

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)

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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.

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