

To: All Members of the EXECUTIVE

When calling please ask for:

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Date: 24 July 2023

Membership of the Executive

Cllr Paul Follows (Chair)
Cllr Peter Clark (Vice Chair)
Cllr Tony Fairclough
Cllr Victoria Kiehl
Cllr Mark Merryweather

Cllr Kika Mirylees
Cllr Nick Palmer
Cllr Paul Rivers
Cllr Liz Townsend
Cllr Steve Williams

Dear Councillors

A meeting of the EXECUTIVE will be held as follows:

DATE: TUESDAY, 1 AUGUST 2023

TIME: 6.00 PM

PLACE: COUNCIL CHAMBER, COUNCIL OFFICES, THE BURYS,
GODALMING

The Agenda for the Meeting is set out below.

Yours sincerely

Susan Sale

Executive Head of Legal & Democratic Services & Monitoring Officer

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NOTES FOR MEMBERS

Contact Officers are shown at the end of each report and members are welcome to raise questions, make observations etc. in advance of the meeting with the appropriate officer.

Prior to the commencement of the meeting, the Leader, Deputy Leader or an appropriate Portfolio Holder to respond to any informal questions from members of the public, for a maximum of 15 minutes.

[Questions will be taken in the order in which questioners register with the Democratic Services Officer prior to the start of question time. When read out, each question must be concluded within 2 minutes. In the event that it is not possible to give a verbal response, a written response will be provided following the meeting.]

AGENDA

1. **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

2. **MINUTES**

To confirm the Minutes of the Meeting held on 4 July 2023.

3. **DECLARATIONS OF INTERESTS**

To receive from Members, declarations of interest in relation to any items included on the agenda for this meeting, in accordance with the Waverley Code of Local Government Conduct.

4. **QUESTIONS FROM MEMBERS OF THE PUBLIC**

The Chairman to respond to any questions received from members of the public for which notice has been given in accordance with Procedure Rule 10.

The deadline for receipt of questions is 5pm on Tuesday 25 July 2023.

5. **QUESTIONS FROM MEMBERS OF THE COUNCIL**

The Chairman to respond to any questions received from Members in accordance with Procedure Rule 11.

The deadline for receipt of questions is 5pm on Tuesday 25 July 2023.

6. LEADER'S AND PORTFOLIO HOLDERS' UPDATES

7. RECOMMENDATIONS FROM THE OVERVIEW AND SCRUTINY COMMITTEES

There are no Overview and Scrutiny recommendations to the Executive.

8. NEW BUILD HOUSING DELIVERY - CHIDDINGFOLD (Pages 7 - 20)
[Portfolio Holder: Co-Portfolio Holder for Housing (Delivery)]

The purpose of this report is to seek formal approval to enter into a contract for the demolition of existing and delivery of 26 new homes across five sites in Chiddingfold.

Members have already considered and approved the business cases for and delivery of these homes and full project budget at a meeting of Full Council on 13 December 2022. However, progression of construction design, the provision of information from the utility companies and other work to de-risk the project, additional budget is required to ensure that the contingency is in place when we enter into contract. The scheme remains financially viable.

Recommendation to Executive

It is recommended that the Executive approves:

- i. Entering into a contract with the preferred contractor Feltham Construction Limited for the delivery of the works.
- ii. Giving delegated authority to the Executive Head of Legal and Democratic Services to approve the final form of any legal agreements and to Strategic Director (Place) to enter into the JCT Contract.
- iii. Giving delegated authority to the Strategic Director (Place) to approve pre contract agreements with the preferred contractor to enable the development of the project and authorise spend in accordance with the budget.
- iv. Giving delegated authority to the Strategic Director (Place) to enter into any related contractual documentation (including collateral warranties or agreements) relating to the project.
- v. Giving delegated authority to the Strategic Director (Place) to enter into any ancillary agreements related to the project provided that these are within the project budget.
- vi. The sale of five shared ownership homes to be delivered on the Chiddingfold sites with the Executive Head of Housing Services in consultation with Portfolio Holders for Housing (Delivery and Operations) to approve the final terms of such sales having regard to market value and giving the Executive Head of Legal and Democratic Services authority to approve the final form of the sale agreements and any ancillary related legal agreements.
- vii. Giving delegated authority for Executive Head of Housing Services in consultation with Portfolio Holders for Housing (Delivery and Operations)

to approve the future sale of percentage shares.

It is recommended that Executive recommends to Council that:

- i. An allocation of an additional £402,332 budget from reserves is approved.

9. NEW BUILD HOUSING DELIVERY, EWHURST (Pages 21 - 28)
[Portfolio Holder: Co-Portfolio Holder for Housing (Delivery)]

The purpose of this report is to seek Executive approval to buy back an ex-council home in Ewhurst and to demolish six existing properties ahead of approval of a full business case to deliver a development with a net gain of sustainable homes to meet local housing need.

Recommendation

It is recommended that the Executive approves:

- i. The buyback of one leasehold maisonette on best terms, legally required and reasonably obtainable and the use of the buyback reserve for this, together with any related professional costs and Stamp Duty Land Tax.
- ii. The demolition of existing properties in advance of submission of a full planning application, to mitigate the risk associated with properties with significant movement due to subsidence.
- iii. Giving delegated authority to the Executive Head of Housing in consultation with Executive Head of Finance (S151 Officer) to approve the final terms of the purchase.
- iv. Giving delegated authority to the Executive Head of Legal and Democratic Services to approve the final form of any legal agreements relating to purchase.
- v. The allocation of an £100k budget from reserves to commission consultant services and demolition contractor to demolish the existing properties and associated works. This budget allocation will be included within financial viability appraisal that will accompany the business case for the new build scheme when it is bought forward later in the year.
- vi. Giving delegated authority to the Strategic Director (Place) to enter into any related contractual documentation relating to this demolition stage of this project.
- vii. Giving delegated authority to the Strategic Director (Place) to enter into any ancillary agreements related to the project provided that these are within the allocated budget.

10. HOUSING DELIVERY - LOCAL AUTHORITY HOUSING FUND (Pages 29 - 52)
[Portfolio Holder: Co-Portfolio Holder for Housing (Operations & Services)]

The purpose of this report is to brief members on the purpose and details of funding allocated to the Council from the Local Authority Housing Fund and

how the homes will be acquired or re-allocated under this scheme.

Recommendation

It is recommended that the Executive:

- i. Approves the principles of the Council using the Local Authority Housing Funding Scheme, and forward financing the acquisition or allocation of property under this scheme.
- ii. Approves the principle of purchasing properties in the terms set out in the report and Exempt Annexe 1 and delegates to the Executive Head of Housing in consultation with the Portfolio Holder of Housing (Delivery and Operation) to approve the purchase of properties to deliver this project.
- iii. Approves the principle of allocation of the 11 homes as set out in 'Allocations' (Section 10) of this report. With the additional wording for the Allocation scheme to be approved by Executive Head of Housing and Housing Portfolio Holder (Operations) in line with Waverley's Allocations Scheme for housing applicants.
- iv. Delegates to the Executive Head of Housing the authority to tender and enter into any contract to repair or bring up to standard any property purchased under this project in accordance with the principles set out in the Exempt Annexe 1
- v. Grants delegated authority to the Executive Head of Legal and Democratic Services to approve the final form of wording of any legal agreement related to the project.
- vi. Approves the reallocation of 4 two bed shared ownership homes at Ockford Ridge, Site C to allocation as homes for affordable rent for use within this scheme.

11. 69 HIGH STREET, GODALMING

[Portfolio Holder: Portfolio Holder for Finance, Assets and Property]

Report to follow.

12. EXCLUSION OF PRESS AND PUBLIC

To consider the following recommendation on the motion of the Chairman:

Recommendation

That, pursuant to Procedure Rule 20, and in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item(s) on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items, there would be disclosure to them of exempt information (as defined by Section 100I of the Act) of the description specified at the meeting in the revised Part 1 of Schedule 12A to the Local Government Act 1972.

13. ANY OTHER ISSUES TO BE CONSIDERED IN EXEMPT SESSION

To consider matters (if any) relating to aspects of any reports on this agenda which, it is felt, may need to be considered in Exempt session.

**For further information or assistance, please telephone
Fiona Cameron, Interim Democratic Services Manager, on 01483
523226 or by email at fiona.cameron@waverley.gov.uk**

Waverley Borough Council

Report to: Executive

Date: 1 August 2023

Ward(s) affected: Chiddingfold.

Report of Director: Place

Author: Louisa Blundell

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Email: louisa.blundell@waverley.gov.uk

Executive Portfolio Holder: Councillor Nick Palmer

Email: nick.palmer@waverley.gov.uk

Report Status: Open

New Build Housing Delivery - Chiddingfold

1. Executive Summary

- 1.1 The purpose of this report is to seek formal approval to enter into a contract for the demolition of existing and delivery of 26 new homes across five sites in Chiddingfold.
- 1.2 Members have already considered and approved the business cases for and delivery of these homes and full project budget at a meeting of Full Council on 13 December 2022. However, progression of construction design, the provision of information from the utility companies and other work to de-risk the project, additional budget is required to ensure that the contingency is in place when we enter into contract. The scheme remains financially viable.

2. Recommendation to Executive

It is recommended that the Executive approves:

- i. Entering into a contract with the preferred contractor Feltham Construction Limited for the delivery of the works.
- ii. Giving delegated authority to the Executive Head of Legal and Democratic Services to approve the final form of any legal agreements and to Strategic Director (Place) to enter into the JCT Contract.
- iii. Giving delegated authority to the Strategic Director (Place) to approve pre contract agreements with the preferred contractor to enable the development of the project and authorise spend in accordance with the budget.
- iv. Giving delegated authority to the Strategic Director (Place) to enter into any related contractual documentation (including collateral warranties or agreements) relating to the project.
- v. Giving delegated authority to the Strategic Director (Place) to enter into any ancillary agreements related to the project provided that these are within the project budget.
- vi. The sale of five shared ownership homes to be delivered on the Chiddingfold sites with the Executive Head of Housing Services in consultation with Portfolio Holders for Housing (Delivery and Operations) to approve the final terms of such sales having regard to market value and giving the Executive Head of Legal and Democratic Services authority to approve the final form of the sale agreements and any ancillary related legal agreements.
- vii. Giving delegated authority for Executive Head of Housing Services in consultation with Portfolio Holders for Housing (Delivery and Operations) to approve the future sale of percentage shares.

It is recommended that Executive recommends to Council that:

- i. An allocation of an additional £402,332 budget from reserves is approved.

3. Reason for Recommendations:

- 3.1 The Executive and Full Council have previously approved the Business Cases for each of the five sites and the recommended authority is required to enter into the contract with a build contractor and approve additional budget to facilitate delivery of the new homes on these sites through one JCT Design and Build Contract. Through delivery of the project there may be a requirement to enter into project related contractual documents or ancillary agreements.
- 3.2 The Waverley Corporate Strategy 2020-2025 sets out the Vision and Strategic Priorities for the Council. One of the strategic priorities is to 'provide good quality housing for all income levels.'
- 3.3 Build More, Build Better, Build for Life Affordable Homes Delivery Strategy 2022 – 2025 sets out the Council's commitment to build homes to buy or rent for households from all income levels. The strategy has been supported by evidence studies including the Waverley Housing Affordability Study 2021.
- 3.4 Delivery of 26 homes at Chiddingfold including five shared ownership homes meets these priorities and commitments.

4. Exemption from publication

- 4.1 Part Exempt – Open Report / Exempt Annexe

Note pursuant to Section 100B(5) of the Local Government Act 1972

This report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5. Purpose of Report

- 5.1 To obtain Executive approval for additional budget and to enter into a JCT Contract with a build contractor to facilitate delivery of the 26 new homes.

6. Strategic Priorities

- 6.1 Affordable housing is central to community well-being. It is consistent with the Council's [Corporate Strategy 2020 – 2025](#), strategic priority to deliver 'good quality housing for all income levels and age groups' and 'effective strategic planning and development management to meet the needs of our communities.'
- 6.2 This project aims to increase the number of affordable homes available for those that are in housing need and registered on the Council's housing register.

7. Background

- 7.1 Members have already considered the business case and supporting appendices for the five sites in Chiddingfold and approved the delivery of the homes and full project budget for each site at a meeting of Full Council on 13 December 2022 however a summary of proposals for the scheme which has continued since then is set out below with further financial information in Exempt Annexe 1.

8. Housing tenure

- 8.1 The affordable homes on the sites will have a tenure mix of 21 homes for rent at Waverley rent levels and 5 shared ownership homes. The Waverley rents are as set out in the table below.

Property size	% Open market rent
2 bed	70
3 bed	65

- 8.2 Some of the rented homes will be allocated to tenants who have decanted on a temporary basis and will return to a new home and the remaining homes will be advertised on HomeChoice the Council's online system for allocation of homes.
- 8.3 Of the affordable home ownership options, shared ownership remains the most affordable option for those who wish to purchase a property but cannot afford full home ownership as it allows an initial percentage share of the property to be purchased while the council retains the other share.
- 8.4 Further shares can be purchased in the future, which is known as 'staircasing', reducing the percentage share owned by the council.
- 8.5 The council holds a shared ownership database where interested parties can apply and subject to meeting the eligibility criteria set by government their details are added to the register. The shared ownership homes are marketed initially to those on this register and applicants will be contacted in order of the date of their registration and notified of the availability of these homes.
- 8.6 An independent valuation report for each of the properties will determine the sale price and setting of rents based on 2.75% of unsold equity of the shared ownership home.
- 8.7 Affordability checks will be completed and subject to these checks an initial non-refundable holding deposit will be taken.
- 8.8 Solicitors will then be appointed to act on behalf of the Council to prepare the sale and lease documents and purchasers will instruct their own solicitors to liaise with the solicitors acting on behalf of the Council regarding the sale/purchase of the property.
- 8.9 The five shared ownership homes will be sold following the process set out above and subject to approval of the recommendations being made to Executive in this report and commencement of delivery of the new homes we will be contacting applicants who are interested in shared ownership homes in Chiddingfold.

9. Procurement

- 9.1 The Housing Development Team have been working with our appointed employer's agent, quantity surveyor to procure a build contractor to deliver 26 new homes across five sites in Chiddingfold. These homes form part of the new affordable home delivery within the Chiddingfold Neighbourhood Plan.
- 9.2 Following the Contract Procedure Rule compliant tender for a build contractor, W Stirland was appointed to deliver these new homes, however as reported in the business cases for the sites in December, this contractor went into administration.
- 9.3 Feltham Construction Limited (FCL) had submitted the second lowest compliant tender under the original tender exercise and it was agreed in consultation with the council's procurement officer and our appointed employer's agent that they would be approached to establish if remained interested in the project and requested to submit a revised tender which reflected the impact of inflation since the submission of the original tender.
- 9.4 Following submission of this revised tender sum, our employer's agent produced a tender report summarising the position and supported progression with FCL.
- 9.5 Further information which had been developed through the work completed by W Stirland through a pre contract services agreement (PCSA) was then shared with FCL, this assisted them in reviewing allowances made and contract sum whilst preserving the Council's commercial position with W Stirland.
- 9.6 As part of their submission, FCL provided an analysis breaking the tender sum down across each site, separating out all the principal elemental costs. This relatively open-book approach has given our employers agent confidence that the revised Tender Sum again represents a competitive price. The council's Procurement Officer was involved in these developments was satisfied the council's Procurement rules have been followed.

- 9.7 FCL agreed to hold its re-tendered and revised price until the end of Q1(2023/24) and to ensure the tender sum was maintained the council entered into a pre-contract services agreement (PCSA). This enabled FCL to get on site and undertake work to, for example, implement planning consents, commission filtration test, progress construction design work and other matters like payments to utility companies to prepare their designs. The costs allocated to the PCSA are included in the tender sum and are not in addition to.
- 9.8 We are now in a position where we can enter into contract with FCL to prevent delay with progression of the delivery of the new homes.
- 9.9 Whilst we secure the delegations, FCL has asked for a letter of intent to demonstrate commitment of the Council to the scheme as they need to assign staffing and capacity to the project in their future plans and ability to give assurances to their sub-contracting teams. If we are unable to provide this assurance, it risks the project being delayed and potentially loss of FCL's commitment to the project.
- 9.10 In addition to the letter of intent, the schedule of work and value of the PCSA has been extended within the scope of officer delegation. This will enable FCL to progress for example, the construction design, submission of a new but identical planning application for Pathfield B and payments to utility companies to secure their fee for new connections. Further financial detail relating to this can be found in Exempt Annexe 1.

9. Consultations

- 9.1 The Portfolio Holders for Housing Operations and Delivery together with members of the Resources Overview and Scrutiny Committee have considered the business cases for each of the five sites prior to its consideration by Executive on 29 November 2022 and by full Council on 13 December 2022. The Portfolio Holder for Housing Operations has also been consulted regarding information and recommendations for approval within this report.

9.2 Tenants affected by the development proposals have been consulted and moved on a temporary or permanent basis and consultation events have been arranged for the wider community of Chiddingfold. The Parish Council have been involved in the development of the schemes and the sites are included in the Chiddingfold Neighbourhood Plan. The Ward Member and members of the Parish Council have also attended a meet the contractor event held

10. Key Risks

10.1 If the Executive do not approve the recommendations made in this report, then the development of 26 homes across five sites will not be delivered.

10.2 Delaying a decision to approve the recommendations will have additional cost implications as the preferred contractor is ready to mobilise subject to contract. It is therefore imperative that the contract is signed as soon as we have the authorities in place.

11. Financial Implications

11.1 The total budget approved for this development at full Council on 13 December 2022 was £8,902,713. The costs have now increased and a budget of £9,305,045 will be required. This is an increase of £402,332 which will be funded through a mixture of capital receipts and borrowing. Though the costs have gone up on this scheme overall viability has improved. We have reworked the viability assessments to take account of revised valuations received in June 2023 and a change in the borrowing assumptions considering the current market forecasts. This results in a favourable change in the viability of these schemes with NPV improving across the board as well as the revenue impact improving. This information can be found in Exempt Annex 1.

11.2 The gross development value for the five sites, 26 homes is £10,906,000.

12. Legal Implications

- 12.1 Procurement of a build contractor has been completed in line with the Council's Contract Procedure Rules.
- 12.2 Members have already considered the business case and approved the recommendations made at the meeting of the Council of 13 December 2022 however formal approval is needed to enter into the JCT contract with Feltham Construction Limited.
- 12.3 The delegations included in the report enable the full build and disposal to be managed in an effective and coordinated way, having regard to the budget and strategic business case.

13. Human Resource Implications

- 13.1 There are no significant human resource implications. Officers in the Housing Development Team have and will continue to liaise with the Senior Living Team throughout the building work and Home Choice and Property Services Teams prior to handover of the new flats.

14. Equality and Diversity Implications

- 14.1 There are no direct equality, diversity, or inclusion implications in this report. Equality impact assessments are carried out, when necessary, across the council to ensure service delivery meets the requirements of the Public Service Equality Duty under the Equality Act 2010.

15. Climate Change/Sustainability Implications

- 15.1 Our build contractor appointment includes an assessment of responses in relation to minimise the carbon impact on delivery of schemes, with specific references to addressing their environmental impact, pre-construction activity, build and post construction phases and management of their supply chain.
- 15.2 The scheme was originally designed prior to the council's net zero policy becoming a corporate requirement and there has been a

number of net zero enhancements added during the discussions held post-tender with the preferred contractor, Feltham Construction Limited: these have been added from a 'fabric- first plus 35%' initial position and include the installation of air-source heat pumps and photo voltaic (PV) panels as bolt-on technologies, to complement enhanced insulation (doors, windows, floor slab, roofs and wall) measures, the fabric-first elements.

- 15.3 These measures combine to produce SAP-ratings for the property: a SAP rating is the calculation that is required in order to produce a Predicted Energy Assessment and an On Construction Energy Performance Certificate. Building Regulations require that a SAP calculation and a Predicted EPC is submitted for new dwellings prior to the commencement of work.
- 15.4 The scheme (five sites) has also been in design during the change to higher levels of Building Control requirements and compliance with uplift to the new Part O Regulations of June 2022 that are also a feature of Climate Change/Sustainability Implications for the scheme. This has resulted in the analysis and assessment of more than 20 different measures (both fabric-first and new technology) that has formed part of the scheme's pre-construction design and appraisal.
- 15.5 Climate Change considerations also affects drainage and the scheme's overall SuDS, impacting the type of road and parking space surface treatment, the effect of soft / hard landscaping on infiltration rates and overheating calculations for the properties reflecting their aspect and glazing.
- 15.6 All these design considerations reflect the council's drive towards net zero, during design, in construction and thereafter in operation so that the most sustainable, lowest achievable carbon and highest SAP rating within the financial constraints of the scheme.
- 15.7 Officers and the council's specialist consultants have applied lessons learnt in recent schemes (Laurel Close, (Site B) Ockford Ridge, Godalming, a Surrey Building Control Awards -winning scheme this year) to continue to improve performance in these areas. Post-

occupancy monitoring, also a new area of data gathering, will further improve this design and modifications for subsequent new schemes.

16. Summary of Options

- 16.1 The options were proposed within the business case and covering report presented to members at Executive in November and Full Council in December 2022.

17. Conclusion

- 17.1 The Executive and Full Council have previously approved the business case and budget for delivery of 26 homes across five sites in Chiddingfold. It is recommended that the Executive approve delegation to the Executive Head of Legal and Democratic Services approve the final form of legal agreements and to the Strategic Director (Place) to enter into the JCT Contract for the delivery of these homes and other delegations as set out in 1 (i -iv) of this report.

18. Background Papers

- 18.1 HRA Business Plan Strategic Review Housing Delivery - Executive 29 November 2022

HRA Business Plan Strategic Review Housing Delivery - Full Council 13 December 2022

Please ensure the following service areas have signed off your report.
Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	22.06.23
Legal / Governance	22.06.23
HR	N/A
Equalities	N/A
Lead Councillor	26.06.23
CMB	
Executive Briefing/Liaison	n/a
Committee Services	24/07/23

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

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Waverley Borough Council

Report to: Executive

Date: 1 August 2023

Ward(s) affected: Ewhurst & Ellens Green

Report of Director: Place

Author: Louisa Blundell

Tel: 01483 523205

Email: louisa.blundell@waverley.gov.uk

Executive Portfolio Holder: Councillor Nick Palmer

Email: nick.palmer@waverley.gov.uk

Report Status: Open

Housing Delivery - Ewhurst

1. Executive Summary

- 1.1 The purpose of this report is to seek Executive approval to buy back and ex-council home in Ewhurst and to demolish six existing properties ahead of approval of a full business case to deliver a development with a net gain of sustainable homes to meet local housing need.

2. Recommendation to Executive

It is recommended that the Executive approves:

- i. The buyback of one leasehold maisonette on best terms, legally required and reasonably obtainable and the use of the buyback reserve for this, together with any related professional costs and Stamp Duty Land Tax.
- ii. The demolition of existing properties in advance of submission of a full planning application, to mitigate the risk associated with properties with significant movement due to subsidence.
- iii. Giving delegated authority to the Executive Head of Housing in consultation with Executive Head of Finance (S151 Officer) to approve the final terms of the purchase.
- iv. Giving delegated authority to the Executive Head of Legal and Democratic Services to approve the final form of any legal agreements relating to purchase.
- v. The allocation of an £100k budget from reserves to commission consultant services and demolition contractor to demolish the existing properties and associated works. This budget allocation will be included within financial viability appraisal that will accompany the business case for the new build scheme when it is bought forward later in the year.
- vi. Giving delegated authority to the Strategic Director (Place) to enter into any related contractual documentation relating to this demolition stage of this project.
- vii. Giving delegated authority to the Strategic Director (Place) to enter into any ancillary agreements related to the project provided that these are within the allocated budget.

3. Reason for Recommendations:

- 3.1 The homes on this site are not habitable and need to be demolished as they have been deemed dangerous structures under the Building Act 1984. Subject to the buyback of one leasehold maisonette, all the existing properties can be demolished, mitigating the risk of further movement and potential collapse.
- 3.2 The Waverley Corporate Strategy 2020-2025 sets out the Vision and Strategic Priorities for the Council. One of the strategic priorities is to 'provide good quality housing for all income levels.'

- 3.3 Build More, Build Better, Build for Life Affordable Homes Delivery Strategy 2022 – 2025 sets out the Council’s commitment to build homes to buy or rent for households from all income levels. The strategy has been supported by evidence studies including the Waverley Housing Affordability Study 2021.
- 3.4 Demolition of the existing homes will leave a clear site to facilitate the delivery of new affordable and sustainable homes at Downhurst Road, Ewhurst.

4. Exemption from publication

- 4.1 Open Report

5. Purpose of Report

- 5.1 To brief Executive on progress made with developing proposals to bring forward the regeneration of 47 – 57 Downhurst Road.
- 5.2 To report on the condition of the existing buildings and the need to acquire one former Council flat and demolish all homes before bringing forward a business case and accompanying viability appraisal for member approval and submission of a full planning application for the delivery of new homes.
- 5.3 To provide background on the and reason behind the request for approval of the allocation of a specific pre-development budget for this project to facilitate procurement of a demolition contractor and the demolition of six existing homes.

6. Strategic Priorities

- 6.1 Affordable housing is central to community well-being. It is consistent with the Council’s [Corporate Strategy 2020 – 2025](#), strategic priority to deliver ‘good quality housing for all income levels and age groups’ and ‘effective strategic planning and development management to meet the needs of our communities.’

6.2 Whilst this report is seeking approvals which will enable commencement of pre-development works the overall project aims to increase the number of affordable homes available for those that are in housing need and registered on the Council's housing register.

7. Background

7.1 Properties at 47 – 49 and 51 – 57 Downhurst Road, including a leaseholder property 55 Downhurst Road have been affected by subsidence and considering the condition of the homes, regeneration of the site where a net gain of homes can be achieved whilst continuing to provide a local area of play, makes the best use of the Council land asset.

7.2 All properties are now void and utility disconnection work has commenced.

7.3 The condition of the properties has been monitored by consultant structural engineers and the movement of the buildings, particularly 47 – 49 Downhurst Road has increased significantly over the last 3 months. Further advice has been recently sought from building control and following their survey a written report confirms this movement caused by clay sub soils which are of hi volume change potential clay and the location of fully mature oak trees which are over 22 meters in high within a few meters of the properties. The report concludes that the properties are now considered dangerous buildings and in need of demolition.

7.4 Using the general pre-development budget, officers have procured and appointed an architect and several other consultants to form the design team who will prepare reports and complete surveys to inform a planning application. Pre-application advice has been sought on the design for the site which is at feasibility stage. Having considered the information provided the planning officer concluded informally that the scheme could be supported subject to further design development and consideration of the impact on the neighbouring amenity.

- 7.5 Officers will continue to work with the design team to develop the scheme to the point where a business case and supporting viability appraisal will be submitted for consideration by members of Executive and Full Council ahead of submission of a full planning application. Information to inform the viability appraisal has been commissioned including provision of build cost estimates and independent valuation of the proposed scheme at feasibility stage.
- 7.6 The Council has instructed an independent valuation of the leasehold property with Brett Gardner. There is a reserve available specifically for buy back within the Housing Revenue Account.
- 7.7 Officers continue to engage with the leaseholder regarding purchase of their property. The leaseholder is also pursuing a claim against their leaseholder insurance policy.

8. Future housing scheme

- 8.1 It is proposed that following demolition of existing properties, the site will be bought forward as a 100% affordable housing scheme of 12 homes.

9. Procurement

- 9.1 Subject to the approval of recommendations made in Section 1 of the report, officers will procure an employer's agent, and a demolition contractor to demolish the homes to leave a clear site ready for delivery of new affordable homes.

10. Key Risks

- 10.1 Delay in demolition of the existing homes, particularly the two homes 47 – 49 Downhurst Road increases the risk their potential collapse.

11. Financial Implications

- 11.1 There is a buy back reserve which the purchase of the leasehold property can be funded from and the total available is £468,895. Any

revenue costs will be funded from existing budget within the Housing Revenue Account. Whilst the purchase of this property will not directly contribute to the bottom line of the HRA (Housing Revenue Account) business plan it will facilitate the delivery of a new build scheme which will support its long – term sustainability.

- 11.2 Demolition of the existing homes removes the Council tax liability. There is also a loss of rental income whilst the regeneration of the site is undertaken, and new homes are delivered.

12. Legal Implications

- 12.1 The Council is empowered to acquire property in relation to providing social housing, this includes the repurchase of property previously sold under Right to Buy. In undertaking such purchases the Council has to have regard to its duties of best value and ensure that any purchase represents fair value for money.
- 12.2 The delegations included in the report enable the buy back of a former Council property, procurement, and appointment of an employer's agent and demolition contractor, to be managed in an effective and co-ordinated way having regard to the budget allocation for the buy back and up to £100k to safely demolish the existing homes.

13. Human Resource Implications

- 13.1 There are no human resource implications.

14. Equality and Diversity Implications

- 14.1 There are no direct equality, diversity, or inclusion implications in this report. Equality impact assessments are carried out, when necessary, across the council to ensure service delivery meets the requirements of the Public Service Equality Duty under the Equality Act 2010.

15. Climate Change/Sustainability Implications

15.1 Through the procurement of the necessary consultants and demolition contractor an assessment of responses will be completed in relation to minimising the carbon impact for this stage of the project.

16. Summary of Options

16.1 Option 1 - Do nothing at this stage and submit the business case for the demolition and delivery of a new affordable housing scheme and subject to that approval.

16.2 Option 2 (preferred option) - Buy back of the former Council home, demolition of all property on the site to mitigate against risk of the collapse of the properties.

17. Conclusion

17.1 The purchase of the leasehold property using demolition of all existing property on the site rebuild to deliver 12 new homes in Ewhurst, Cranleigh.

Please ensure the following service areas have signed off your report.
Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	29/06/23
Legal / Governance	29/06/23
HR	N/A
Equalities	N/A
Lead Councillor	26.06.23 & 17.07.23
CMB (Corporate Management Board)	17.07.23
Executive Briefing/Liaison	n/a
Committee Services	24/07/23

Waverley Borough Council

Report to: Executive

Date: 1 August 2023

Ward(s) affected: Borough Wide.

Report of Director: Community Wellbeing

Author: Executive Head of Housing

Tel: 01483 523096

Email: louisa.blundell@waverley.gov.uk

Executive Portfolio Holder: Councillor Paul Rivers

Email: paul.rivers@waverley.gov.uk

Report Status: Part Exempt

Housing Delivery

Local Authority Housing Fund

1.0 Executive Summary

- 1.1 The purpose of this report is to brief members on the purpose and details of funding allocated to the Council from the Local Authority Housing Fund (LAHF) and how the homes will be acquired or re-allocated under this scheme.
- 1.2 An independent LAHF Funding Appraisal Review has been undertaken and is attached as Exempt Annexe 1 to this report. This document assesses the financial viability appraisals completed by council officers and includes observations, best practice guidance on

delivery of the scheme and recommendations related to the location and purchase price of the seven homes to be acquired.

2.0 Recommendation to Executive

It is recommended that the Executive approves:

- i. The principles of the Council using the Local Authority Housing Funding Scheme, and forward financing the acquisition or allocation of property under this scheme.
- ii. Approves the principle of purchasing properties in the terms set out in the report and Exempt Annexe 1 and delegates to the Executive Head of Housing in consultation with the Portfolio Holder of Housing (Delivery and Operation) to approve the purchase of properties to deliver this project.
- iii. Approves the principle of allocation of the 11 homes as set out in 'Allocations' (Section 10) of this report. With the additional wording for the Allocation scheme to be approved by Executive Head of Housing and Housing Portfolio Holder (Operations) in line with Waverley's Allocations Scheme for housing applicants.
- iv. Delegates to the Executive Head of Housing the authority to tender and enter into any contract to repair or bring up to standard any property purchased under this project in accordance with the principles set out in the Exempt Annexe 1
- v. Grants delegated authority to the Executive Head of Legal and Democratic Services to approve the final form of wording of any legal agreement related to the project.
- vi. Approves the reallocation of 4 two bed shared ownership homes at Ockford Ridge, Site C to allocation as homes for affordable rent for use within this scheme.

3.0 Reason for Recommendation:

- 3.1 The Waverley Corporate Strategy 2020-2025 sets out the Vision and Strategic Priorities for the Council. One of the strategic priorities is to 'provide good quality housing for all income levels.'

- 3.3 *Build More, Build Better, Build for Life Affordable Homes Delivery Strategy 2022 – 2025* sets out the Council’s commitment to build homes to buy or rent for households from all income levels. The strategy has been supported by evidence studies including the *Waverley Housing Affordability Study 2021*.
- 3.4 The Council has been allocated a total of £2,039,531 LAHF funding to provide a maximum of 40% of the cost of each property on the ‘Main Element’ and up to a maximum of 50% of the costs of the ‘Bridging Element’ (four bed property.) The use of funding supports the delivery of additional homes for those in housing need whilst reducing the financial impact on the Housing Revenue Account and level of borrowing required.

4.0 Exemption from publication

- 4.1 Part Exempt – Open Report / Exempt Annexe

Note pursuant to Section 100B(5) of the Local Government Act 1972

This report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5.0 Purpose of Report

- 5.1 To obtain Executive approval to use the funding from the Local Authority Housing Fund to deliver additional homes for those in housing need in accordance with the conditions of the funding.

6.0 Strategic Priorities

- 6.1 Affordable housing is central to community well-being. It is consistent with the Council’s [Corporate Strategy 2020 – 2025](#), strategic priority to deliver ‘good quality housing for all income levels

and age groups’ and ‘Effective strategic planning and development management to meet the needs of our communities.’

- 6.2 This project aims to increase the number of affordable homes available for those that are in housing need and registered on the Council’s housing register.

7. Background

- 7.1 The Department for Levelling Up, Housing and Communities (DLUHC) introduced a £500 million capital fund – the Local Authority Housing Fund (LAHF) – for local authorities in England to provide accommodation to families with housing needs who have arrived in the UK (United Kingdom) via Ukrainian and Afghan resettlement and relocation schemes. Local authorities (LAs) who have welcomed arrivals are facing challenges in securing settled accommodation for these households, which unless alleviated will further impact existing housing pressures. LAHF will help them to address these immediate pressures as well as build a sustainable stock of affordable housing for the future.

- 7.2 There are two elements to this funding, Main element, and Bridging element.

- Main element – Waverley have been allocated £1,670,000 to provide a minimum of 10 homes.
- Bridging element – Waverley have been provisionally allocated £369,531 to provide 1 larger 4+ bed home to be provided to households currently residing in bridging accommodation.

- 7.3 This is a capital grant and there will be no revenue allocation. The timeframe for delivery is very short. The target deadline for delivery is 30 November 2023; however, DLUHC have said that delivery of the fund will be measured on the basis of exchange of contracts, or equivalent milestone where exchange of contract will not occur, and number of families housed.

- 7.4 DLUHC is committed to funding any contract Local Authorities enter into, even if completion occurs after this date. Similar to the Right Buy Receipts we can only use this grant to fund up to 40% of the scheme costs. Waverley would therefore need to fund the remainder of the costs which would be through borrowing as recommended in the HRA Business Plan Strategic Review which was approved by members at Full Council in December 2023.
- 7.6 The DLUHC have not mandated local authorities to apply fixed tenancies and expect these additional homes to become available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed. It is up to local authorities to determine rent levels but should be low cost/affordable. The financial viability appraisals have been completed with the rents for the homes acquired on the open market set at social rent and the new build sustainable, energy efficient homes at Ockford Ridge set at affordable rent (70% market rent) to be consistent with the rent levels on the other 2 bed housings on this development.
- 7.7 The fund can be used for repurposing council owned buildings, acquiring existing or new build homes, expanding existing housing delivery programmes. Repurposing council owned buildings would mean bringing housing back into use or changing use of a building. It could not be used to refurbish a current rentable property.
- 7.8 The use of the LAHF on existing schemes would release 1-4-1 receipts which have currently been allocated. These can then be used for future schemes and reduce the need for borrowing on those schemes.
- 7.9 In March 2023 Waverley submitted a validation form confirming the proposal to deliver 11 homes (10 homes through the main element and 1 through the bridging element). Waverley could choose to only

deliver the bridging element but cannot deliver the main element only.

- 7.10 At the end of March 2023, the S151 Officer signed and returned to DLUHC the Memorandum of Understanding for delivery of the additional homes using the LAHF allocation of £2,039,531.
- 7.11 Based on this the first tranche of funding as paid (30% of allocation) and further payments will be made (70%) when at least 60% of the works are completed.
- 7.12 A LAHF Project Group has been established to gather information to inform this report and subject to approval by Executive to project manage and monitor delivery to meet the terms of the LAHF.

8.0 Delivery Options

- 8.1 The options for delivering these homes are repurposing council owned buildings, acquiring existing or new build homes and expanding existing housing delivery programmes.

- 8.2 Repurposing council owned homes.

On 13 December 2022, the Council approved delivery of 30 new homes at Ockford Ridge, Godalming. The construction of homes at Ockford Ridge (site C) is underway with completion of homes expected by December 2023/ early January 2024. There are currently six homes identified for shared ownership sale with the remaining homes available for social / Waverley rent.

It is proposed that tenure for four of these homes is changed from shared ownership sale to rent.

- 8.3 Acquiring existing or new build homes.

Another option considered is to acquire homes on the open market in key settlement area, either new build or existing stock, purchasing between September 2023 and March 2024.

Enquiries have been made about acquisition of new build homes on a developer's site in Godalming; however, as the sales remain buoyant on this development this is unlikely to be a viable option with the maximum discount on the open market sale price being 1-2%.

8.4 Expanding existing housing delivery programmes.

We have several other sites in the delivery programme which the development team will be able to bring forward business cases for soon however taking a scheme to practical completion by March 2024 is unlikely to be achieved.

The other option considered related to expanding the existing programme is to consider delivery of modular homes on former garage site. Support would be required in terms of planning and establishing the procurement route to achieve a delivery period like that which was achieved with the rough sleeper units at Badgers Close, Farncombe.

9.0 Property Purchase - Works

9.1 Properties acquired on the open market may require a level of void work. If the scope of the works is minimal, i.e., new kitchen or bathroom, they may be added to our planned works contracts. However, if there are multiple works which require co-ordination, a minor works package to the Waverley standard specification will need to be procured using an existing call off contract with support from a contract administrator to manage the contract.

10.0 Allocation

10.1 On completion of works or handed over of property the properties officers propose the following allocation cascade which fulfils the criteria of the LAHF scheme:

- 1x4 bed property – offered to an Afghan household as a secure tenancy or Flexible Tenancy.
- For the remaining 10 properties:
- In the first instance, to prioritise Ukrainian households that are threatened with homelessness, cannot be re-matched to another host family and that the Council has a statutory duty to assist under its homelessness duties. Households to be identified by Housing Options/Ukraine teams. Households will be offered Flexible Tenancies.
- The Council prioritise Afghan households that are threatened with homelessness and that the Council has a statutory duty to assist under its homelessness duties. Households identified by Housing Options/Ukraine team. Households will be offered Flexible Tenancies.
- The Council prioritise households that are threatened with homelessness and that the Council has a statutory duty to assist under its homelessness duties. Households identified by Housing Options Team. Households will be offered Flexible Tenancies.

10.2 Following the first letting of the properties developed or purchased under LAHF, the Council either:

- i) continues to let the properties under the above cascade or
- ii) treats the properties as its normal Council stock and let's them as secure tenancies through Waverley Homechoice or
- iii) offers to homeless households

10.3 Decisions on each relet will be based on the pressures facing the Housing Options/Homechoice service.

10.4 Officers will draft additional wording for the Allocation Scheme to reflect members decision/approval of what is outlined above, providing transparency in regard to the direct letting of the LAHF properties. Wording will be approved by the Executive Head of Housing and Housing Portfolio Holder, in line with Waverley's Allocation Scheme for housing applicants.

11. Consultations

11.1 Officers briefed the Executive prior to entering into the Memorandum of Understanding and subsequently the Portfolio Holders for Housing Operations and Delivery have been briefed ahead of issue of this report.

12. Key Risks

12.1 If the Executive do not approve the recommendations made in this report, then funding will be returned to DLUHC and result in the loss of the opportunity to provide 11 additional homes with grant funding from the LAHF.

13. Financial Implications

13.1 The Local Authority Housing Scheme will provide up to 40% of the costs of delivering the 'main element' 10 additional homes and 50% of the cost of delivering the 'bridging element' one four bed home. For the Ockford Ridge Scheme, where the proposal is to switch four of the previously Shared Ownership properties to the LAHF scheme, this 40% funding will just replace the 40% of funding which was allocated from 1-4-1 receipts. There is therefore no budget impact on this part of the scheme. The viability has also been reviewed for the Ockford Ridge scheme with updated valuations, rent assumptions and assumptions on borrowing. This results in an improved viability compared to the scheme approved at Council in December 2022.

- 13.2 For the proposal to purchase 7 homes on the open market and reallocation of four shared ownership homes to homes let at affordable rent (70% open market rent) a budget of £4,914,060 will be required.

The split of funding for delivery of these homes is set out below.

Funding	
Local Authority Housing Fund	£2,039,531
Borrowing (PWLB (Public Works Loan Board))	£2,897,529

A summary of the financial modelling can be found in Exempt Annex 1 (Page 2.) There is a positive net revenue impact over the life of the asset (60 years) for both the homes acquired on the open market and new build.

14.0 Legal Implications

- 14.1 The Council is empowered to purchase property for the purposes of providing housing, as well as securing borrowing to fund this. Whilst the allocation of housing according to this scheme would be outside of the usual housing allocation policy Members are able to make the decision to deviate from policy where it is reasonable and proportionate to do so. Particularly if there are good grounds to do this. Members can consider the funding provided from central government as a basis for such deviation from policy.

15.0 Human Resource Implications

- 15.1 Officers in the Housing Development Team have and will continue to project manage / co-ordinate the delivery of the additional homes. When the properties are purchased, there is a potential for the appointment of a consultancy to manage the procurement and

delivery of the minor works contract. The procurement of this consultancy will require input from the Property Services Team.

16.0 Equality and Diversity Implications

16.1 There are equality, diversity, and inclusion implications in this report, as properties under the LAHF scheme can only be let to households of a specific nationality. The scheme has been introduced by Central Government to enable local authorities in England to provide accommodation to families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. Therefore, homes under the scheme will be let for a fixed term to Afghan and Ukrainian households. At the end of the fixed period the homes can be brought into general needs stock and let to qualifying households on the Council's housing register.

17.0 Climate Change/Sustainability Implications

17.1 The Council is committed to ensuring our operations are environmentally sustainable and resilient to future change and is aware that procurement of goods, works and services will have environmental implications and is working to reduce and minimise these negative effects where possible. Specification and other tender documentation relating to the procurement of goods, works and services for the delivery of the additional eleven homes will include environmental and societal consideration.

17.2 Energy efficient improvements will be considered a priority when assessing the properties acquired and any improvements to improve the EPC (Energy Performance Certificate) rating when the works have been completed.

18.0 Conclusion

18.1 The Council has been allocated a total of £2,039,531 LAHF funding to support delivery of additional homes to meet housing need with direct allocation of the 10 homes (main element) in the first instance

to those in housing need from Ukraine followed by allocation as set out in Section 10 of this report. The direct allocation of the four bedroomed home will be to those in housing need from Afghanistan.

18.2 The additional homes will be part funded through borrowing and financial modelling undertaken shows a positive net revenue impact over the life of the asset (60 years) for both the homes at Ockford Ridge and those acquired.

18.3 It is requested that the Executive consider the report and information within Exempt Annexe 1 and approve the recommendations as set out in Section 2 of this report.

19.0 Background Papers

19.1 Annexe 1 – LAHF Funding Appraisal Review (Final)

19.2 DLUHC - LAHF Prospectus and Guidance

Please ensure the following service areas have signed off your report. Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	30/06/23 CK
Legal / Governance	06/07/23 IH
HR	N/A
Equalities	N/A
Lead Councillor	21/07/23
CMB	18/07/23
Executive Briefing/Liaison	31/01/23 & 07/03/23
Committee Services	

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

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