



<b>Classification</b> Open	<b>Item No.</b>
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<b>Meeting:</b>	<b>The Cabinet</b>
<b>Meeting date:</b>	<b>11<sup>th</sup> November 2020</b>
<b>Title of report:</b>	<b>Fletcher Fold Progression to Planning and Tender</b>
<b>Report by:</b>	<b>Councillor O'Brien, Leader of the Council</b>
<b>Decision Type:</b>	<b>Key Decision</b>
<b>Ward(s) to which report relates:</b>	<b>All</b>

### **Executive Summary:**

The purpose of this report is to update cabinet on the progression of a First Phase scheme Fletcher Fold.

### **Recommendation(s)**

**That:** The Cabinet is asked to:

- 1) Agree that this previously approved site, progress as a scheme for 26 Houses, submit for Planning Permission and progress to tender via the J V North framework, then come back to cabinet for a final approval prior to commitment to any construction contracts.
- 2) Agree to progress grant funding application to the new program of Homes England grant funding.

### **Key considerations**

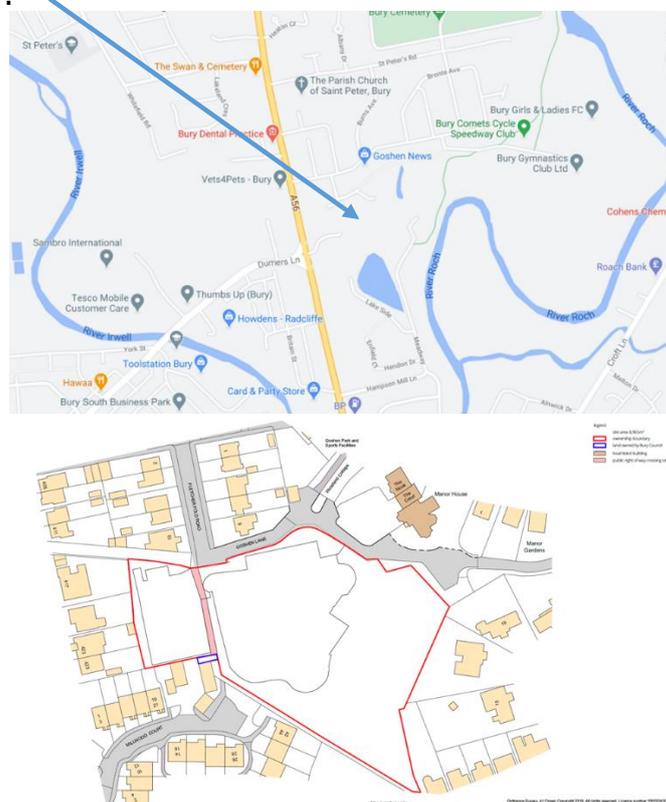
#### **1.0 Background**

- 1.1 Fletcher Fold is a site of the former Millwood School in the ward of Redvales - see location and red edge plan below. The School was demolished in December 2018.
- 1.2 On March 26th 2020 the decision to progress this scheme (as part of the First Phase report) was made by the Leader as an urgent matter under Rule 18 of the Access to Information Procedure Rules, within the Council's Constitution. On June 29<sup>th</sup> Cabinet agreed for delegation of the housing procurement

decision and site selection to the Section 151 officer, in consultation with the Leader. Subsequently they approved the switch to utilise the JV North framework for consultants/contractors as Wilmott Dixon Partnership route was not proving value for money as advised by out independent cost consultant. In August the architect Hassall Lloyd Partnership were appointed from JV North to draw up the scheme. An independent cost consultant Simon Fenton partnerships had been appointed earlier in the year. They worked together to progress the scheme to this current gateway approval.

1.3 This scheme is the first of the First Phase pipeline to progress, as part of a bigger program that has been approved in principle by Cabinet on 29<sup>th</sup> July 2020. This scheme is now ready to progress to the next stage of detailed work, submission for planning and procuring a contractor. A further final report will come back to cabinet for a final approval, prior to any commitments to contractors are made and start on site achieved.

1.4 Site Location:



1.5 A full market assessment has been completed by Ben Clay Associates and John Thompson RICS, this indicated the current mix of tenure types including affordable rent, rent to buy and shared ownership. The report also recommended the unit types of 2, 3 and 4 bedroom houses as suitable and sustainable for this location.

1.6 A series of technical surveys have also been completed and have fed into the detailed cost estimate that has been prepared by our independent cost consultant Simon Fenton, these included topographical, utilities, arboriculture and stage one investigation. It is worthy of note that the arboriculture report

identified Grade A trees that are listed, this is a special layer of protection for the trees and led to a necessary redesign of the site, that was still able to maintain the density.

- 1.7 The redesigned scheme has been re costed and re appraised on financial software using assumptions agreed by the Section 151 officer in June 2020. This scheme is now ready to progress the next detailed stage of work for planning and tender processes.

## 2.0 The Scheme Proposal

- 2.1 The Site at Fletcher Fold has been drawn up for a total of 26 new houses and the market assessment identified the split of tenure types as follows:

Tenure	Type	Number	Totals
Affordable Rent (at LHA)	2 bed 4 Person House	8	
	3 bed 5 Person House	4	
	12 Houses		
Rent to Buy	2 bed 4 Person House	4	
	3 bed 5 Person House	2	
	6 Houses		
Shared Ownership	3 bed 5 Person House	7	
	4 bed 7 Person House	1	
	8 Houses		
<b>Total Overall Number of Units</b>			<b>26</b>
<b>Houses</b>			

- 2.2 A definition of each tenure and the role of Bury council and STH are below:

Product	What it is	STH	Bury
Shared Ownership	Customer can part buy a property in "tranches", they get a mortgage for each tranche, first tranche sales can be anywhere between 25% - 75% of the property and the customer pays rent on the remaining element. Once living in the property they can stair-case up (buy more shares, up to a full 100% ownership)	Collect the rent element, manage the leaseholder agreement, manage service charges	Apply for grant funding, build and sell the properties raise the building insurance, manage further sales through stair-casing (buying more shares in the property, up to a full 100% ownership)
Rent to Buy	Customer rents a property at below market value then have option to buy after year five.	Collect the rent, manage the tenancy, and manage services and service charges.	Apply for grant funding, build and sell the properties
Affordable	Affordable Rent	Collect the rent	Apply for grant

Rent	80 % of market rent	element, manage the tenancy and services charges	funding, build the properties
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- 2.3 All the new homes will be built to a high standard and will meet the full space standards as set out in the National Design Standards, they will fully comply with Homes England design specifications. In addition they will be designed to achieve a higher than average eco standard, they will all be electric. As a minimum we will seek a 20% reduction in carbon emissions (based on the Dwelling Emission or Building Emission Rates) in Part L of the 2013 Building regulations (current at the time of writing this report) through the use of on site or nearby renewable and/or low carbon technologies. For example we will consider the practicalities of using air source heat pumps, photovoltaics etc. A full list of eco measures will be included in the final design submitted to planning and will come back to Cabinet for a final approval prior to contract signing.
- 2.4 The scheme will bring in extra council tax of c£47,000 per annum.
- 2.5 There are a number of further investigations to take place and detailed design drawings worked up ready for a submission for planning in late November 2020.

### **3.0 Next Steps**

- 3.1 The next phase of the work will see a full planning submission and requisite consultations and the procurement of a contractor, which will ultimately confirm a fixed price for the build that will come back to cabinet for a final approval prior to signing any commitment to contract to build.
- 3.2 A tender exercise will be run via the JV North framework to procure a contractor for this scheme.
- 3.3 A marketing and sales strategy will be developed for this scheme and support services procured where appropriate.
- 3.4 After planning has been received and tender evaluated, the scheme will be reappraised, a full RICS valuation obtained, risk plan revised and full report submitted to cabinet for final approval before contracts are signed to start on site in April 2021.

### **4.0 Conclusion & Recommendations**

- 4.1 This scheme is ready to progress to the next phase of detailed work including submission for planning and procurement of a contractor, ready to come back to Cabinet for a final approval prior to signing build contracts and start on site in spring 2021.
- 4.2 When the Homes England funding bid round guidance is clarified, a submission for grant funding will be prepared and submitted.

4.3 A final report will be brought back to Cabinet in spring 2021 prior to the signing of any contracts to build this scheme.

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## **Community impact**

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### **Equality Impact and considerations:**

*Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

*A public authority must, in the exercise of its functions, have due regard to the need to -*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

*The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

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### **Assessment of Risk:**

The following risks apply to the decision:

<b>Risk / opportunity</b>	<b>Mitigation</b>

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### **Consultation:**

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### **Legal Implications:**

This report requests approval of the progression of the identified scheme, through planning and tendering. The Council is already signed up to the JV Framework and this is an appropriate use of it. Legal input will be required during the stated processes and later stages of the process. It should be noted that Section 106 monies are referred to but these can only be used for affordable housing.

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**Financial Implications:**

The proposals include estimated costs and funding methodologies which will be finalised prior to the final decision being made by Cabinet. In the meantime, costs associated with the next phase will be met from existing funding within the 2020/21 capital programme.

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**Background papers:**

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning
Net Present Value	The NPV is the difference between the present value of all cash expenditure and income, a positive indicates projected earnings over the period of the financial modelling.
Internal Rate of return	The internal rate of return is the return on the investment over the period of modelling.