton
- (d) Chequers Road (site B), Loughton
- (e) Etheridge Road, Loughton
- (f) Hillyfields, Loughton
- (g) Kirby Close, Loughton
- (h) Ladyfields, Loughton
- (i) Langley Meadow, Loughton
- (j) Lower Alderton Hall Lane, Loughton
- (k) Pyrles Lane (Site A), Loughton
- (l) Pyrles Lane (Site B), Loughton
- (m) Thatchers Close, Loughton
- (n) Vere Road, Loughton
- (o) Whitehills Road, Loughton



(3) That, the former garage sites and associated amenity land listed above as making up Phases 4 and 5, together with all sites previously considered and agreed to form Phase 3 by the Cabinet Committee at its meeting in March 2015 as viable for the development of Council House Building, be appropriated for planning purposes under provisions laid out in the Local Government Act 1972 and Town and Country Planning Act 1990 on the grounds that the land is no longer required for the purposes for which it is currently held in the Housing Revenue Account; and

(4) That, subject to the sites and phasing listed in Decisions (1) and (2) above being agreed, each site be progressed to detailed design stage, with planning applications being submitted and, subject to planning approval, tenders to be sought in accordance with the Procurement Strategy for House-building.

(5) That the proposed developments in Phase 5 now become Phase 4 and the proposed developments in Phase 4 become Phase 5 due to St. Peters Avenue, Ongar being deferred for further investigations regarding the site access.

**Reasons for Decision:**

There is a need to agree the sites that are to go forward for future phases of the Council House-building Programme.

**Other Options Considered and Rejected:**

Not to progress with one or more of the schemes and develop a smaller number of sites.

**10. RISK REGISTER**

The Assistant Director (Housing, Property & Development) presented a report to the Cabinet Committee on the current Risk Register. He advised that Pellings LLP, who were the Employer's Agent appointed by the Council's Development Agent, East Thames, produced and kept up to date a project-wide Risk Register associated with the Council's House-building Programme.

The Assistant Director advised that it was essential that the Officer Project Team and the Cabinet Committee recorded, monitored and mitigated those risks.

**Decision:**

That the Programme-wide Risk Register for the Council House-building Programme be noted.

**Reasons for Decisions:**

The Council's Housebuilding Programme is a major undertaking, involving significant amounts of money and risks, it is essential that the Officer Project Team and the Cabinet Committee record, monitor and mitigate those risks.

**Other Options Considered and Rejected:**

(a) Not to have a Risk Register – but it would not be appropriate to contemplate such an option; and

(b) To request amendments to the format or content of the Programme-wide Risk Register.

**11. EXCLUSION OF PUBLIC AND PRESS****Resolved:**

That the public and press be excluded from the meeting for the items of business set out below on the grounds that they would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972:

<u>Agenda Item No.</u>	<u>Subject</u>	<u>Exempt Information Paragraph Number</u>
10	Marden Close and Phase 1 and 2 Progress Report	3

**12. MARDEN CLOSE AND PHASE 1 AND 2 PROGRESS REPORT**

The Assistant Director (Housing Property & Development) presented a report to the Cabinet Committee on the current position with the Marden Close Improvement Scheme and Phases 1 and 2 of the Housebuilding Programme. He advised that, at the last meeting of the Cabinet Committee, Members had been made aware of some delays to Marden Close and Faversham Hall and Phase 1 of the Council Housebuilding Programme. Since the last meeting, the Marden Close and Faversham Hall scheme was now back on track and no further delays were expected.

Phase 1

The Assistant Director informed the Cabinet Committee on the current progress with Phase 1 by the contractors.

**Resolved:**

That a meeting of the Cabinet Committee be convened as soon as practicable to receive and consider a detailed written report on the progress construction of Phase 1.

**13. INCLUSION OF PUBLIC AND PRESS****Resolved:**

(1) That the public and press be invited back into the meeting.

**14. MARDEN CLOSE AND PHASE 1 AND 2 PROGRESS REPORT**

The Assistant Director (Housing Property & Development) presented a report to the Cabinet Committee on the current position with the Marden Close Improvement Scheme and Phases 1 and 2 of the Housebuilding Programme. He advised that, at the last meeting of the Cabinet Committee, Members had been made aware of delays to the Marden Close and Faversham Hall scheme and Phase 1 of the Council Housebuilding Programme.

Marden Close and Faversham Hall Conversion

The Contractor, P A Finlay & Co, commenced works on site on 15 September 2014 with completion due on 18 September 2015. A number of unforeseen issues had

given rise to a delay on site and an increase in the cost of the works. These included asbestos panels behind the fascia and soffit boards; missing lintels over windows; a large proportion of the brickwork requiring repointing due to its poor condition; the external concrete staircase to Faversham Hall was found to be unsupported; and adjustments required to the refuse and storage enclosures at Marden Close.

The Assistant Director reported that since the report had been published advising of a delay of up to 4 weeks, the Contractors had now rectified this scheme was now on track to complete on time, on the 18 September 2015.

#### Phase 1

It was the view of Pellings LLP that the works on Phase 1 are in delay by between 16 – 20 weeks.

To date, there had been no formal requests for either an extension of time or additional costs.

#### Phase 2

A revised planning application had been submitted for 51 new affordable homes making up Phase 2 of the Council's House-building Programme. The application was due to be considered at the Council's District Development Management Committee on 5 August 2015.

#### **Decision:**

That the current progress with regard to Marden Close and Faversham Hall, Chigwell Row, as well as Phases 1 and Phase 2 of the Council Housebuilding Programme be noted; and

#### **Reasons for Decision:**

It was a requirement that the Housebuilding Cabinet Committee received regular updates on progress and monitored expenditure against the House-building budget as delegated by the Cabinet.

#### **Other Options Considered and Rejected:**

This report is for noting only.

### **15. ANY OTHER BUSINESS**

Members requested that the start time of the Council Housebuilding Cabinet Committee meetings now commenced at 7.00pm.

#### **Resolved:**

That all meetings of the Council Housebuilding Cabinet Committee would now commence at 7.00pm.

**CHAIRMAN**

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