

Waverley Borough Council

Report to: Overview and Scrutiny (Resources)

Date: 14 November 2023

Ward(s) affected: Godalming Central and Ockford

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: Part Exempt

New Build Housing Delivery - Catteshall Lane, Godalming

1.0 Executive Summary

- 1.1 The purpose of this report is to seek formal approval to enter into a legal agreements with the developer for the acquisition of the land and delivery of 12 new homes in Catteshall Lane, Godalming.

- 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, due to the time delay in securing the planning consent for the development the developer has sought an additional sum to reflect build cost inflation and market conditions since the Council expressed an interest in this opportunity. Due to this an additional budget is required to ensure

that the contingency is in place when we enter into legal agreement for the land and build of the 12 new homes. The scheme remains financially viable.

2.0 Recommendation to Overview and Scrutiny Committee (Resources)

2.1 It is recommended that the Overview and Scrutiny Committee consider the report and information within the Exempt Annexes and the recommendations below (2.2 (i-v) and provides comments, suggestions and observations to Executive.

2.2 Recommendations

- i. Give 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 these agreements with the developer.
- ii. Give delegated authority to the Strategic Director (Place) to approve pre legal agreements with the developer to enable the development of the project and authorise spend in accordance with the budget.
- iii. Give delegated authority to the Strategic Director (Place) to enter into any related contractual documentation (including collateral warranties or agreements) relating to the project.
- iv. Give 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.
- v. Executive is asked to recommend to Full Council the approval of the allocation of an additional £276,342 budget to be met through a combination of capital receipts and borrowing.

3.0 Reason for Recommendations:

3.1 The Executive and Full Council have previously approved the Business Case for this site and the recommended authority is required to enter into the legal agreements with the developer and approve additional

budget to facilitate delivery of the new homes on this site through these agreements. Through delivery of the project there may be a requirement to enter into project related contractual documents or ancillary agreements for example with utility companies and other statutory authorities.

- 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 12 homes at Catteshall Lane, will support meeting these priorities and commitments.

4.0 Exemption from publication

- 4.1 Yes 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 provide members with an update on the progress made with the acquisition of the 12 homes, the request for additional budget and

other recommendations including to enter into legal agreements to facilitate delivery of the 12 new homes.

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.

7.0 Background

- 7.1 Members have already considered the business case and supporting appendix for four new homes and approved the delivery of the homes and full project budget at a meeting of Full Council on 13 December 2022 however a summary of proposals for the scheme is set out below with further financial information in Exempt Annexe 1.

8.0 Housing tenure

- 8.1 The affordable homes on the sites will be for rent at Waverley rent levels.

Property size	% Open market rent
6 x 1 bed	70
6 x 2 bed	70

9.0 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 case for the site prior to its consideration by Executive on 29 November 2022 and by full Council on 13 December 2022. Portfolio Holders Housing (Delivery and Operations) and other members of the Executive have been briefed on the proposals and recommendations set out in this report and associated Exempt Annexe 1.

10.0 Key Risks

10.1 If the Executive do not approve the recommendations made in this report, then the development of twelve homes will not be acquired by the Council and the developer would need to seek alternative expressions of interest from a registered provider and as a result delay delivery of these homes for those in housing need.

10.2 Delaying a decision to approve the recommendations will have additional cost implications as the developer is ready to mobilise subject to entry into legal agreement. It is therefore imperative that the agreements are signed as soon as we have the authorities in place.

11.0 Financial Implications

11.1 The total budget approved for this development at full Council on 13 December 2022 was £2,845,500. The costs have now increased and a budget of £3,121,842 will be required. This is an increase of £276,342 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 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 Annexe 1.

11.2 The gross development value for the four homes has reduced slightly reflecting the current housing market conditions £3,877m.

12.0 Legal Implications

12.1 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 legal (land and build) agreements with the developer.

12.3 The delegations included in the report enable the delivery of these homes to be managed in an effective and coordinated way, having regard to the budget and strategic business case.

13.0 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 internal stakeholders including Home Choice and Property Services Teams prior to handover of the new flats.

14.0 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.

15.0 Climate Change/Sustainability Implications

15.1 The construction of the new homes will take a fabric first approach which will be complemented through the installation of air-source heat pumps and potentially photo voltaic (PV) panels as bolt-on technologies, to complement enhanced insulation (doors, windows, wall) measures, the fabric-first elements.

16.0 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.

17.0 Conclusion

17.1 The Executive and Full Council have previously approved the business case and budget for delivery of 12 homes at Catteshall Lane, Godalming. The Overview and Scrutiny Committee are requested to consider this report and information within the Annexes to this report, together with recommendations (2.1 i-v) made and provide comments, suggestions and observations to Executive.

18.0 Exempt Annexes

18.1 Exempt Annexe 1 – Housing Delivery Catteshall Lane Financial Analysis

18.2 Exempt Appendix 1 to Exempt Annexe 1 – Valuation Report

19.0 Background Papers

19.1 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	26/10/23
Legal / Governance	03/11/23
HR	-

Equalities	-
Lead Councillor	26/10/23
CMB	15/08/23
Executive Briefing/Liaison	31/10/23
Committee Services	