



# Epping Forest District Council

## **COUNCIL HOUSEBUILDING CABINET COMMITTEE** **Tuesday, 19th January, 2016**

You are invited to attend the next meeting of **Council Housebuilding Cabinet Committee**, which will be held at:

**Council Chamber, Civic Offices, High Street, Epping**  
**on Tuesday, 19th January, 2016**  
**at 7.00 pm .**

**Glen Chipp**  
**Chief Executive**

**Democratic Services**  
**Officer**

J. Leither (Governance Directorate)  
Tel: (01992) 564756 Email:  
democraticservices@eppingforestdc.gov.uk

### **Members:**

Councillors D Stallan (Chairman), R Bassett, W Breare-Hall, S Stavrou and G Waller

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#### **1. APOLOGIES FOR ABSENCE**

#### **2. SUBSTITUTE MEMBERS**

(Director of Governance) To report the appointment of any substitute members for the meeting.

#### **3. DECLARATIONS OF INTEREST**

(Director of Governance) To declare interests in any item on the agenda.

#### **4. MINUTES (Pages 5 - 8)**

To confirm the minutes of the meeting of the Committee held on 27 July 2015.

#### **5. COUNCIL HOUSE-BUILDING PROGRAMME - SITES UNSUITABLE FOR DEVELOPMENT (Pages 9 - 24)**

(Director of Communities) To consider the attached report (CHB-009-2015/16).

#### **6. COUNCIL HOUSE-BUILDING PROGRAMME (PHASE 2) - ACCEPTANCE OF TENDER (Pages 25 - 28)**

(Director of Communities) To consider the attached report (CHB-010-2015/16).

**7. COUNCIL HOUSE-BUILDING PROGRAMME - FINANCIAL POSITION (Pages 29 - 40)**

(Director of Communities) To consider the attached report (CHB-011-2015/16).

**8. COUNCIL HOUSE-BUILDING PROGRAMME - PROGRESS REPORT (Pages 41 - 48)**

(Director of Communities) To consider the attached report to be made to the next meeting of the Cabinet (CHB-012-2015/16).

**9. COUNCIL HOUSE-BUILDING PROGRAMME (PHASE 3) - PROCUREMENT OF WORKS CONTRACTOR (Pages 49 - 54)**

(Director of Communities) To consider the attached report (CHB-013-2015/16).

**10. COUNCIL HOUSE-BUILDING PROGRAMME - OFFICER RESOURCES (Pages 55 - 60)**

(Director of Communities) To consider the attached report (CHB-014-2015/16).

**11. COUNCIL HOUSE-BUILDING PROGRAMME - RISK REGISTER (Pages 61 - 68)**

(Director of Communities) To consider the attached report (CHB-015-2015/16).

**12. ANY OTHER BUSINESS**

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

**13. EXCLUSION OF PUBLIC AND PRESS**

**Exclusion:** To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

| <i>Agenda Item No</i> | <i>Subject</i>  | <i>Exempt Information Paragraph Number</i> |
|-----------------------|---|--|
| 14                    | <i>Minutes of the meeting of the Committee held on 27 July 2015</i> | 3, 5                                       |

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

**Confidential Items Commencement:** Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

**Background Papers:** Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

**14. MINUTES (Pages 69 - 76)**

To confirm the restricted minutes of the meeting of the Committee held on 27 July 2015.

## EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

**Committee:** Council Housebuilding Cabinet **Date:** Monday, 27 July 2015  
Committee

**Place:** Council Chamber, Civic Offices, **Time:** 6.30 - 7.55 pm  
High Street, Epping

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

**Other Councillors:** K Chana, S Kane, A Patel, G Shiell and C Whitbread

**Apologies:** Councillors R Bassett and W Breare-Hall

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

**Also in attendance:** I Collins (Pellings LLP) and K Harris (East Thames Group)

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### 16. SUBSTITUTE MEMBERS

The Cabinet Committee noted that Councillor H Kane substituted for Councillor R Bassett and Councillor J Philip substituted for Councillor W Breare-Hall.

### 17. DECLARATIONS OF INTEREST

Pursuant to the Council's Code of Member Conduct, Councillors H Kane, S Stavrou, G Shiell and S Kane declared a personal interest in agenda item 7, by virtue of being Waltham Abbey Ward Councillors. The Councillors had determined that their interest was non-pecuniary and would remain in the meeting for the consideration of the issue.

### 18. MINUTES

#### Resolved:

That the minutes of the meeting held on 4 June 2015 be taken as read and signed by the Chairman as a correct record.

### 19. ANY OTHER BUSINESS

The Cabinet Committee noted that there was no other urgent business for consideration.

**20. 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<br/>Item No.</u> | <u>Subject</u>                       | <u>Exempt Information<br/>Paragraph Number</u> |
|----------------------------|--------------------------------------|--|
| 7                          | Phase 1 Design and<br>Build Contract | 3  |

**21. PHASE 1 DESIGN AND BUILD CONTRACT**

The Assistant Director (Housing Property & Development) presented a report to the Cabinet Committee. He advised that at the last meeting of the Cabinet Committee it was agreed that a report would be provided to this meeting on the current position with regard to Phase 1 of the Council Housebuilding Programme together with details of the delays in progress with the works and the expected claim from the contractor, together with a proposed way forward.

The Council's Agent advised that a letter had been received from the Kenzie Group, advisors to Broadway Construction Limited (BCL), the contractors, detailing the delays which were due to design related issues.

The contract was a Design & Build Contract and the Employer would set out a series of 'Employer's Requirements' within the tender documents and contract conditions, upon which the contractor would respond with the contractor's proposals and costs. The detailed design of the construction was the responsibility of the contractor based on the 'Employer's Requirements' and the contractor would appoint his own design teams and supply chains in order to facilitate both the design and construction before tendering for the contract.

Members agreed that when tendering for a contract that an amount should be factored into the costs for any unforeseen risks that could be incurred. The Cabinet Committee proposed that the Council should therefore enforce the contract with no additional costs being incurred by the Council.

**Decision:**

To enforce the terms of the contract and not pay the additional sums as requested by Broadway Construction Limited.

**Reason for the Decision:**

The contract with Broadway Construction for Phase 1 of the Council House-building Programme is in delay and a dispute has materialised over the cause and effect of the delay, and a way forward needs to be determined in order to complete the development in the most cost effective way.

**Other Options Considered and Rejected:**

There are no other options for action, since the recommendation is to consider the report and recommendations of East Thames and Pellings LLP and the most appropriate way forward.

**CHAIRMAN**

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference:** CHB-009-2015/16  
**Date of meeting:** 19 January 2016

**Portfolio:** Housing

**Subject:** Council House-Building Programme - Sites Unsuitable for  
Development

**Responsible Officer:** P. Pledger (01992 564248)

**Democratic Services:** J. Leither (01992 564756)

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### **Recommendations/Decisions Required:**

1. That the garages at Springfields (Site B), Epping be demolished and the hardstandings be re-surfaced and marked out to leave the site as open car parking for local residents and a residents' parking scheme be introduced;
2. That the land at Langley Meadow (Site A), Loughton be retained by the Council as open amenity land; and
3. That the garages at Loughton Way, Buckhurst Hill be demolished and the hardstandings be re-surface and marked out to leave the site as open car parking for local residents and a residents' parking scheme be introduced.

### **Executive Summary:**

Each of the sites at Springfields (Site B) Epping, Langley Meadow, Loughton, and Loughton Way, Buckhurst Hill have been identified as being undevelopable, either because they did not, or are not likely to receive planning permission or they are not financially viable for the Council to develop. This report explores the future use of each of the sites and makes recommendations as appropriate to each site.

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

The Cabinet Committee is required to decide on the future use of garage sites unsuitable for development in line with the Council's Policy.

### **Other Options for Action:**

To adopt any other of the options within the existing Policy on the future use of undevelopable sites, as set out in the body of the report.

### **Report:**

1. Where any of the Council's development sites identified for Council house-building is not developable for any of the reasons below, then the Cabinet Committee must decide on its future use:

- they do not receive planning permission;
- they are not financially viable for the Council to develop based on a development appraisal; or
- the Cabinet Committee considers for whatever reason, the site should not be developed for Council housing.

2. The options already agreed by the Cabinet Committee are as follows:

- 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;
- 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;
- 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;
- to demolish the garages, re-surface and mark out the land and to leave the site as open car parking for local residents;
- 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
- to continue to market and rent the garages to local residents

2. Each of the sites at Springfields (Site B) Epping, Langley Meadow (Site A), Loughton, and Loughton Way, Buckhurst Hill have been identified as being undevelopable, either because they did not, or are not likely to receive planning permission or they are not financially viable for the Council to develop. The reasons are set out below:

### **Springfields (Site B), Epping**

4. The site at Springfields (Site B) in Epping (see appendix A) has 15 x garages, of which seven (46.6%) are vacant, was approved by the Cabinet Committee in November 2014 to provide 2 x 1-bed bungalows has been referred back to the Cabinet Committee by the Area Planning Sub-Committee East as it felt that this development, if constructed in conjunction with other sites in the vicinity, would present too great a parking stress in the surrounding streets. Photographs of the existing site can be seen at appendix B.

5. Since there are a high percentage of vacant garages, and the likelihood that there are a number of others not used for parking it is recommended option d be adopted for this site to demolish the garages, re-surface and mark out the land and to leave the site as open car parking for local residents with a residents' parking scheme.

### **Langley Meadow (Site A), Loughton**

6. The site at Langley Meadow (Site A), Loughton (see appendix C), which is currently laid out as amenity space, was approved by the Cabinet Committee in November 2014 to provide 2 x 1-bed flats. However, during Pre-app discussions with the Planning Officers the Council's Arboriculturist was consulted and it was felt the development would cause harm to the existing tree on the site and as such the development could not be supported. Photographs of the existing site can be seen at appendix D.

7. This site is laid out as grassed amenity space with trees. Whilst there is a perceived need for parking in the local vicinity, the Cabinet Committee has already agreed to retail the parking area to the opposite end of the block as open parking. Therefore, it is recommended that this space be retained as open amenity land.

### **Loughton Way, Buckhurst Hill**

8. The site at Loughton Way, Buckhurst Hill (see appendix E) has 24 x garages, of which nine (37.5%) are vacant, was approved by the Cabinet Committee in October 2014 to provide 4 x 3-bed houses. However, during Pre-app discussions with the Planning Officers and following detailed topographical site investigations it was felt the unconventional design and more particularly the changes in level between the adjacent houses and the ground level to the new houses would present on-going structural maintenance issues associated with the retaining structures, which would bring into question the long term viability of the development. Photographs of the existing site can be seen at appendix F.

9. Since there are a high percentage of vacant garages, and the likelihood that there are a number of others not used for parking, it is recommended option d be adopted for this site to demolish the garages, re-surface and mark out the land and to leave the site as open car parking for local residents with a residents' parking scheme. This would assist the parking stresses on other nearby development in Kirby Close.

### **Resource Implications:**

The demolition and removal of the garages at Springfields, Epping and Loughton Way, Buckhurst Hill will cost in the region of £40,000, which includes the removal of the asbestos cement roofs.

### **Legal and Governance Implications:**

Within its Terms of Reference, the House-Building Cabinet Committee is expected to consider the future use of each garage site for the purpose of Council House-building, and where a site is found to be unsuitable then they are expected to decide on its future use.

### **Safer, Cleaner and Greener Implications:**

The future use of under-utilised garage sites that do not have redevelopment potential, need to be considered so as to make the best possible use of the site and enhance the environment.

### **Consultation Undertaken:**

Ward Councillors have been consulted on the initial feasibility study. Since then, Planning Officers have been consulted as part of the detailed design stages. The Area Planning Sub-Committee East has considered the application for Springfields, Epping.

### **Background Papers:**

Previous feasibility study documents relating to each of the sites, along with minutes of the Cabinet Committee and the Area Planning Sub-Committee East.

### **Risk Management:**

The only risks that apply are with unforeseen costs associated with the demolition of the existing garages and any land retaining structures that may be required once removed.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- Affordable Housing,
- Homelessness assistance,
- Supported housing for special needs groups,
- Owners and occupiers of poor condition housing
- Council and housing association tenants.

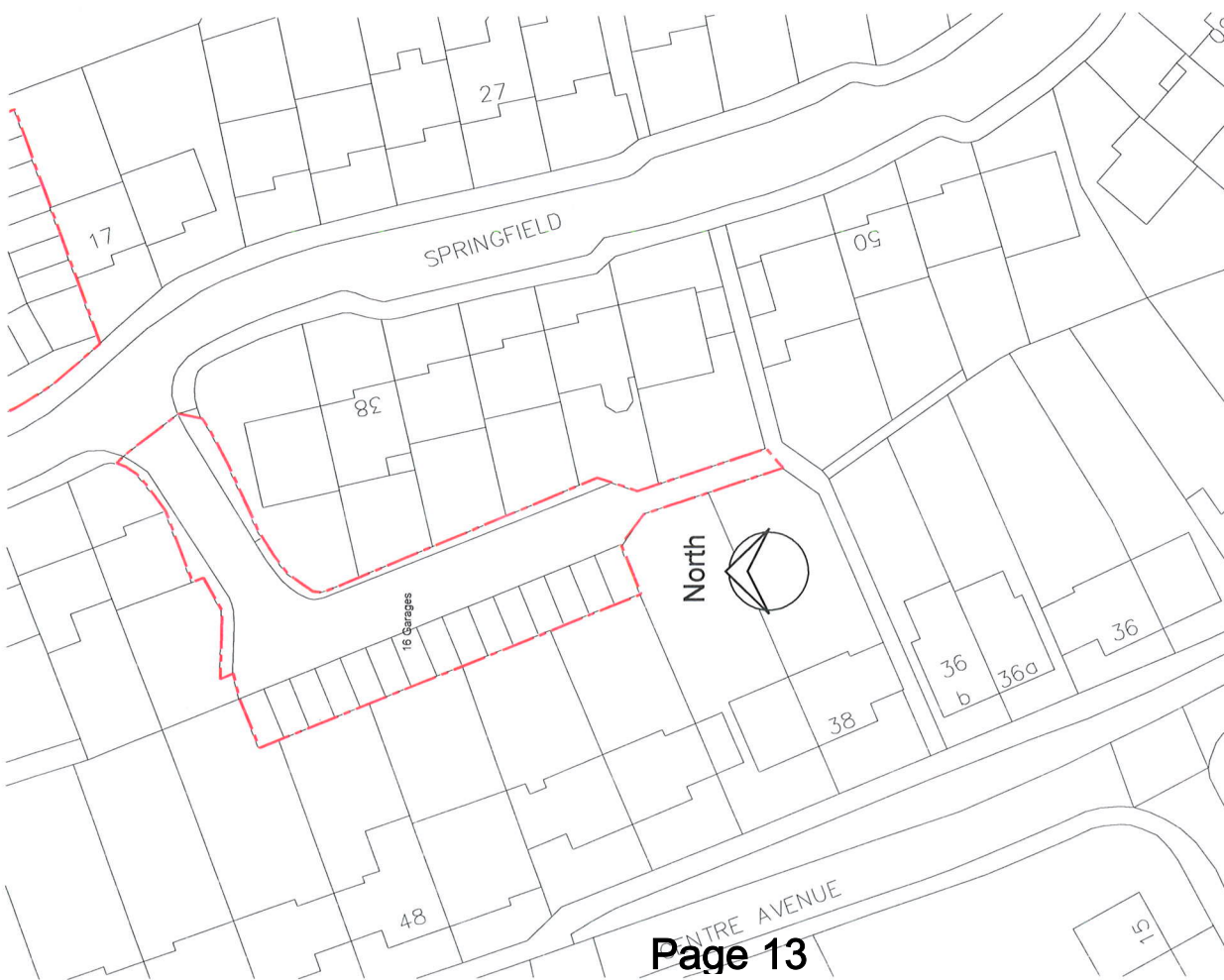
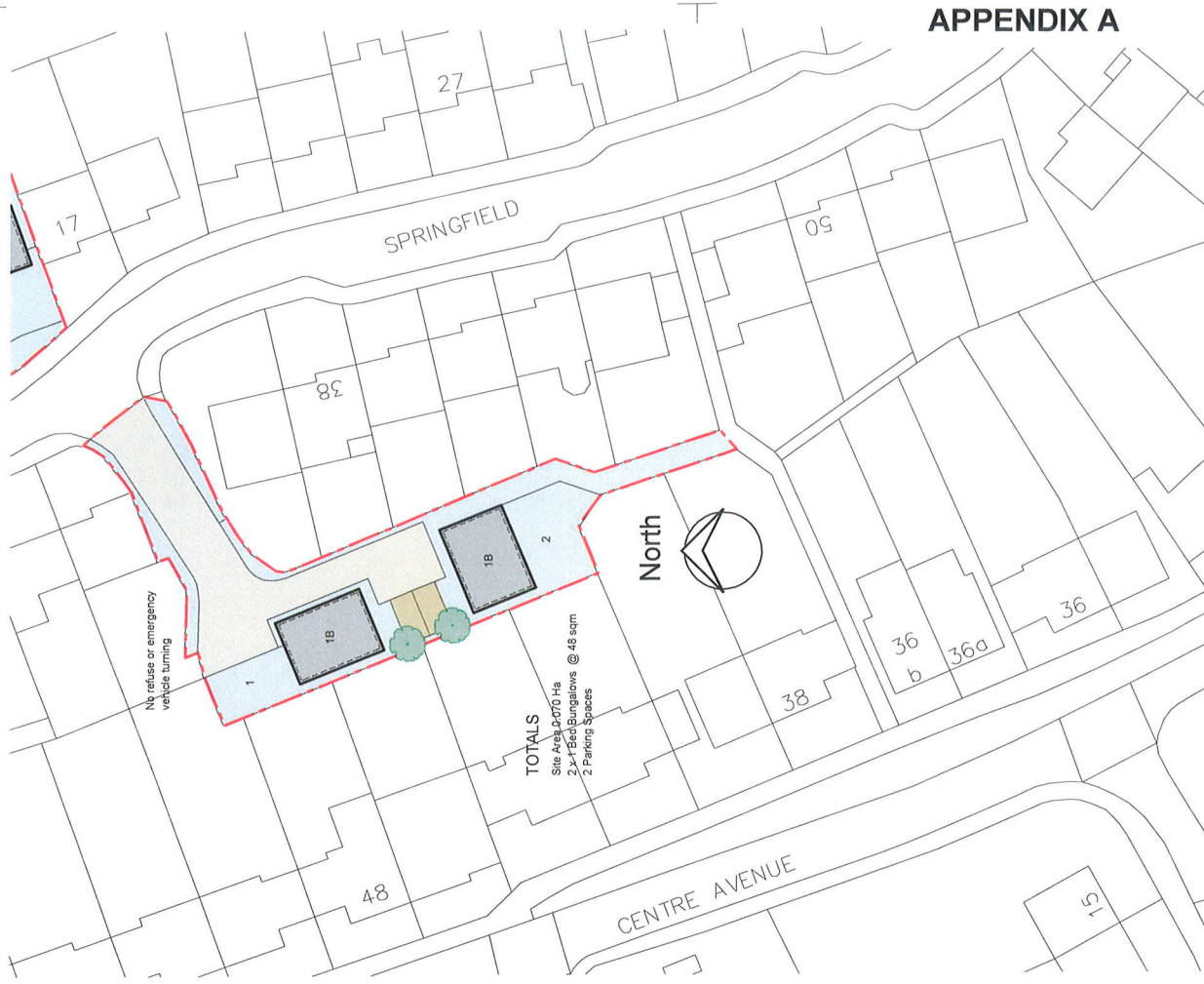
From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.

This report considers the future use of existing garages that have been earmarked for possible future redevelopment. There are a high percentage of vacant garages on each of the sites. Creating open parking creates a benefit for all local residents.

APPENDIX A



**Rev**   **Date**   **Description**

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

**612 023 P3-1 A**

**NOTES**

Report all discrepancies, errors and omissions  
 Do not scale from this drawing  
 Verify all dimensions on site before commencing any work or preparing shop drawings  
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 For all specialist work, see relevant drawings  
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**PRELIMINARY**

5m   0   25m   50m

**Pellings**

**East Thames HA**  
 Existing and Proposed Plans  
 Site B Springfield  
 Epping

Pellings LLP  
 24 Warren Road, Brentley, Kent BR1 1RY  
 t: 01842 51414   f: 01842 513039   e: info@pellings.co.uk  
 www.pellings.co.uk

PROJECT: EFDC House Building  
 DATE: SEP 2014   SCALE: 1:500 @ A3   DRAWN: NP  
 DRAWING NO: 612 023 P3-1   CHK: A

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APPENDIX B

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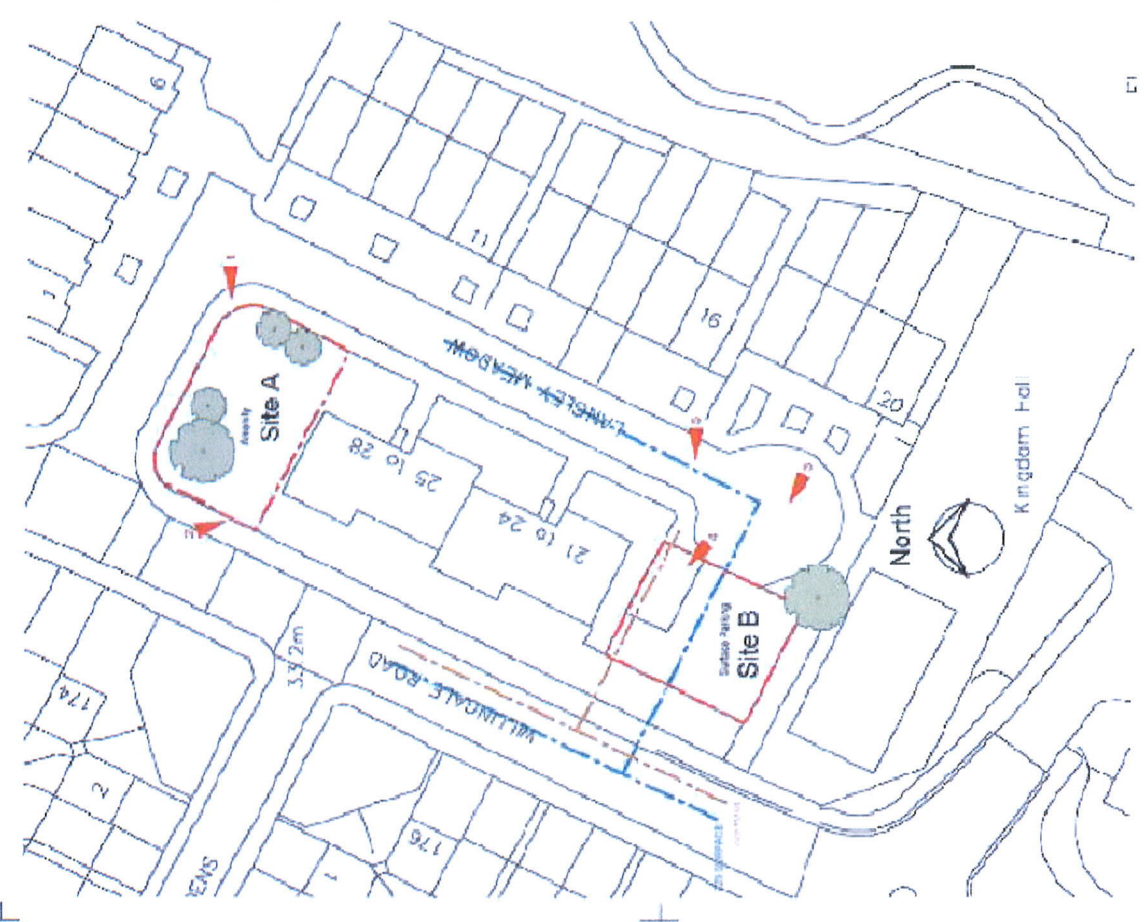
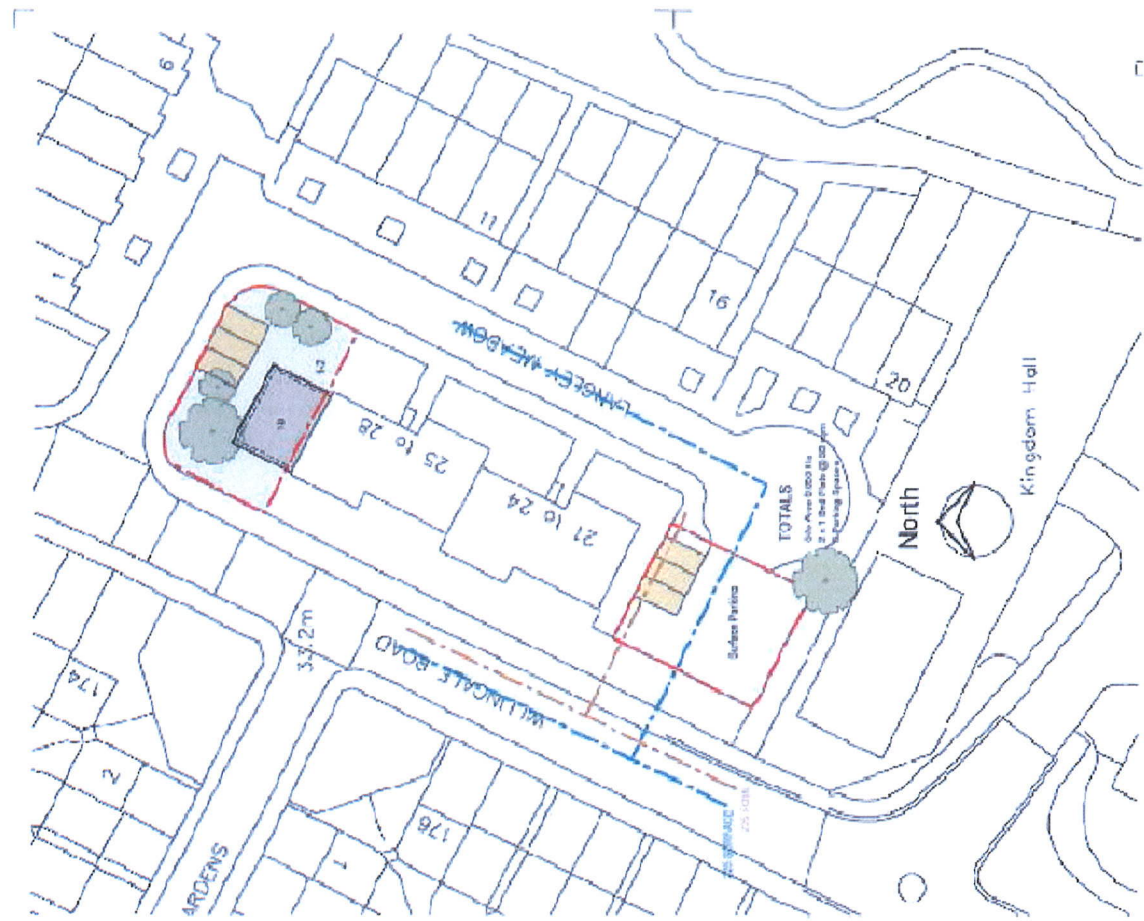
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**PRELIMINARY**

Notes:  
 Based on site plan, aerial photos and other available information.  
 Verify all dimensions on site before construction and any other information.  
 All measurements and dimensions are to center of line unless otherwise noted.  
 All measurements are to center of line unless otherwise noted.  
 All measurements are to center of line unless otherwise noted.  
 For all buildings with 100' or more of depth.

612 023 | P2-21 | B

Project: EPIC Health Building Program  
 Client: East Thomas PA  
 Location: Excluding on Progress - Here  
 Langley Meadow Site A and B

Rev. Date Description  
 -0-0-

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APPENDIX D

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|   |   |  |           |
|---|---|--|-----------|
| Pellings LLP<br>24 Waterloo Road, Bexley, Kent BR8 1BR<br>Tel: 01858 410000 Fax: 01858 410001<br>www.pellings.co.uk |   | Architecture & Planning • Building Surveying • Project Management •<br>Cost Consulting • CDM Co-ordination |           |
| PROJECT   | EFDC House Building Programme               | DATE   | NOV 2013  |
| TITLE   | Existing and Proposed Plans<br>Loughton Way | SCALE  | 1:500 @A3 |
| REF NO  | 612 023 P2-6                                | DM   | A         |

**Pellings**

East Thames HA  
 Existing and Proposed Plans  
 Loughton Way

| Rev | Date     | Description       | Name |
|-----|----------|-------------------|------|
| 1   | 11/11/13 | Issue for comment | ...  |
| 2   | 11/11/13 | Issue for comment | ...  |
| 3   | 11/11/13 | Issue for comment | ...  |
| 4   | 11/11/13 | Issue for comment | ...  |

**PRELIMINARY**

**NOTES**  
 Report is for information only and does not constitute a contract.  
 Do not scale from this drawing.  
 All measurements on site before commencing any work are to be taken from the centre of the road.  
 All materials, components and workmanship are to comply with the relevant British Standards, Codes of Practice and appropriate manufacturers' recommendations that refer to the work.  
 For all specialist work see relevant drawings.

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APPENDIX F

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference:** CHB-010-2015/16

**Date of meeting:** 19 January 2016

**Portfolio:** Housing

**Subject:** Council House-Building Programme (Phase 2) - Acceptance of  
Tender

**Responsible Officer:** P. Pledger (01992 564248)

**Democratic Services:** J. Leither (01992 564756)

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### **Recommendations/Decisions Required:**

- (1) That the outcome of the tender opening be noted; and
- (2) That a supplementary report be presented in advance of the meeting making recommendations on the outcome of the tender exercise once the evaluation process has been completed and the evaluation report has been received.

### **Executive Summary:**

A tender exercise, undertaken in accordance with Contract Standing Orders, for the Design and Build contract for Phase 2 of the Council House-building programme resulted in 5 out of 6 tenders being returned. The tenders are still being evaluated by Pellings LLP, the Employers Agent acting on behalf of the Council's Development Agent East Thames. This report summarises the outcome of the tender process to date.

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

The Council House-building Cabinet Committee has agreed to tender the works using the East Thames Framework Agreement, based on a Design and Build Contract. Therefore, this tender exercise satisfies that decision and has been undertaken in line with the Council's Development Strategy and the Council's Contract Standing Orders.

### **Other Options for Action:**

This report is for noting at this stage. As supplementary report will follow and will include other options for action once the tenders have been evaluated.

### **Report:**

1. The Cabinet Committee, at its meeting in April 2013 considered and approved the detailed feasibility study for the construction of 56 new affordable homes at Burton Road, Loughton. This was later reduced to 51 new homes in line with a succession of planning applications that was finally approved by the Council at its extraordinary meeting on 10 September 2015.

2. Since the last tender exercise undertaken on behalf of the Council for phase 1 of the house-building programme, the East Thames Framework of Contractors has expired and as such the East Thames Group have adopted a new framework of contractors, which has been formed following an EU compliant procurement exercise. The list is available to the Council to use on its house-building programme.

3. Tenders were issued on 21 September 2105 to 6 Contractors, based on a JCT Design and Build Contract using the designs approved by Council at its extraordinary meeting on 10 September 2015 and a comprehensive set of the Council's Employers' Requirements. The pre-tender estimate for the works was £8,150,000

4. The tenders were returned on 13 November 2015 and opened by the Housing Portfolio Holder on 19 November 2015. The tenders were registered as follows:

| Tenderer                      | Place | Tender Sum     |
|-------------------------------|-------|----------------|
| United Living (South) Ltd     | 1     | £9,499,651.00  |
| Mulalley & Co Ltd             | 2     | £9,740,241.00  |
| Durkan Ltd                    | 3     | £10,264,909.00 |
| Galliford Try Partnership Ltd | 4     | £11,201,432.00 |
| Higgins Construction Plc      | 5     | £11,927,356.00 |
| Hill Partnership Ltd          |       | Did not Tender |

5. Arithmetical checks are being carried out by Pellings LLP on all of the tenders received, with the two lowest tenders being analysed in detail. The tenders submitted by United Living (South) Ltd and Mulalley & Co Ltd as lowest and second lowest respectively each included a number of qualifications, which were discussed during post-tender interviews co-ordinated by Pellings LLP where East Themes staff, Council Officers and the Housing Portfolio Holder also attended. Due to the Christmas shutdown it was not possible to complete the tender valuation as each of the Contractors needed to review their prices in order to meet the Council's tender and specification requirements.

7. Detailed financial checks were carried out by East Thames prior to the tenders being issued. A summary of the outcome of the credit check and a summary of the outcome will be included in the supplementary report.

#### **Resource Implications:**

Funding the House-building programme will be made up of 1-4-1 RTB receipts (30% of the total works costs), and the balance from accrued S.106 contributions and existing Capital funding set aside for Council house-building.

#### **Legal and Governance Implications:**

The tenders have been sought from the East Thames Group's EU compliant Framework of Contractors, which has been adopted by the Council.

#### **Safer, Cleaner and Greener Implications:**

The new affordable Council homes are to be constructed to "Secure By Design" standards, Lifetime Homes Standards and will meet the Code for Sustainable Homes level 4.

**Consultation Undertaken:**

Each of the local Ward Councillors and Residents has all been consulted at the Feasibility stage and at Planning application stage.

**Background Papers:**

1. Council House-building Cabinet Committee report on the feasibility studies for the Phase 2 development at Burton Road, Loughton.

**Risk Management:**

A Programme wide Risk Register has been developed and is monitored by the Cabinet Committee. A site specific risk register has also been developed, which has identified risks such as contaminated land and diversion of public rights of way and bus stands. These risks are being managed through the inclusion of specific measures in the contract, and applications to divert the rights of way and bus stands have been registered with Essex County Council.

# Due Regard Record

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S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- Affordable Housing,
- Homelessness assistance,
- Supported housing for special needs groups,
- Owners and occupiers of poor condition housing
- Council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.

## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: 19 January 2016**

**Date of meeting: CHB-011-2015/16**

**Portfolio:** Housing

**Subject:** Council House-Building Programme - Financial Position

**Responsible Officer:** P. Pledger (01992 564248)

**Democratic Services Officer:** J. Leither (01992 564756)

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### **Recommendations/Decisions Required:**

**(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);**
- (c) The expenditure profile that reflects the house-building programme (Appendix 3); and**
- (d) A Financial Modelling summary of all sites agreed by the Cabinet Committee by phase incorporating the unit mixes and numbers, updated costs and subsidy requirements (Appendix 4).**

**(2) That it be noted, to avoid returning 1-4-1 RTB Receipts, the Council will need to spend around £2m by the end of Q4 of 2016/17 on the purchase of street properties.**

### **Executive Summary**

One of the Cabinet Committee’s Terms of Reference is to monitor expenditure on the Council Housebuilding Programme.

The Financial Reports attached at Appendix 1, 2, 3 and 4 set out the current financial position with the various aspects of the Housebuilding Programme.

### **Reasons for Proposed Decision**

The Council's Housebuilding Programme is a high profile, high cost activity. It is 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 for Action**

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

### **Background**

1. One of the Cabinet Committee's Terms of Reference is 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.

2. The Cabinet Committee regularly receives a suite of detailed financial reports covering all financial issues relating to the Housebuilding Programme. Since progress on a phase by phase basis is monitored separately (see separate progress report elsewhere on the agenda), it has been possible to consolidate the detailed financial reports into the 3 appendices as set out below.

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

Appendix 2 - Sets 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 – Sets out the expenditure profile. This has been profiled to reflect the detailed programme that has been included elsewhere on the agenda, which discusses the need to accelerate the house-building programme

Appendix 4 – Sets out the financial modelling summary of all sites agreed by the Cabinet Committee by phase incorporating the unit mixes and numbers, updated costs and subsidy requirements.

3. This information is captured and presented for monitoring purposes. However, it should be noted that due to delays on the construction of Phase 1, delays in securing planning permission on Phase 2 and delays in completing on the Barnfield S106 development, coupled with a higher than expected rate of RTB's there will be underspend of around £2m in Q4 of 2016/17. However, this does rely on Broadway Construction Ltd now delivering the Phase 1 construction works by July 2016, which is their own projected completion date.

4. To avoid giving back the 1-4-1 receipts that the Council has been accumulating from RTB sales, the Cabinet Committee has already agreed a suite of measures, which includes purchasing properties on the open market. However, it should be noted that

since there are no developments in the pipeline that meet the Council's deadlines it will be necessary to purchase street properties to meet this underspend.

**Resource Implications:**

These are set out in the detailed Financial Reports at Appendices 1, 2, 3 and 4.

**Legal and Governance Implications:**

It is good governance to properly monitor costs and expenditure, and keep financial forecasts up to date – especially for such a high profile, high cost programme.

**Safer, Cleaner and Greener Implications:**

None – in relation to this report.

**Consultation Undertaken:**

None

**Background Papers:**

None

**Impact Assessments:**

Risk Management

One of the biggest risks to the Housebuilding Programme is the potential for budgets, costs and expenditure to not be properly monitored, and for them to become out of control as a result. Monitoring the Financial Reports helps mitigate this risk.

By not spending £2m on purchasing street properties by December 2016 the Council will be in a position of having to return 1-4-1 receipts with interest at 4% above BOE base rate.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- Affordable Housing,
- Homelessness assistance,
- Supported housing for special needs groups,
- Owners and occupiers of poor condition housing
- Council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.



## RTB Receipts - Housebuilding Programme

As at 4-Jan-2016

| Total 1-4-1 Receipts Received |              |                                 |               | Spend on Programme |              |  |   |
|-------------------------------|--------------|---------------------------------|---------------|--------------------|--------------|--|---|
| Year                          | Quarter      | Amount Received<br>(Cumulative) | Spend by Date | Year               | Quarter      | Required Spend<br>To use 1-4-1's<br>(Cumulative) | Actual New Build<br>Spend<br>(Cumulative) |
| 2012/13                       | 1            | £40,461                         | 30-Jun-15     | 2012/13            | 1            |  | £0  |
|                               | 2            | £75,402                         | 30-Sep-15     |                    | 2            |  | £0  |
|                               | 3            | £54,266                         | 31-Dec-15     |                    | 3            |  | £0  |
|                               | 4            | £240,107                        | 31-Mar-16     |                    | 4            |  | £48,599                                   |
|                               | <b>Total</b> |                                 |               |                    | <b>Total</b> |  |   |
| 2013/14                       | 1            | £887,480                        | 30-Jun-16     | 2013/14            | 1            |  | £48,599                                   |
|                               | 2            | £980,449                        | 30-Sep-16     |                    | 2            |  | £48,599                                   |
|                               | 3            | £2,182,382                      | 31-Dec-16     |                    | 3            |  | £120,357                                  |
|                               | 4            | £3,655,458                      | 31-Mar-17     |                    | 4            |  | £133,885                                  |
|                               | <b>Total</b> |                                 |               |                    | <b>Total</b> |  |   |
| 2014/15                       | 1            | £4,071,253                      | 30-Jun-17     | 2014/15            | 1            |  | £133,885                                  |
|                               | 2            | £4,598,138                      | 30-Sep-17     |                    | 2            |  | £133,885                                  |
|                               | 3            | £5,244,954                      | 31-Dec-16     |                    | 3            |  | £441,637                                  |
|                               | 4            | £6,370,730                      | 31-Mar-17     |                    | 4            |  | £795,265                                  |
|                               | <b>Total</b> |                                 |               |                    | <b>Total</b> |  |   |
| 2015/16                       | 1            | £6,870,672                      | 30-Jun-15     | 2015/16            | 1            | £0   | £1,038,353                                |
|                               | 2            | £7,377,603                      | 30-Sep-15     |                    | 2            | £0   | £1,803,559                                |
|                               | 3            |                                 | 31-Dec-15     |                    | 3            | £0   | £2,693,668                                |
|                               | 4            |                                 | 31-Mar-16     |                    | 4            | £800,353.33                                      | <b>£3,987,207</b>                         |
|                               | <b>Total</b> |                                 |               |                    | <b>Total</b> |  |   |
| 2016/17                       | 1            |                                 | 30-Jun-15     | 2016/17            | 1            | £2,958,266                                       | <b>£5,064,424</b>                         |
|                               | 2            |                                 | 30-Sep-15     |                    | 2            | £3,268,161                                       | <b>£6,519,567</b>                         |
|                               | 3            |                                 | 31-Dec-15     |                    | 3            | £7,274,605                                       | <b>£8,271,920</b>                         |
|                               | 4            |                                 | 31-Mar-16     |                    | 4            | £12,184,858                                      | <b>£10,430,508</b>                        |
|                               | <b>Total</b> |                                 |               |                    | <b>Total</b> |  |   |
| 2017/18                       | 1            |                                 | 30-Jun-15     | 2017/18            | 1            | £13,570,843                                      | <b>£16,495,730</b>                        |
|                               | 2            |                                 | 30-Sep-15     |                    | 2            | £15,327,125                                      | <b>£20,120,064</b>                        |
|                               | 3            |                                 | 31-Dec-15     |                    | 3            | £17,483,179                                      | <b>£23,852,071</b>                        |
|                               | 4            |                                 | 31-Mar-16     |                    | 4            | £21,235,764                                      | <b>£27,368,758</b>                        |
|                               | <b>Total</b> |                                 |               |                    | <b>Total</b> |  |   |
| 2018/19                       | 1            |                                 | 30-Jun-16     | 2018/19            | 1            | £22,902,238                                      | <b>£30,962,706</b>                        |
|                               | 2            |                                 | 30-Sep-16     |                    | 2            | £24,592,012                                      | <b>£30,962,706</b>                        |
|                               | 3            |                                 | 31-Dec-16     |                    | 3            |  | <b>£30,962,706</b>                        |
|                               | 4            |                                 | 31-Mar-17     |                    | 4            |  | <b>£30,962,706</b>                        |
|                               | <b>Total</b> |                                 |               |                    | <b>Total</b> |  |   |

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**Schedule of Other Affordable Housing Funding**  
(Relating to agreements since 1998)

| Site  | P/P No             | Sum Anticipated  | Sum Received Plus Interest | Used to Fund New House Build | Unused Funding   | Anticipated Outstanding Sums | Year to Fund New House Build | Date Received | Conditions                                      | Comments  |
|---|--------------------|------------------|----------------------------|------------------------------|------------------|------------------------------|------------------------------|---------------|---|---|
| <b>Schedule 106 Contributions</b>                 |                    |                  |                            |                              |                  |                              |                              |               |   |   |
| BPI Poly Site, Brook Rd, Buckhurst Hill           | EPF/0446/10        | 100,000          | 103,884                    | 103,884                      | 0                |                              | 2014/15                      | 3-Jan-12      |   | £43,000 used in 2014/15   |
| Bald Hind Pub, Chigwell                           | EPF/0409/11        | 100,000          | 102,551                    | 102,551                      | 0                |                              | 2014/15                      | 10-Jul-12     | Within 10-years of occupation of first property | Used in 2014/15   |
| Millrite Engineering, Stanford Rivers P1          | EPF/1008/11        | 37,000           | 37,000                     | 37,000                       | 0                |                              | 2014/15                      | 19-Jun-14     | Use 10 years from 2nd receipt                   |   |
| Millrite Engineering, Stanford Rivers P2          | EPF/1008/11        | 37,000           |                            |                              |                  | 37,000                       |                              |               | Use 10 years from 2nd receipt                   | 50% within 12 mths of commencement  |
| Jennikings Nursery, 212 Manor Rd, Chigwell        |                    | 40,000           | 40,280                     | 40,280                       | 0                |                              | 2014/15                      | c.July 2013   |   |   |
| Garden Centre, Manor Road, Chigwell               | EPF/0282/14        | 40,000           | 10,000                     | 10,000                       | 0                | 30,000                       |                              |               |   | £40,000 plus interest; 1st Payment 1/6/15;  |
| Nine Ashes Farm, (CR204)                          | EPF/2543/11        | 21,000           | 21,147                     | 21,147                       | 0                |                              | 2014/15                      | 5-Nov-13      | Use by 3 January 2022                           |   |
| Woolston Manor, Chigwell                          | EPF/2664/10        | 813,000          | 877,767                    | 243,872                      | 633,895          |                              | 2015/16                      | 3-Feb-15      |   |   |
| High House Farm, Stapleford Road                  | EPF/1374/06        | 100,000          | 0                          |                              |                  | 100,000                      |                              |               | Use within 5 years of receipt                   | Prior to occupation   |
| Threshers, Hastingwood                            | EPF/739/10         | 100,000          | 100,000                    | 100,000                      | 0                |                              | 2015/16                      | 25-Sep-14     |   |   |
| Green Man PH, Broomstickhall Rd, W/A              | EPF/1521/13        | 430,000          | 430,000                    | 0                            | 430,000          | 0                            | 2015/16                      | 20-May-15     | Use within 7 years of receipt                   | On Practical Completion   |
|   | and<br>EPF/0339/13 |                  |                            |                              |                  |                              |                              |               |   |   |
| The White House, Epping Upland                    | EPF/0910/14        | 10,000           | 0                          |                              |                  | 10,000                       |                              |               |   | Prior to commencement   |
| Tennis Court Site, Alderton Hill, Loughton        | EPF/1103/15        | 699,200          |                            |                              |                  |                              |                              |               |   | Payment prior to first occupation   |
| Luxborough Lane, Chigwell                         | EPF/0853/14        | 120,000          | 0                          |                              |                  | 120,000                      |                              |               |   | Prior to the occupation of 16 units   |
| Chimes Garden Centre                              |                    | 500,000          |                            |                              |                  |                              |                              |               |   | S106 agreed on 2nd October 2015. Trigger - Payment in full (£500k) on commencement. Interest to be paid for late payments.  |
| Grange Farm (Initial Payment)                     | EPF/1862/15        | 440,345          | 0                          |                              |                  | 440,345                      |                              |               |   | On implementation of planning permission  |
| Grange Farm (Possible Additional Initial Payment) | EPF/1862/15        | 100,000          | 0                          |                              |                  | 100,000                      |                              |               |   | Only to be used for a/h if this sum allocated for Chigwell Bus Service is not spent by 1.1.18   |
| Grange Farm (Deferred Sum)                        | EPF/1862/15        | 779,655          | 0                          |                              |                  | 779,655                      |                              |               |   | Deferred Contribution (DC) up to £779,655.30 - subject to a further Review Viability Appraisal undertaken to assess any additional surplus - DC calculated 50/50 EFDC/applicant above £540,344.70 |
| <b>TOTAL</b>                                      |                    | <b>4,692,200</b> | <b>1,965,630</b>           | <b>901,734</b>               | <b>1,063,896</b> | <b>1,617,000</b>             |                              |               |   |   |
| <b>Capital Receipts</b>                           |                    |                  |                            |                              |                  |                              |                              |               |   |   |
| Millfield, High Ongar (Actual)                    |                    | 87,000           | 87,000                     | 87,000                       | 0                |                              | 2014/15                      | 1-Apr-12      |   | Used in 2014/15   |
| Lawton Road                                       |                    | 127,500          | 127,500                    | 127,500                      | 0                |                              | 2014/15                      | 2-Jun-14      |   | Used in 2014/15   |
| Leader Lodge, North Weald                         |                    | 652,001          | 642,000                    | 642,000                      | 0                |                              | 2015/16                      | 11-Dec-14     |   | Costs of sale offset against receipt  |
| 10 Newmans Lane                                   |                    | 300,000          | 10,000                     |                              | 10,000           | 290,000                      |                              |               |   |   |
| <b>TOTAL</b>                                      |                    | <b>1,166,501</b> | <b>866,500</b>             | <b>856,500</b>               | <b>10,000</b>    | <b>290,000</b>               |                              |               |   |   |
| <b>Grants</b>                                     |                    |                  |                            |                              |                  |                              |                              |               |   |   |
| Harlow Growth Area Fund - Council Housebuild      |                    | 90,000           | 90,000                     | 90,000                       | 0                | 0                            | 2014/15                      | 23-Mar-15     | For Red Cross New Build                         | Used in 2014/15   |
| Harlow Growth Area Fund - Council Housebuild      |                    | 37,500           | 37,333                     | 37,333                       | 0                | 167                          | 2015/16                      | 23-Mar-15     | For Harveyfields New Build                      | To be used in 2015/16   |
| HCA Affordable Housing Grant                      |                    | 500,000          |                            |                              | 500,000          | 500,000                      | 2015/16                      |               | For Burton Road New Build                       | Grant to be claimed retrospectively   |
| <b>TOTAL</b>                                      |                    | <b>627,500</b>   | <b>127,333</b>             | <b>127,333</b>               | <b>500,000</b>   | <b>500,167</b>               |                              |               |   |   |
| <b>GRAND TOTAL</b>                                |                    | <b>6,486,201</b> | <b>2,959,463</b>           | <b>1,885,567</b>             | <b>1,573,896</b> | <b>2,407,167</b>             |                              |               |   |   |

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Expenditure Profile

Appendix 3

|                          | 2012/13 &<br>2013/14 | Year 1<br>2014/15 | Year 2<br>2015/16 | Year 3<br>2016/17 | Year 4<br>2017/18 | Year 5<br>2018/19 | Year 6<br>2019/20 | Year 7<br>2020/21 | Totals     |
|--------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Marden Close             | 24,451               | 207,323           | 568,487           | 24,072            |                   |                   |                   |                   | 824,332    |
| Faversham                | 6,043                | 21,602            | 166,232           | 5,868             |                   |                   |                   |                   | 199,744    |
| Phase 1                  | 67,628               | 353,058           | 2,289,999         | 1,058,483         |                   |                   |                   |                   | 3,769,168  |
| Phase 2 (HCA)            |                      | 143,523           | 585,567           | 5,474,702         | 1,475,268         | 44,694            |                   |                   | 7,723,754  |
| Phase 2 (1-4-1)          |                      | 48,661            | 198,534           | 1,856,179         | 500,185           | 15,153            |                   |                   | 2,618,712  |
| Phase 3                  |                      |                   | 150,249           | 2,574,895         | 3,993,341         | 39,160            |                   |                   | 6,757,644  |
| Barnfield, Roydon (S106) |                      |                   | 146,400           | 551,972           | 765,628           |                   |                   |                   | 1,464,000  |
| Phase 4                  |                      |                   | 211,007           | 191,162           | 6,021,835         | 2,948,063         | 54,618            |                   | 9,426,686  |
| Phase 5                  |                      |                   | 138,311           | 41,979            | 2,086,320         | 5,649,160         | 392,643           |                   | 8,308,413  |
| Phase 6                  |                      |                   | 26,125            | 162,763           | 54,254            | 4,843,858         | 5,598,874         | 62,259            | 10,748,134 |
| <b>Totals</b>            | 98,122               | 774,167           | 4,480,911         | 11,942,075        | 14,896,831        | 13,540,089        | 6,046,134         | 62,259            | 51,840,588 |

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| phase | Address                                  | Postcode | unit mix            | unit number | works       | revised Dec 2015 | Total Scheme Costs (TSC) rev | Subsidy required | Subsidy rev required | NPV       | IRR in % |
|-------|--|----------|---------------------|-------------|-------------|------------------|------------------------------|------------------|----------------------|-----------|----------|
| ph 3  | Springfield site B Epping deferred       | CM16 4LA | 2 x 1b2p            | 2           | £ 265,000   |                  | £ 306,643                    | £ 135,000        | £ 135,000            | £ 64,141  | 5.28     |
| ph 3  | Springfield site C Epping                | CM16 4LA | 2 x 1b2p, 2 x 2b4p  | 4           | £ 530,000   | £ 594,300        | £ 685,625                    | £ 144,000        | £ 218,000            | £ 186,640 | 5.35     |
| ph 3  | Centre Avenue Epping                     | CM16 4JU | 2 x 3b5p            | 2           | £ 370,000   | £ 414,900        | £ 479,578                    | £ 106,000        | £ 159,000            | £ 127,331 | 5.34     |
| ph 3  | Centre Avenue Epping (1)                 | CM16 4JU | 4 x 3b5p            | 4           |             |                  |                              |                  |                      |           |          |
| ph 3  | Stewards Green Rd Epping                 | CM16 7DA | 4 x 3b5p            | 4           | £ 626,000   | £ 702,000        | £ 771,245                    | £ 68,000         | £ 150,400            | £ 248,538 | 5.33     |
| ph 3  | Parklands site A                         | CM16 7RE | 2 x 1b2p, 2 x 2b4p  | 4           | £ 500,000   | £ 560,700        | £ 647,607                    | £ 108,000        | £ 179,200            | £ 185,858 | 5.34     |
| ph 3  | Queens Road North Weald                  | CM16 6JE | 10 x 3b5p, 2 x 2b4p | 12          | £ 2,650,000 | £ 2,840,100      | £ 2,727,690                  | £ 1,044,000      | £ 1,260,000          | £ 786,217 | 5.32     |
| ph 3  | Bluemans Rd North Weald                  | CM16 6HD | 4 x                 | 4           | £ 610,000   | £ 684,000        | £ 795,503                    | £ 51,000         | £ 145,000            | £ 262,586 | 5.35     |
| ph 3  | Centre Drive                             | CM14 4JF | 1 x 3b5p            | 1           | £ 263,000   | £ 287,000        | £ 331,454                    | £ 148,000        | £ 176,500            | £ 60,365  | 5.33     |
| ph 3  | London Road Ongar                        | CM5 9PH  | 1 x 3b5p            | 1           | £ 180,000   | £ 201,800        | £ 235,252                    | £ 43,500         | £ 68,500             | £ 67,177  | 5.33     |
| ph 4  | Kirby Close, Loughton                    | IG10 3BA | 4 x 2b4p            | 4           | £ 659,700   | £ 760,100        | £ 880,205                    | £ 162,000        | £ 282,000            | £ 243,190 | 5.35     |
| ph 4  | Lower Alderton Hall Lane, Loughton       | IG10 3HA | 2 x 2b4p            | 2           | £ 367,500   | £ 423,400        | £ 490,894                    | £ 126,000        | £ 192,000            | £ 121,803 | 5.35     |
| ph 4  | Bushfields, Loughton                     | IG10 3JR | 2 x 2b4p            | 2           | £ 402,900   | £ 464,200        | £ 537,111                    | £ 163,000        | £ 237,000            | £ 120,486 | 5.33     |
| ph 4  | Chequers Road, (Site B), Loughton (2)    | IG10 3QF | 5 x 2b4p            | 5           | £ 1,185,000 | £ 1,365,000      | £ 1,550,451                  | £ 615,000        | £ 815,000            | £ 293,480 | 5.33     |
| ph 4  | Chequers Road, (Site A), Loughton        | IG10 3QF | 3 x 3b5p            | 3           | £ 599,700   | £ 691,000        | £ 799,328                    | £ 190,500        | £ 298,500            | £ 200,958 | 5.33     |
| ph 4  | Ladyfields, Loughton                     | IG10 3RP | 7 x 2b4p            | 7           | £ 1,076,400 | £ 1,240,200      | £ 1,435,561                  | £ 210,000        | £ 402,500            | £ 414,351 | 5.33     |
| ph 4  | Whitehills Road, Loughton                | IG10 1TU | 3 x 3b5p            | 3           | £ 612,000   | £ 705,100        | £ 815,271                    | £ 204,000        | £ 315,000            | £ 201,515 | 5.33     |
| ph 4  | Etheridge Road, Debden                   | IG10 2HY | 1 x 2b4p, 2 x 3b5p  | 3           | £ 624,300   | £ 710,900        | £ 821,341                    | £ 252,000        | £ 339,000            | £ 195,865 | 5.35     |
| ph 4  | Pyrles Lane, (Site A), Debden            | IG10 2NH | 2 x 2b4p            | 2           | £ 367,500   | £ 418,500        | £ 485,386                    | £ 125,000        | £ 185,000            | £ 120,311 | 5.32     |
| ph 4  | Hillyfields, Loughton                    | IG10 2JT | 2 x 3b5p            | 2           | £ 330,600   | £ 376,500        | £ 437,829                    | £ 83,000         | £ 138,000            | £ 120,868 | 5.33     |
| ph 4  | Langley Meadow                           | IG10 2DL | 2 x 1b2p            | 2           | £ 229,000   |                  | £ 267,659                    | £ 97,000         |                      | £ 65,125  | 5.31     |
| ph 4  | Chester Road, Loughton                   | IG10 2LR | 3 x 2b4p            | 3           | £ 525,900   | £ 598,900        | £ 693,659                    | £ 156,000        | £ 244,500            | £ 181,887 | 5.34     |
| ph 4  | Pyrles Lane, (Site B), Debden            | IG10 2NW | 3 x 3b5p            | 3           | £ 612,000   | £ 696,900        | £ 805,980                    | £ 209,100        | £ 306,000            | £ 201,806 | 5.34     |
| ph 4  | Thatchers Close, Loughton                | IG10 2JH | 1 x 3b5p            | 1           | £ 195,300   | £ 222,400        | £ 259,758                    | £ 60,000         | £ 93,000             | £ 67,171  | 5.33     |
| ph 5  | Hornbeam Close, (Site A), Buckhurst Hill | IG9 6JS  | 3 x 3b5p            | 3           | £ 543,120   | £ 633,300        | £ 733,990                    | £ 127,500        | £ 234,000            | £ 201,796 | 5.34     |
| ph 5  | Hornbeam Close, (Site B), Buckhurst Hill | IG9 6JS  | 3 x 3b5p            | 3           | £ 575,100   | £ 670,600        | £ 776,178                    | £ 162,000        | £ 277,500            | £ 203,108 | 5.35     |
| ph 5  | Hornbeam House, Buckhurst Hill           | IG9 6JT  | 2 x 2b4p            | 2           | £ 320,000   | £ 373,100        | £ 427,895                    | £ 98,000         | £ 146,000            | £ 107,340 | 5.28     |
| ph 5  | Bourne House Buckhurst Hill              | IG9 6JY  | 2 x 3b5p            | 2           | £ 427,500   | £ 498,500        | £ 576,856                    | £ 158,000        | £ 243,000            | £ 134,001 | 5.33     |
| ph 5  | Pentlow Way, Buckhurst Hill              | IG9 6BZ  | 4 x 1b2p            | 4           | £ 525,900   | £ 613,200        | £ 707,216                    | £ 252,000        | £ 354,000            | £ 138,387 | 5.33     |
| ph 5  | Loughton Way, Buckhurst Hill             | IG9 6AA  | 4 x 3b5p            | 4           | £ 831,900   |                  | £ 1,105,130                  | £ 288,000        | £ 440,000            | £ 270,584 | 5.35     |
| ph 5  | Queensway, Ongar                         | CM5 0BP  | 4 x 2b4p            | 4           | £ 833,000   | £ 934,200        | £ 1,062,954                  | £ 362,000        | £ 476,000            | £ 232,737 | 5.32     |
| ph 5  | Millfield                                | CM5 9RJ  | 1 x 1b2p            | 1           | £ 261,000   | £ 292,700        | £ 332,435                    | £ 222,000        | £ 257,000            | £ 26,337  | 5.27     |
| ph 5  | St Peters Avenue                         | CM5 0BT  | 8 x 3b5p            | 8           | £ 1,519,000 | £ 1,703,500      | £ 1,942,235                  | £ 424,000        | £ 624,000            | £ 525,214 | 5.32     |

(1) awaiting further info from Pellings

(2) awaiting clarification from Pellings re sewer diversion

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference:** CHB-012-2015/16

**Date of meeting:** 19 January 2016

**Portfolio:** Housing

**Subject:** Council House-Building Programme - Progress Report

**Responsible Officer:** P. Pledger (01992 564248)

**Democratic Services:** J. Leither (01992 564756)

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### **Recommendations/Decisions Required:**

- (1) That the contents of this Annual Progress Report on Council house-building be noted, and presented to the Cabinet.

### **Executive Summary:**

Set out in its Terms of Reference, the Cabinet Committee is to monitor and report to the Cabinet on an annual basis progress and expenditure in relation to the Council House-building Programme.

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

The Cabinet Committee is required to monitor progress and expenditure in relation to the Council House-building Programme and report to the Cabinet on an annual basis, as set out in its Terms of Reference.

### **Other Options for Action:**

This report is on the progress made over the last 12-months and is for noting purposes only. There are no other options for action.

### **Report:**

1. Since its creation, the Cabinet Committee has met on 12 occasions. The outcomes from each meeting have set in place the policies and strategy that have shaped the house-building programme. This year, the main Policy challenge has been around the need to accelerate the house-building programme to keep up with the rate of Council-house RTB sales, therefore avoiding returning 1-4-1 receipts to the Government. A range of contingency measures in place include:

- (a) to purchase individual vacant properties for sale on the open market;
- (b) to purchase affordable rented housing that is required to be provided by developers in accordance with Section 106 Agreements; and
- (c) That subject to planning permission, the Council buys the affordable rented housing provided by a private developer following the sale if the Council's former Nursery in Pyrles Lane.

2. The Cabinet Committee has also considered 42 feasibility studies which now make up Phases 1 – 5 of the programme; agreed tenders for Marden Close and Faversham Hall as well as Phase 1 of the house-building programme; and monitored progress with each of these schemes. The key points of note for each of these are as follows:

#### Marden Close & Faversham Hall

3. The first of the Council's developments under the new house-building programme has seen the Council take possession of 12 new 1-bed flats in December 2015. These were all let to applicants on the Council's waiting list.

4. The scheme commenced in November 2014 at the agreed tender sum of £819,861. There were a number of unforeseen issues that gave rise to delays on site and an increase in the cost of the works. These include 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 anticipated final account is being forecast by the Employers Agent Pellings LLP to be £914,861.00, amounting to an increase of £95,000 (11.59%). With fees and other costs, the total scheme cost is approximately £1,025,077.

#### Phase 1 – Waltham Abbey

5. The Contractor, Broadway Construction Ltd, commenced works on site on 27 October 2014 with completion due on 13 November 2015. The agreed tender sum for the works was £3,245,143.62, with payments to date of £1,788,921.38 (51.62%). With fees and other pre-construction costs, the total cost of delivery is estimated to be around £3,769,170.

6. The Developer has not maintained the delivery programme, and on 13 November 2015, the Certificate of Non-Completion was served on Broadway Construction Ltd, which has led to Liquidated & Ascertained Damages (LAD's) at a weekly rate of around £10,200 per week is being deducted from future valuations in accordance with the terms of the contract. These relate to the loss of rent and the increase in fees associated with the late delivery of the new homes.

7. On 15 December 2015 the Council received from Broadway Construction Ltd a claim for an extension of time and loss and expense. Copies were also sent to Pellings LLP, the Employers Agent appointed by East Thames to oversee the contract on the Council's behalf. The claim centres on the delays associated with executing the contract as a result of their inability to provide a Bond; (their) unforeseen additional work associated with the foundations needed to support the new homes; delays associated with design changes required to achieve adequate refuse storage facilities at Harveyfields; difficulties in achieving Building Regulations at Site 7 to facilitate adequate fire safety measures; and the presence of a water main running through the Red Cross site which requires diverting.

8. Once each aspect of the claim is considered by Pellings LLP for entitlement, the costs associated with any entitlement will be calculated in accordance with the contract. The Council has 12 weeks to consider the merits or otherwise of each aspect of the claim.

9. Broadway Construction Ltd have indicated they are committed to completing the works and are projecting a completion date for Harveyfields around July 2016, with other sites being completed by the end of March 2016. Progress on site and the quality of the work is being closely monitored by East Thames and Pellings LLP.

#### Phase 2 – Burton Road

10. Having achieved planning permission in September 2015 for 51 new affordable homes at Burton Road, Loughton, tenders were issued to 6 Contractors from the East Thames approved list. With one Contractor withdrawing, 5 tenders were received and opened by the Housing Portfolio Holder on 17 November 2015 in accordance with Contract Standing Orders.

11. Interviews were held on 17 December 2015 with each of the two lowest tenderers to explore any qualifications as part of the evaluation process. In attendance were Pellings LLP, Council Officers as well as the Housing Portfolio Holder. [The outcome of the tender evaluation will be inserted here once considered and agreed by the Cabinet Committee]

12. It is anticipated that the successful Contractor will take possession of the site in February 2016 with work commencing on site around June 2016 once the planning conditions are discharged and the detailed designs prepared and approved. The contract period set out in the contract is 20 months.

#### Phase 3 – Epping, Coopersale and North Weald

13. Planning permission has been achieved for eight sites making up Phase 3 of the Council's house-building programme, which will deliver 34 new affordable homes at an estimated cost of £6,757,650 inclusive of fees. The sites and a summary of the financial modelling that makes up Phase 3 are set out in the table at appendix 1 of this report.

14. [The procurement strategy adopted for each of these sites will be inserted here once considered and agreed by the Cabinet Committee]

15. It is anticipated work will commence on site in August 2016 and completed around 20 months later in March 2018.

#### Phase 4 – Loughton

16. The Cabinet Committee has agreed feasibility studies at 13 sites across Loughton, which will deliver 40 new affordable homes made up of a mix of bungalows, houses and flats. Pre-app discussions have taken place with Planning Officers and applications have now been registered for each of the sites. If approved, the estimated cost of delivering each of the new affordable homes making up Phase 4 is £9,426,686. The sites and a summary of the financial modelling are set out in the table at appendix 1 of this report.

17. It is anticipated work will commence on site in April 2017 and completed around 20 months later in November 2018.

#### Phase 5 – Buckhurst Hill & Ongar

18. The Cabinet Committee has agreed feasibility studies at 10 sites across Buckhurst Hill and Ongar, which will deliver 33 new affordable homes made up of a mix of bungalows, houses and flats. Pre-app discussions have taken place with Planning Officers and applications are being drawn up by Pellings LLP for each of the sites. If approved, the estimated cost of delivering each of the new affordable homes making up Phase 5 is £6,464,028. The sites and a summary of the financial modelling are set out in the table at appendix 1 of this report.

19. It is anticipated work will commence on site in October 2017 and completed around 20 months later in May 2019.

### The purchase of 11 new affordable homes at Barnfield, Roydon (Section 106 Development)

20. In order to avoid returning unspent 1-4-1 receipts to the Government, the Cabinet Committee agreed a suite of measures, as set out in paragraph 1 the report, which includes the purchase of new affordable homes on Section 106 developments.

21. Negotiations have taken place with Linden Homes, who have an Option Agreement on a site at Barnfield, Roydon that has planning permission for 24 new homes at Barnfield, Roydon, of which 11 are for affordable housing. The affordable housing is for 11 new homes, of which 8 are for affordable rent and 3 are for shared ownership.

22. A joint bid was put to Linden Homes between the Council and B3Living, who are one of the Council's Preferred Housing Association Partners, with the Council purchasing the 8 x affordable rented homes and B3Living purchasing the 3 x shared ownership homes. The Cabinet, at its meeting on 3 December 2015, agreed a bid of £1.464m for the 8 affordable rented homes, funded from a combination of 1-4-1 receipts and the existing HRA Capital resources.

### Financial Position

23. Following regular financial monitoring, it should be noted that now, due to delays on the construction of Phase 1, delays in securing planning permission on Phase 2 and delays in completing on the Barnfield S106 development, coupled with a higher than expected rate of RTB's there will be underspend of around £2m in Q4 of 2016/17. However, this does rely on Broadway Construction Ltd delivering the Phase 1 construction works by July 2016, which is their own projected completion date. Since there are no S106 developments in the pipeline that meet the Council's tight deadlines it will be necessary to purchase street properties to meet this underspend.

### **Resource Implications:**

Estimated expenditure at Marden Close & Faversham Hall (inc fees) - £1,025,077

Estimated expenditure for Phase 1 (excl any Loss & Expense claim) - £3,769,170

Estimated expenditure for Phase 2 (inc fees) - £10,342,470

Estimated expenditure for Phase 3 (inc fees) - £6,757,650

Estimated expenditure for Phase 4 (inc fees) - £9,426,686

Estimated expenditure for Phase 5 (inc fees) - £6,464,028

### **Legal and Governance Implications:**

It is set out in its Terms of Reference that the Cabinet Committee is to monitor progress and expenditure in relation to the Council House-building Programme and report to the Cabinet on an annual basis.

### **Safer, Cleaner and Greener Implications:**

None

### **Consultation Undertaken:**

- Ward Councillors have been consulted on each feasibility study that falls within their respective Ward.
- Local Residents, Town and Parish Councils and other statutory bodies have been consulted as part of the planning process where planning applications have been submitted.

**Background Papers:**

- Decisions of the Cabinet committee associated with the feasibility studies for each of the sites that make up Phases 1-5 inclusive.
- Decisions of the relevant Area Planning Sub-Committee, Cabinet, District Development Management Committee or Council associated with the Planning process for each site already approved up to and including Phases 1-3 inclusive.
- Decisions of the Cabinet Committee in respect of Policies or progress monitoring for each of the phases.

**Risk Management:**

There is a comprehensive risk register that has been compiled and is being monitored in respect of the house-building programme. Each risk, where appropriate has a risk mitigation action plan.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- Affordable Housing,
- Homelessness assistance,
- Supported housing for special needs groups,
- Owners and occupiers of poor condition housing
- Council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.

| phase | Address                                  | Postcode | unit mix            | unit number | works       | revised Dec 2015 | Total Scheme Costs (TSC) rev | Subsidy required | Subsidy rev required | NPV       | IRR in % |
|-------|--|----------|---------------------|-------------|-------------|------------------|------------------------------|------------------|----------------------|-----------|----------|
| ph 3  | Springfield site B Epping deferred       | CM16 4LA | 2 x 1b2p            | 2           | £ 265,000   |                  | £ 306,643                    | £ 135,000        | £ 135,000            | £ 64,141  | 5.28     |
| ph 3  | Springfield site C Epping                | CM16 4LA | 2 x 1b2p, 2 x 2b4p  | 4           | £ 530,000   | £ 594,300        | £ 685,625                    | £ 144,000        | £ 218,000            | £ 186,640 | 5.35     |
| ph 3  | Centre Avenue Epping                     | CM16 4JU | 2 x 3b5p            | 2           | £ 370,000   | £ 414,900        | £ 479,578                    | £ 106,000        | £ 159,000            | £ 127,331 | 5.34     |
| ph 3  | Centre Avenue Epping (1)                 | CM16 4JU | 4 x 3b5p            | 4           |             |                  |                              |                  |                      |           |          |
| ph 3  | Stewards Green Rd Epping                 | CM16 7DA | 4 x 3b5p            | 4           | £ 626,000   | £ 702,000        | £ 771,245                    | £ 68,000         | £ 150,400            | £ 248,538 | 5.33     |
| ph 3  | Parklands site A                         | CM16 7RE | 2 x 1b2p, 2 x 2b4p  | 4           | £ 500,000   | £ 560,700        | £ 647,607                    | £ 108,000        | £ 179,200            | £ 185,858 | 5.34     |
| ph 3  | Queens Road North Weald                  | CM16 6JE | 10 x 3b5p, 2 x 2b4p | 12          | £ 2,650,000 | £2,840,100       | £ 2,727,690                  | £ 1,044,000      | £1,260,000           | £ 786,217 | 5.32     |
| ph 3  | Bluemans Rd North Weald                  | CM16 6HD | 4 x                 | 4           | £ 610,000   | £ 684,000        | £ 795,503                    | £ 51,000         | £ 145,000            | £ 262,586 | 5.35     |
| ph 3  | Centre Drive                             | CM14 4JF | 1 x 3b5p            | 1           | £ 263,000   | £ 287,000        | £ 331,454                    | £ 148,000        | £ 176,500            | £ 60,365  | 5.33     |
| ph 3  | London Road Ongar                        | CM5 9PH  | 1 x 3b5p            | 1           | £ 180,000   | £ 201,800        | £ 235,252                    | £ 43,500         | £ 68,500             | £ 67,177  | 5.33     |
| ph 4  | Kirby Close, Loughton                    | IG10 3BA | 4 x 2b4p            | 4           | £ 659,700   | £ 760,100        | £ 880,205                    | £ 162,000        | £ 282,000            | £ 243,190 | 5.35     |
| ph 4  | Lower Alderton Hall Lane, Loughton       | IG10 3HA | 2 x 2b4p            | 2           | £ 367,500   | £ 423,400        | £ 490,894                    | £ 126,000        | £ 192,000            | £ 121,803 | 5.35     |
| ph 4  | Bushfields, Loughton                     | IG10 3JR | 2 x 2b4p            | 2           | £ 402,900   | £ 464,200        | £ 537,111                    | £ 163,000        | £ 237,000            | £ 120,486 | 5.33     |
| ph 4  | Chequers Road, (Site B), Loughton (2)    | IG10 3QF | 5 x 2b4p            | 5           | £ 1,185,000 | £1,365,000       | £ 1,550,451                  | £ 615,000        | £ 815,000            | £ 293,480 | 5.33     |
| ph 4  | Chequers Road, (Site A), Loughton        | IG10 3QF | 3 x 3b5p            | 3           | £ 599,700   | £ 691,000        | £ 799,328                    | £ 190,500        | £ 298,500            | £ 200,958 | 5.33     |
| ph 4  | Ladyfields, Loughton                     | IG10 3RP | 7 x 2b4p            | 7           | £ 1,076,400 | £1,240,200       | £ 1,435,561                  | £ 210,000        | £ 402,500            | £ 414,351 | 5.33     |
| ph 4  | Whitehills Road, Loughton                | IG10 1TU | 3 x 3b5p            | 3           | £ 612,000   | £ 705,100        | £ 815,271                    | £ 204,000        | £ 315,000            | £ 201,515 | 5.33     |
| ph 4  | Etheridge Road, Debden                   | IG10 2HY | 1 x 2b4p, 2 x 3b5p  | 3           | £ 624,300   | £ 710,900        | £ 821,341                    | £ 252,000        | £ 339,000            | £ 195,865 | 5.35     |
| ph 4  | Pyrles Lane, (Site A), Debden            | IG10 2NH | 2 x 2b4p            | 2           | £ 367,500   | £ 418,500        | £ 485,386                    | £ 125,000        | £ 185,000            | £ 120,311 | 5.32     |
| ph 4  | Hillyfields, Loughton                    | IG10 2JT | 2 x 3b5p            | 2           | £ 330,600   | £ 376,500        | £ 437,829                    | £ 83,000         | £ 138,000            | £ 120,868 | 5.33     |
| ph 4  | Langley Meadow                           | IG10 2DL | 2 x 1b2p            | 2           | £ 229,000   |                  | £ 267,659                    | £ 97,000         |                      | £ 65,125  | 5.31     |
| ph 4  | Chester Road, Loughton                   | IG10 2LR | 3 x 2b4p            | 3           | £ 525,900   | £ 598,900        | £ 693,659                    | £ 156,000        | £ 244,500            | £ 181,887 | 5.34     |
| ph 4  | Pyrles Lane, (Site B), Debden            | IG10 2NW | 3 x 3b5p            | 3           | £ 612,000   | £ 696,900        | £ 805,980                    | £ 209,100        | £ 306,000            | £ 201,806 | 5.34     |
| ph 4  | Thatchers Close, Loughton                | IG10 2JH | 1 x 3b5p            | 1           | £ 195,300   | £ 222,400        | £ 259,758                    | £ 60,000         | £ 93,000             | £ 67,171  | 5.33     |
| ph 5  | Hornbeam Close, (Site A), Buckhurst Hill | IG9 6JS  | 3 x 3b5p            | 3           | £ 543,120   | £ 633,300        | £ 733,990                    | £ 127,500        | £ 234,000            | £ 201,796 | 5.34     |
| ph 5  | Hornbeam Close, (Site B), Buckhurst Hill | IG9 6JS  | 3 x 3b5p            | 3           | £ 575,100   | £ 670,600        | £ 776,178                    | £ 162,000        | £ 277,500            | £ 203,108 | 5.35     |
| ph 5  | Hornbeam House, Buckhurst Hill           | IG9 6JT  | 2 x 2b4p            | 2           | £ 320,000   | £ 373,100        | £ 427,895                    | £ 98,000         | £ 146,000            | £ 107,340 | 5.28     |
| ph 5  | Bourne House Buckhurst Hill              | IG9 6JY  | 2 x 3b5p            | 2           | £ 427,500   | £ 498,500        | £ 576,856                    | £ 158,000        | £ 243,000            | £ 134,001 | 5.33     |
| ph 5  | Pentlow Way, Buckhurst Hill              | IG9 6BZ  | 4 x 1b2p            | 4           | £ 525,900   | £ 613,200        | £ 707,216                    | £ 252,000        | £ 354,000            | £ 138,387 | 5.33     |
| ph 5  | Loughton Way, Buckhurst Hill             | IG9 6AA  | 4 x 3b5p            | 4           | £ 831,900   |                  | £ 1,105,130                  | £ 288,000        | £ 440,000            | £ 270,584 | 5.35     |
| ph 5  | Queensway, Ongar                         | CM5 0BP  | 4 x 2b4p            | 4           | £ 833,000   | £ 934,200        | £ 1,062,954                  | £ 362,000        | £ 476,000            | £ 232,737 | 5.32     |
| ph 5  | Millfield                                | CM5 9RJ  | 1 x 1b2p            | 1           | £ 261,000   | £ 292,700        | £ 332,435                    | £ 222,000        | £ 257,000            | £ 26,337  | 5.27     |
| ph 5  | St Peters Avenue                         | CM5 0BT  | 8 x 3b5p            | 8           | £ 1,519,000 | £1,703,500       | £ 1,942,235                  | £ 424,000        | £ 624,000            | £ 525,214 | 5.32     |

(1) awaiting further info from Pellings

(2) awaiting clarification from Pellings re sewer diversion

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## **Report to the Council Housebuilding Cabinet Committee**



**Report reference:** CHB-013-2015/16  
**Date of meeting:** 19 January 2016

**Epping Forest District Council**

**Portfolio:** Housing  
**Subject:** Council House-Building Programme (Phase 3) - Procurement of Works Contractor  
**Responsible Officer:** P. Pledger (01992 564248)  
**Democratic Services:** J. Leither (01992 564756)

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### **Recommendations/Decisions Required:**

- (1) That for Phase 3 the Council adopts an alternative procurement strategy and breaks down the 8 sites making up Phase 3 into 7 separate contracts with a mixture of Design and Build contracts and traditional fully designed contracts, and tender them in accordance with the Council's Contract Standing Orders; and
- (2) That the additional costs of £ [to be reported verbally] associated with the design, management and supervision of 7 separate contracts be met from the existing HRA Capital programme for house-building.

### **Executive Summary:**

Due to the lack of interest from larger contractors on the East Thames Framework to undertake Phase 3 of the Council's house-building programme as a whole due to the complications and difficulties managing dispersed sites, it is necessary to look at alternative procurement methods. Soft market testing suggests a better approach might be to let the works through a mixture of smaller contracts using different contract types.

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

The Cabinet Committee has already agreed a Procurement Strategy for its house-building programme, which make use of the East Thames Group EU compliant Framework of contractors. However, based on lessons learnt from Phase 1, and through discussions held with a number of Contractors, this report explores a number of other options.

### **Other Options for Action:**

1. To undertake a separate EU procurement exercise, specific to just the Council's House-building Programme. This would be time consuming, costly and would not guarantee interest from any other Contractors.

### **Report:**

1. The Cabinet Committee, at its meeting in July 2013 agreed a procurement strategy that meant the Council would use the East Thames EU-compliant Framework Agreement when tendering its house-building programme. That framework expired in July 2015.

However, Since then, East Thames has adopted an EU compliant Framework established by Notting Hill Housing. East Thames has confirmed that this Framework is available for use by the Council and avoids having to undertake a separate EU procurement exercise for future phases.

2. When compiling a list of tenderers for Phase 1, there was little interest from the contractors on the East Thames Framework, with just 2 out of the 12 Contractors expressing an interest. There were a number of reasons for this, which are summarised below:

- Larger contractors were less interested due to the dispersed nature of the development sites, and would prefer to focus on larger value projects on single sites.
- Smaller contractors were less inclined to work on Design and Build contracts where the financial risks were too great and experience was limited.

3. When discussing the Phase 3 developments with the East Thames Framework Contractors it was quickly apparent that there was little interest from any of the Contractors on the list. However, collectively, the estimated value of constructing all 34 homes is around £6.215m, which is some way above the OJEU limit of £4,104,394 for Works Contracts. This means the Council has to either undertake a separate EU compliant tender exercise, which could take around 9-12 months, or find an alternative means of procuring the works.

4. In order to avoid a lengthy EU Procurement exercise, it is necessary to break up the sites into smaller packages so they are below the OJEU threshold and tender them separately in accordance with Contract Standing Orders. Since the sites are not directly related, this would be an acceptable means of procuring the works without breaching EU Procurement Rules.

5. Pellings LLP have undertaken a soft market test with other Contractors outside of the East Thames Framework, some of whom are local small contractors, to gauge their interest or otherwise in tendering for the 8 sites that make up Phase 3. The feedback from this exercise has resulted in a mixed response. Some were interested in a design and build approach, some were interested in a fully designed approach, some were only interested if the tender was based on a two stage approach (initial enquiry and then negotiated pricing), some were interested in only a small number of units and some were not interested at all. One common theme was that they would not be interested in the whole package due to the geographical remoteness of each site.

#### Design and Build v Traditional (Fully Designed)

6. The Council has already adopted a Design and Build approach to its house-building programme, which is a common form of contract used across the construction industry and particularly used by Housing Associations for their house-building programmes, as it provides the client with a certain amount of financial surety.

7. Up until the house-building programme commenced, the Council has been more familiar with traditional fully designed contracts, where a scheme is fully designed and a Bill of Quantities is prepared from which the works are measured and then priced through a tender exercise. The end result is the same, but the approach to supervision and management of the works is quite different.

8. From the outcome of the soft market testing it is recommended the Council breaks down the 8 sites making up Phase 3 into 7 separate contracts with a mixture of Design and Build contracts and traditional fully designed contracts, all in accordance with the Council's Contract Standing Orders. This will mean each contract is significantly below the OJEU Thresholds and it also reflects the varying preferences of the contractors approached

through the soft market testing. The suggested contracts are as follows:

Contract A: Springfields Site C and Centre Avenue - 8no. units using design and build.

Contract B: Stewards Green Road - 4no. units using a traditional procurement.

Contract C: Parklands Site A - 4no. units using design and build.

Contract D: Queens Road - 12no. units using design and build.

Contract E: Bluemens End - 4no. units using design and build.

Contract F: Centre Drive - 1no. unit using a traditional procurement.

Contract G: London Road - 1no. unit using a traditional procurement.

9. It should be noted that by having 7 separate contracts there will be additional costs associated with supervising 7 contracts instead of 1 contract. In addition, there are additional costs associated with fully designing the schemes that are to be let using a traditional procurement. At the time of writing these additional costs were not available. However, they will be reported verbally at the meeting.

10. In terms of the risks associated with adopting this approach, there is more likelihood of something going wrong, but the impact of anything going wrong will be considerably lower

#### **Resource Implications:**

The outcome of any tender exercise and the benefits in any economy of scale by letting 1 contract as opposed to 7 contracts cannot be quantified, and will only become apparent once tenders have been received. However, the additional costs associated with managing and supervising 7 contracts as well as design fees associated with those sites to be let using traditional procurement will be reported verbally at the meeting.

#### **Legal and Governance Implications:**

EU Procurement Rules, Contract Standing Orders and Financial Regulations.

#### **Safer, Cleaner and Greener Implications:**

All new affordable Council homes are to be constructed to "Secure By Design" standards, Lifetime Homes Standards and will meet the Code for Sustainable Homes level 4.

#### **Consultation Undertaken:**

Soft market testing of 13 separate SME Contractors (some locally based) has been undertaken to help inform the recommended approach

#### **Background Papers:**

None

#### **Risk Management:**

In terms of the risks associated with adopting this approach, there is more likelihood of something going wrong, but the impact of anything going wrong will be considerably lower.

The Council may be exposed to some financial risks on the traditionally let fully designed contracts through any unforeseen issues not accounted for in the contract documents, which a Design and Build Contract may not.

A detailed Risk Register will be prepared for each site to monitor risks. Where risks are exposed, these will be reported to the Cabinet Committee through the normal regular progress report.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

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Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- Affordable Housing,
- Homelessness assistance,
- Supported housing for special needs groups,
- Owners and occupiers of poor condition housing
- Council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.

The target group that this report is aimed at affects contractors rather than individuals. Since any contract let will be in line with Contract Standing Orders, this will also avoid any discriminatory actions.

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## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference:** CHB-014-2015/16  
**Date of meeting:** 19 January 2016

**Portfolio:** Housing

**Subject:** Council House-Building Programme – Officer Resources

**Responsible Officer:** A. Hall (01992 564004)

**Democratic Services Officer:** J. Leither (01992 564756)

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### **Recommendations:**

- (1) That two new posts of Housing Development Manager and Housing Development Officer be created as soon as possible, following job evaluation to determine appropriate grades; and**
- (2) That the costs of the new posts be funded from the HRA Capital Programme budget for the Council Housebuilding Programme.**

### **Executive Summary:**

As a result of the Cabinet Committee's decision to extend and accelerate the Council Housebuilding Programme, from an initial 6-phase programme of 120 homes to at least a 10-phase programme of around 315 homes, with a plan to commence each phase every 3 months, there are now insufficient staffing resources to effectively manage and deliver the programme.

The latest cash-flow forecast for the programme shows that the total anticipated expenditure on the housebuilding programme over the next 4 years is £40.3million.

A recent draft Internal Audit Report on the Council Housebuilding Programme, whilst giving "substantial assurance" over the management of the programme to date, has identified a risk and the need for additional staffing resources. The draft report raises concerns about the level of staffing resources to manage future stages of the programme, in order to ensure that the Council maintains control, manages risks and monitors progress at each stage of the developments. It also recommends that sufficient resources should be made available to ensure that the Council maintains control.

The urgent need for additional staffing resources has recently been considered by the Management Board, which supports the creation of two new posts of Housing Development Manager and Housing Development Officer.

The new posts would be funded from the HRA Capital Programme. In total, £3.0million - £3.8million from Section 106 financial contributions alone have either already been received (and are available to the housebuilding programme now), or are expected to be received over the next few years from Section 106 Agreements that have been signed and developments are in progress, but where the trigger point for receipt of the payment has not yet been reached.

## Reasons for Proposed Decision:

The Council's housebuilding programme has been extended and accelerated, and the current staffing resources are insufficient.

## Other Options for Action:

To create more or less new posts.

## Background

1. As the Cabinet Committee will be aware, in December 2011, the Cabinet agreed to embark on a new Council Housebuilding Programme, from scratch, initially for a six-year period to provide around 20 new homes per annum (120 homes in total). East Thames Group was subsequently appointed as the Development Agent, following an EU-compliant competitive procurement process. Phase 1 of the programme commenced in October 2014.

2. Responsibility for the housebuilding programme rests with the Assistant Director (Housing Property and Development) who should be supported by around 1.0FTE officers but, in practice, it has been necessary to devote more resources than 1.0FTE. This is represented by around 50% of the time devoted to the housebuilding programme by the Assistant Housing Assets Manager (Special Projects) and the Senior Housing Development Officer. The former post also has other responsibilities to help deliver the Housing Maintenance Programme and the latter post is responsible, under the guidance of the Director of Communities, to deal with other affordable housing issues (e.g. advising planning officers on affordable housing issues relating to planning applications and negotiating the provision of affordable housing with developers and housing associations on private development sites). The 0.5FTE resource provided by the Senior Housing Development Officer post is the only additional permanent resource that has been allocated to the housebuilding programme to support the Assistant Director (a temporary Legal Executive is currently being provided by an agency to deal with the plethora of legal issues relating to each site).

3. Subsequent to the Cabinet's original decision, and particularly due to the significantly increased amount of "one for one (141)" capital receipts that have been obtained from much higher Right to Buy sales than expected – which, as members are aware, must be spent within 3 years of receipt or passed to the DCLG with a punitive interest of around 4% – the Cabinet Committee has recently determined that the housebuilding programme needs to be accelerated, in two main ways:

- (a) By extending the programme from an initial 6-phase programme of 120 homes to at least a 10-phase programme of around 315 homes – an increase of around 160%; and
- (b) By accelerating the programme, from an initial plan to commence each phase every year to the current requirement to commence new phases around every 3 months – which, for a period in 2017, will result in **four** phases (around 160 properties) being in construction at one time, instead of one phase of around 20 properties being in construction at a time.

## Current Priorities

4. As the Cabinet Committee is aware, the current priorities for the programme are:

- (a) To complete the 23 new homes under Phase 1 – as members are aware, the contractor is under-performing and Liquidated and Ascertained Damages of around £10,200 per week have been deducted since November 2015; as a result, significant officer time will need to be spent resolving the resultant issues.



- (b) To start on site with Phase 2 of the programme (51 homes at Burton Road) – tenders are reported as part of an earlier agenda item, and construction is expected to commence in February 2016;
- (c) To implement a Procurement Strategy for Phase 3 of the Programme (34 homes), reported earlier in the Agenda, to enable a tendering process to be undertaken and a start on site in August 2016 – as explained in the earlier report, it is proposed that this Phase comprises a number of smaller individual contracts, all of which need to be individually managed;
- (d) To seek/obtain planning permission for all the sites in Phase 4 of the programme;
- (e) To complete the remaining feasibility studies for future phases and to seek planning permission accordingly;
- (f) To overcome and resolve the site-specific legal issues relating to each site, to enable the proposed developments to be undertaken;
- (g) To enter into a contract for the purchase of the 8 affordable rented homes at the private development in Barnfield, Roydon from the developer, and to then oversee the works, in order to enable additional expenditure of 141 capital receipts;
- (h) To source and purchase 8-10 properties from the open market to enable further expenditure of 141 receipts; and
- (i) To monitor and ensure that the required amount of 141 receipts are spent within the 3-year deadline, to ensure that no receipts or (punitive) interest is paid to the DCLG.

### **Staffing Resources**

5. The workload to date to deliver the housebuilding programme has been immense, which has been increased by the Cabinet Committee's decision to extend and accelerate the programme. Although a lot of the work has been undertaken by the Development Agent and their consultants (Pellings LLP), through the Development Agreement with the Council, the Assistant Housing Assets Manager and the Senior Housing Development Officer have had to spend significantly more than 50% of their time on the programme – leaving them with insufficient time to meet their other important responsibilities, the workload for which is also increasing.

6. However, the most significant burden has fallen on the Assistant Director (Housing Property and Development), who has had to work significant additional hours to keep the programme under control. As an indication, in order to keep the programme on track at this critical time and to prepare for this Cabinet Committee meeting, the Assistant Director had to spend a total of 45 hours working at home over the Christmas holiday.

7. Although the Director of Communities has devoted as much time as he can to assist the Assistant Director with the programme he has a significant range of other responsibilities and, as a result, already works many additional hours. The overall workload involved, particularly for the Assistant Director, has therefore now become untenable and unsustainable - and additional staffing resources are now urgently required, especially in view of the even greater workload ahead when the additional phases are commenced.

8. As members will have seen from the earlier agenda item on the financial forecasts, the latest cash-flow forecast for the programme shows that, in one 12-month period alone (October 2017 – September 2018), around £14.5million will be spent on works and fees. Indeed, the total

expenditure for the housebuilding programme over the next 4 years (January 2016 – December 2019) is £40.3million, which is a substantial Programme and a significant undertaking.

9. This level expenditure and the reliance placed on the Assistant Director post results in a significant risk for the Council, especially should the officer leave the Council's employment or have a long-term absence from work. Indeed, a recent Internal Audit Report on the housebuilding programme has also identified this risk and the need for additional staffing resources to support the programme. The Internal Audit Report is currently only in draft form but, to give members a flavour, whilst the report gives "substantial assurance" over the management of the Programme to date, there are concerns raised around the level of staffing resources to manage future stages of the programme to ensure that the Council maintains control, manages risks and monitors progress at each stage of the developments. Accordingly, the draft Internal Audit Report recommends that sufficient resources should be made available.

10. Of course, in addition to his work on the housebuilding programme, the Assistant Director also has other responsibilities for delivering the Housing Maintenance Programme (which in itself is a significant undertaking) and overseeing the management of the Housing Repairs Service. As part of this latter role, as members will be aware, it is also now necessary to relocate the Housing Repairs Service and Housing Assets Team from the Epping Depot and Civic Offices to the proposed new Repairs and Maintenance Hub at Blenheim Way, North Weald – which is another significant and complex project. Although Cabinet has agreed that Mears be appointed to project manage the construction of the Hub and the relocation, the Assistant Director will inevitably need to become involved in the strategic issues relating to the project.

11. There are therefore two levels of additional staffing resource that have been identified as being urgently required for the housebuilding programme, as follows:

- Senior level support to take on responsibility for the management of the programme, under the overall strategic direction of the Assistant Director; and
- Additional project level support to assist with the day-to-day project management of the increasing number of developments being undertaken.

### **Meeting the Need**

12. This urgent need has recently been considered by Management Board, which is of the view that two new posts need be created, as soon as possible, as follows:

- A Housing Development Manager post, reporting to the Assistant Director, with responsibility for managing the delivering of the housebuilding programme – with high-level strategic support provided by the Assistant Director. Subject to job evaluation, this is expected to be at Grade 10 - at a (mid-point) salary cost of £42,158 per annum (plus on-costs); and
- A Housing Development Officer post, reporting to the Assistant Housing Assets Manager (Special Projects), to undertake day-to-day project management of developments. Subject to job evaluation, this is expected to be at Grade 6 – at a (mid-point) salary cost of £24,577 per annum (plus on-costs).

13. Since these two new posts would be dedicated to the housebuilding programme, they would be funded from the HRA Capital Programme. As members will have seen from the earlier report on the agenda regarding the financial position for the housebuilding programme, significant financial contributions from Section 106 Agreements alone to deliver the programme have now been accumulated. In total, £3.0million - £3.8million from Section 106 financial contributions have either

already been received, and are available for the housebuilding programme now, or are expected to be received over the next few years from Section 106 Agreements that have been signed and developments are in progress, but where the trigger point for receipt of the payment has not yet been reached.

14. The Assistant Housing Assets Manager is also currently responsible for 3.1FTE Admin/Clerical staff supporting the wider Housing Assets Team. However, it is proposed that these staff remain within the current Housing Assets Team and, in future, report to the two other Assistant Housing Assets Managers.

### **Longer Term**

15. As part of its discussions in relation to the required staffing resources for the Council Housebuilding Programme, Management Board also identified a lack of capacity across the Council for planning, project-managing and delivering other capital projects – and has therefore agreed to consider the potential for having a better-planned, more co-ordinated and better-resourced corporate approach to the delivery of such projects in the longer term, as part of the Council's wider Transformation Programme.

### **Resource Implications:**

£66,735 per annum (plus on-costs) for the two posts (subject to job evaluation).

To be funded from the HRA Capital Programme – which has a total of £3.0million - £3.8million currently available, or available once development trigger points are reached, from financial contributions for affordable housing through signed Section 106 Agreements alone.

### **Legal and Governance Implications:**

There are no material or governance issues.

### **Safer, Cleaner and Greener Implications:**

None.

### **Consultation Undertaken:**

Management Board has been consulted and fully support the proposals.

### **Background Papers:**

None.

### **Risk Management:**

The main, and significant, risks relate to the proposals **not** being agreed.

As explained the main body of the report, a recent Internal Audit Report on the housebuilding programme has identified a current risk and the need for additional staffing resources. The Draft Internal Report raises concerns about the level of staffing resources to manage future stages of the programme, in order to ensure that the Council maintains control, manages risks and monitors progress at each stage of the developments. It also recommends that sufficient resources should be made available.

The creation of a new Housing Development Manager post would also mitigate the effects of the risk of the Assistant Director (Housing Property and Development) leaving the Council's employment, or having long term absence from work, in the future.

The Cabinet Committee has also previously stated its intention to ensure that no 141 capital receipts are passed to the DCLG (together with the required punitive interest). Insufficient staffing resources significantly increase the risk of 141 receipts having to be passed on to the DCLG.

## Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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The recommendations have no policy implications for people within the protected characteristics groups.

## **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference:** CHB-015-2015/16  
**Date of meeting:** 19 January 2016

**Portfolio:** Housing

**Subject:** Council House-Building Programme – Risk Register

**Responsible Officer:** P. Pledger (01992 564248)

**Democratic Services:** J. Leither (01992 564756)

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### **Recommendations/Decisions Required:**

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

### **Executive Summary:**

Attached at appendix 1 to this report is the project wide risk register associated with the Council's House-building Programme, which is for review, commenting or noting as appropriate.

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

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 for Action:**

- (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.

**Report:**

1. Since 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.
2. Pellings LLP, who are the Employers Agent appointed by the Council's Development Agent East Thames, produce and keep up to date the Risk Registers for the House-building Programme.
3. Following approval by the Cabinet of individual developments and development packages, Pellings LLP produce and keep updated Risk Registers for each development/phase, which is monitored by the Project Team at Project Team Meetings.
4. In addition, a "Programme-wide" Risk Register, which is a "live document" for the House-building Programme is also updated and monitored by the Cabinet Committee. The latest version is attached as an appendix to this report.

**Resource Implications:**

If risks are not properly identified or managed, it could result in additional costs to the Council, with the amounts dependent on the issue and its severity.

**Legal and Governance Implications:**

There is no legal requirement to have and maintain a Risk Register, but it is good governance practice to do so.

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

None

**Background Papers:**

None

**Risk Management:**

The purpose of the Risk Register is to record, monitor and mitigate risks

# Due Regard Record

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Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- affordable housing,
- homelessness assistance,
- supported housing for special needs groups,
- owners and occupiers of poor condition housing
- council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.

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| Risk ID          | Date      | Vulnerability   | Trigger   | Consequence   | Likelihood (A, B, C, D) | Impact (1, 2, 3, 4) | Rating | Risk Owner | Existing Controls / Actions to Address Risk   | Effectiveness of Controls / Actions  | Required further Management Action  | Responsibility for Action | Critical Success Factors and Measures   | Review Frequency |
|------------------|-----------|---|---|---|-------------------------|---------------------|--------|------------|---|--|---|---------------------------|---|------------------|
| <b>POLITICAL</b> |           |   |   |   |                         |                     |        |            |   |  |   |                           |   |                  |
| 1                | 26-Jun-13 | Basis of house building programme.                      | Change in Government and/or Local Plan.   | Reputational risk.  | C                       | 1                   | C1     | EFDC       | Establishment of high level demand, design, and financial parameters on which to base the programme together with clear and defined outputs.  | Scheme proceeds to comply with Local Plan.   | Ongoing review and monitoring.  | EFDC                      | Scheme is completed to Local Plan.  | Quarterly        |
| 2                | 26-Jun-13 | Land availability.                                      | Land not available within required timeframe.   | Scheme may not be able to go-ahead. Increase in cost(s) and delay to programme. | C                       | 1                   | C1     | EFDC       | Initial appraisals of existing garage sites demand and opportunity for development undertaken by EFDC.  | Land is available within required timeframe and budget.                                | Ongoing review and monitoring.  | EFDC                      | Land is obtained to enable scheme to proceed.   | Quarterly        |
| 3                | 26-Jun-13 | Resistance from local community.                        | Planning application.   | Increase in cost(s) and delay to programme.                                     | B                       | 2                   | B2     | EFDC       | Engage local community. Encourage use of local labour by contractors and encourage provision of training and apprenticeships. Undertake resident consultation and formulate a publicity strategy.   | Local Community are receptive to scheme.   | Ongoing review and monitoring.  | EFDC                      | Local Community accept the completed scheme.  | Six-Weekly       |
| 4                | 26-Jun-13 | Compliance with public procurement regulation           | Procurement process etc. not followed.  | Procurement process may need to be halted / aborted / repeated / extended.      | D                       | 3                   | D3     | ETG        | Proposed use of third party contractor framework - OJEU compliant and ensure processes are consistent with EFDC standing orders. ETG to advise on framework renewal dates.  | Third party Contractor Framework used and implemented.                                 | Ongoing review and monitoring.  | ETG                       | Scheme complies with all necessary procurement regulation.  | Quarterly        |
| <b>FINANCIAL</b> |           |   |   |   |                         |                     |        |            |   |  |   |                           |   |                  |
| 5                | 26-Jun-13 | Funding availability.                                   | Decrease in funding for the scheme.   | Insufficient funds for scheme to proceed as intended.                           | C                       | 1                   | D1     | EFDC       | Continuous monitoring of available funding from a) 1 to 1 RTB replacement, b) Section 106 contributions, c) HCA grant, d) Sale of sites, and e) Third Party funding.  | Sufficient funds are available for the scheme to proceed.                              | Ongoing review and monitoring.  | EFDC                      | Sufficient funds are obtained for the scheme to proceed.  | Quarterly        |
| 6                | 24-Sep-15 | Loss of available funding.                              | Payments not made in time (e.g. 1:1 monies after 3 years.   | Loss of funding.  | B                       | 1                   | B1     | EFDC       | Acceleration of programme, other sources of housing procurement/expenditure considered.   | Funding receipts committed, programme maximised.                                       | Continual review of programme/ expenditure. Programme accelerated as far as possible. | EFDC                      | All funding receipts expanded.  | Six-Weekly       |
| 7                | 26-Jun-13 | Design parameters                                       | Design criteria and parameters not established and/or established late.                               | Increase in cost(s) and delay to programme.                                     | C                       | 1                   | C1     | EFDC       | Early meeting and engagement with local planning authority to establish design criteria and parameters. Review of ETG Design Brief/ER document at each phase.   | Design criteria and parameters established in good time to enable programme to be met. | Ongoing review and monitoring.  | EFDC/PLLP                 | Design criteria and parameters established within required timeframe to enable programme to be met. | At each phase    |
| 8                | 26-Jun-13 | Financial control                                       | Unknown or unexpected costs. (Pre-contract)   | Insufficient funds for scheme and/or budget overspend.                          | B                       | 2                   | B2     | PLLP / ETG | Undertake financial gateway review at each stage of feasibility / design / procurement.   | Ensuring sufficient funds are available for the scheme.                                | Continuous monitoring of anticipated cost(s) against budget.                          | PLLP / ETG                | Ensuring scheme is within budget.   | Six-Weekly       |
| 9                | 26-Jun-13 | Financial control                                       | Unknown or unexpected costs. (Post-contract)  | Insufficient funds for scheme and/or budget overspend.                          | C                       | 1                   | C1     | PLLP       | Implement Change Control mechanism - ensure the effects of any changes / variations are known to the team ahead of instruction. Agree levels of retention and insurance. Agree wording for performance bond / parent company guarantee provision. | Ensuring sufficient funds are available for the scheme.                                | Continuous monitoring of anticipated cost(s) against budget.                          | PLLP                      | Ensuring scheme is within budget.   | Ongoing          |
| 10               | 26-Jun-13 | Contractor financial failure                            | Contractor may cease trading during the course of the scheme and/or not be able to finance the works. | Scheme may halted / stopped.  | C                       | 1                   | C1     | ETG / PLLP | Updated financial references and checks to be undertaken. Ensure adequate financial surety included in build contract, including provision of Performance Bond.   | Financial standing of contractor is known. Recovery of any losses is maximised.        | Ongoing review and monitoring.  | ETG / PLLP                | Contractor is able to finance / complete the scheme and provide all necessary resources.            | Each contract    |
| 11               | 04-Jan-16 | Volatile construction market/rising construction costs. | Setting/meeting preliminary budgets.  | Tender returns over budget.   | B                       | 1                   | B1     | EFDC       | Soft market testing and analysis of tender/cost data.   | Accurate budget forecasts.   | Continuous monitoring of anticipated cost(s) against budget.                          | ETG/PLLP                  | Schemes procured to budget.   | At each phase    |
| <b>PROGRAMME</b> |           |   |   |   |                         |                     |        |            |   |  |   |                           |   |                  |
| 12               | 24-Sep-15 | Appetite of contractors to undertake the works.         | Procurement.  | Inadequate tender returns.  | B                       | 2                   | B2     | EFDC       | Soft market testing undertaken to gauge interest from market. Consideration of traditional procurement to enable engagement of local SME contractors.   | Confirmation from market that they are willing to engage/tender.                       | Agreement of procurement/ contractor list.  | PLLP                      | Correct size and type of contractor are engaged.  | At each phase    |

| Risk ID          | Date      | Vulnerability  | Trigger   | Consequence   | Likelihood (A, B, C, D) | Impact (1, 2, 3, 4) | Rating | Risk Owner   | Existing Controls / Actions to Address Risk   | Effectiveness of Controls / Actions   | Required further Management Action                   | Responsibility for Action | Critical Success Factors and Measures   | Review Frequency |
|------------------|-----------|--|---|---|-------------------------|---------------------|--------|--------------|---|---|--|---------------------------|---|------------------|
| 13               | 26-Jun-13 | Programme management - impact on programme of site specific reports not being commissioned until post planning permission. | Late and/or untimely commissioning and/or receipt of site specific reports. | Increase in cost(s) and delay to programme.   | B                       | 2                   | C2     | PLLP         | Provide early feasibilities to formulate the whole of the six year programme. Undertake site specific report ahead of or as part of planning application to mitigate delays between planning consent and tender action. | Early identification to site specific risks / issues.   | Ongoing review and monitoring.                       | PLLP                      | Site specific risks and issues are identified early on in the project to minimise any increase in costs and/or delay to programme.  | Six-Weekly       |
| 14               | 26-Jun-13 | Impact on programme of party wall issues.  | Proposed scheme design.   | Increase in cost(s) and delay to programme.   | C                       | 2                   | C2     | EFDC and ETG | Establish ownership of properties adjacent to or affected by proposed development. Ensure that party wall notices are issued promptly (possibly outside of the build contract requirements).                            | Early identification of any party wall issues.  | Ongoing review and monitoring.                       | EFDC and ETG              | Any party wall risks and issues are identified early on in the project to minimise any increase in costs and/or delay to programme. | At each phase    |
| <b>TECHNICAL</b> |           |  |   |   |                         |                     |        |              |   |   |  |                           |   |                  |
| 15               | 26-Jun-13 | Legal issues including rights of title, boundary ownership, easements on or over the site.                                 | Proposed scheme design.   | Increase in cost(s) and delay to programme.   | B                       | 1                   | B1     | EFDC         | Establish clear line of responsibility for each of the legal issues and engagement of EFDC Legal Directorate.   | Early identification of legal issues and rights.  | Ongoing review and monitoring.                       | EFDC                      | Any legal issues and rights are identified early on in the project to minimise any increase in costs and/or delay to programme.     | At each phase    |
| 16               | 26-Jun-13 | Overlooking to/from adjoining residents.   | Design affects adjoining owner's Right to Light and/or view.                | Adjoining owner's Right to Light affected. Possible complaints from adjoining owners. Increase in cost(s) and delay to programme. | C                       | 1                   | C1     | PLLP / ETG   | Consideration of appropriate screening or single storey development. Insurances taken out against any ROL injury risk.  | Adjoining owner's Right to Light not affected.  | Ongoing review and monitoring.                       | PLLP / ETG                | Adjoining Owner's Right to Light and/or views not adversely affected.   | At each phase    |
| 17               | 26-Jun-13 | Impact of existing trees   | Existing trees may affect the design and/or below ground works.             | Increase in cost(s) and delay to programme.   | C                       | 2                   | C2     | ETG          | Commissioning of Arboricultural report - site specific.   | Review Arboricultural report before proceeding with detailed design.  | Ongoing review and monitoring.                       | ETG                       | Substructure works are designed and installed to budget/programme.  | At each phase    |
| 18               | 26-Jun-13 | Impact of ground conditions and contamination.   | Ground contamination present. Ground conditions not suitable.               | Increase in cost(s) and delay to programme.   | B                       | 1                   | B1     | EFDC / ETG   | Assessment of initial reports to be undertaken by EFDC to inform desktop study and commissioning of the site investigation requirements.  | Review site / ground investigations report before proceeding with detailed design. All SI reports to be included in contract documents. | Ongoing review and monitoring.                       | EFDC / ETG                | Substructure works are designed and installed to budget/programme.  | At each phase    |
| 19               | 25-Sep-15 | Planning consents not secured or delayed.  | Planning applications rejected or delayed.                                  | Development programme reduced or delayed.   | C                       | 1                   | C1     | EFDC / PLLP  | Preliminary designs prepared, pre-application discussions held to inform applications. All required reports submitted to meet requirements.   | Planning applications to meet design and policy criteria.   | Meeting to be considered with planning team leaders. | EFDC / PLLP               | Planning consents secured to meet programme requirements.   | At each phase    |
| 20               | 26-Jun-13 | Flood risk   | Site may lie within / on a flood risk zone.                                 | Increase in flood prevention measures as part of scheme. Increase in cost(s) and delay to programme.                              | C                       | 1                   | C1     | PLLP         | Consider advice of local planning authority and Environment Agency. Ensure such advice taken forward to tender documents.   | Advice from planning authority and Environment Agency taken on-board and reviewed.  | Ongoing review and monitoring.                       | PLLP                      | Scheme is completed to minimise any potential affects of flooding (within acceptable limits).                                       | Quarterly        |
| 21               | 26-Jun-13 | Accurate design at planning application stage  | Unknown topography of existing site.  | Scheme not designed to accommodate existing topography.   | C                       | 2                   | C2     | EFDC / ETG   | Commission topographical surveys.   | Existing topography is established early and in good time. Tender documents are accurate.   | Ongoing review and monitoring.                       | EFDC / ETG                | Scheme is designed to take into account existing topography where appropriate.  | Monthly          |
| 22               | 26-Jun-13 | Transport / traffic / parking assessment   | Transport / traffic / parking assessments not undertaken.                   | Planning application cannot be submitted without transport statements. Delay in programme.  | C                       | 2                   | C2     | EFDC / ETG   | Commission transport statements to support planning application.  | Transport Statement is able to be prepared and submitted with planning application. Highways Authority supports application.            | Ongoing review and monitoring.                       | EFDC / ETG                | Planning application submitted with suitable transport statement.   | At each phase    |
| 23               | 26-Jun-13 | Clarity of design parameters   | Unclear and/or non-existent design parameters.                              | Scheme not designed to meet Employer's Requirements.  | C                       | 2                   | C2     | ETG / PLLP   | Establish consistent set of Employer's Requirements - reference to East Thames Group Design Guidance and requirements of the Essex Design Guide.  | Clear design parameters are established early on in the project.  | Ongoing review and monitoring.                       | ETG / PLLP                | Design able to proceed with clear design parameters in place.   | At each phase    |

| Risk ID | Date      | Vulnerability   | Trigger  | Consequence   | Likelihood (A, B, C, D) | Impact (1, 2, 3, 4) | Rating | Risk Owner  | Existing Controls / Actions to Address Risk  | Effectiveness of Controls / Actions  | Required further Management Action | Responsibility for Action | Critical Success Factors and Measures  | Review Frequency |
|---------|-----------|---|--|---|-------------------------|---------------------|--------|-------------|--|--|------------------------------------|---------------------------|--|------------------|
| 24      | 26-Jun-13 | Inexperienced contractor design team  | Appointment of inexperienced contractor.   | Contractor design team not able to fulfil their duties and meet the Employer's Requirements.            | C                       | 1                   | C1     | PLLP        | Include a requirement for the contractor's design team to be clarified at tender stage of each project / phase.  | Experienced Design Team.   | Ongoing review and monitoring.     | PLLP                      | Contractor's Design Team is able to produce a design that is compliant with the Employer's Requirements. | At each phase    |
| 25      | 26-Jun-13 | Effect on design of site risks  | Unknown or unexpected site risks.  | Increase in cost(s) and delay to programme.   | A                       | 1                   | A1     | PLLP        | Commission surveys early.  | Site risks established early which contractor can price.   | Ongoing review and monitoring.     | PLLP                      | Site risks identified can be eliminated or minimised.  | At each phase    |
| 26      | 26-Jun-13 | Loss of control of design through Design & Build procurement                                    | Poorly defined Employer's Requirements.  | Increase in cost(s) and delay to programme.   | B                       | 2                   | B2     | PLLP        | Develop robust set of Employer's Requirements that control design to meet Client's brief.  | Employer's Requirements are clearly defined.   | Ongoing review and monitoring.     | PLLP                      | Employer's Requirements are fulfilled.   | At each phase    |
| 27      | 26-Jun-13 | Poor durability of materials  | Materials do not perform as expected.  | Increase in future maintenance and life cycle costs.  | C                       | 2                   | C2     | PLLP        | Using basis of East Thames Group Design Guidance, complement with cost and use exercises where required.   | Acceptable results from Cost and Use exercises undertaken (where required)                         | Ongoing review and monitoring.     | PLLP                      | Future maintenance and life cycle costs are minimised.   | At each phase    |
| 28      | 26-Jun-13 | Design liability provided to end user   | Collateral warranties with sufficient cover not in place.                          | End user liable for design as a result of actions / inactions by the design team.                       | C                       | 2                   | C2     | PLLP        | Ensure that collateral warranties are required from the contractor's design team to end user clients and establish level of professional indemnity insurance.  | Collateral warranties obtained from contractor's design team.                                      | Ongoing review and monitoring.     | PLLP                      | End user is not responsible for any design liability.  | At each phase    |
| 29      | 26-Jun-13 | Ensure that sustainability criteria supports effective capital cost versus cost in use analysis | Sustainability criteria does not support capital cost versus cost in use analysis. | Scheme is not sustainable and may not achieve relevant compliance.                                      | C                       | 2                   | C2     | PLLP / EFDC | Ensure that Employer's Requirements require the contractor to consider a fabric first approach to thermal performance with bolt-on technologies minimised. Environmental assessments commissioned early.             | Fabric first approach undertaken by contractor.  | Ongoing review and monitoring.     | PLLP / EFDC               | Sustainability criteria achieved. Costs in use minimised.  | At each phase    |
| 30      | 26-Jun-13 | Contractor performance  | Lack of KPIs / incentives for contractor to complete the scheme.                   | Increase in cost(s) and delay to programme.   | C                       | 2                   | C2     | ETG / PLLP  | Establish KPIs, monitor and incentivise.   | Monitoring of contractor's performance against KPIs can take place.                                | Ongoing review and monitoring.     | ETG / PLLP                | Contractor's performance meets or exceeds KPIs.  | Three-Monthly    |
| 31      | 04-Aug-14 | Closing off existing footpaths necessary to facilitate the works.                               | Existing Rights of Way etc. affected. Objections from residents.                   | Unknown route for pedestrians and/or persons not connected with these works. Objections from residents. | B                       | 2                   | B2     | PLLP        | Principal Contractor to undertake risk assessment and implement a safe system of work. Item included in ERs. Principal Contractor to apply for relevant permits and submit applications / notices etc. in good time. | Footpaths can be closed off / rerouted in good time with minimal inconvenience to local community. | Ongoing review and monitor.        | Contractor                | Works can proceed safely and access for residents maintained.  | At each phase    |

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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