

## CABINET

<b>Date of Meeting</b>	Tuesday, 22 <sup>nd</sup> January 2019
<b>Report Subject</b>	Welsh Government Innovative Housing Programme – Land at St Andrews Church, Garden City
<b>Cabinet Member</b>	Deputy Leader of the Council and Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Housing & Assets)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

This report advises Cabinet of the in-principle award of £1.1M grant from the Welsh Government's Innovative Housing Programme (IHP) to the Council to develop 12 apartments on land at St Andrew's Church, Garden City, Queensferry.

The report details the background to the IHP, along with the bid application process followed, along with the proposed Modern Method of Construction to be utilised on the scheme.

Finally, the report provides information on the terms and conditions attached to the grant award, along with the on-going evaluation and appraisal of the scheme.

### RECOMMENDATIONS

1.	Cabinet approve the delivery of 12 new apartments on land at St Andrews Church, Garden City at a projected cost of £2.199m following the award of £1.1M capital grant through Welsh Government's Innovative Housing Programme (IHP).
2.	Cabinet approve Housing Revenue Account borrowing of £1.099m to fund the balance of the total projected scheme cost.

## REPORT DETAILS

1.00	<b>BACKGROUND</b>
1.01	In February 2017 the Cabinet Secretary for Communities and Children announced the Innovative Housing Programme (IHP). This followed the publication of the Farmer Report into the construction industry which indicated that the construction sector must <i>'Modernise or Die'</i> and the <i>'More: Better'</i> report into modern methods of construction. The latter was commissioned by Welsh Government.
	<b>Aims and Objectives of the IHP</b>
1.02	<p>The scheme seeks to support innovation in a broad context covering construction techniques, delivery pathways and housing types across all tenures. Refurbishment of existing residential dwellings is not eligible. The main aims of the IHP are to:</p> <ul style="list-style-type: none"> <li>• Increase the supply of affordable housing as part of the 20,000 additional affordable homes target, set by Welsh Government.</li> <li>• Do this in a way that aligns with the design and delivery of affordable housing with the seven goals of the Wellbeing of Future Generations Act (WFGA);</li> <li>• Address cost and value in new homes, and develop housing that meets specific current and future housing needs;</li> <li>• Provide support for those willing to innovate through the use of alternative approaches;</li> <li>• Demonstrate benefits associated with alternative approaches, with a view to encouraging wider uptake;</li> <li>• Harness opportunities to deliver jobs, skills training, and develop local industry;</li> <li>• Publicly disseminate key findings and maximise learning;</li> <li>• Help to tackle poverty by providing homes which are more energy efficient and cheaper to run;</li> <li>• Support wider regeneration and economic development.</li> </ul>
1.03	The IHP has a target of 1,000 affordable homes as part of the Welsh Government's 20,000 affordable homes target and has been approved for three years, with a budget over this period of £90 million. The Programme was launched in 2017/18. Twenty demonstrator affordable housing projects from housing associations and local authority projects were funded in 2017-18 – Year 1, with a total grant commitment of £19 million.
1.04	The bidding process for Year 2 started in April 2018 and for the first time allowed projects from both private companies and social landlords to be considered. The site identified by Flintshire County Council for the proposed IHP is situated to the west of Sealand Avenue and to the rear of the Church of St Andrew and the Curate's house (Appendix 1). In total, the size amounts to 0.41 acres and has combined land under the current ownership of the Council with land bought from the Church of Wales in March 2017 using

	Welsh Government Vibrant and Viable Places (VVP) capital grant funding.												
1.05	This enabled the church to release funds to reinvest towards the refurbishment of St Andrew's Church and the development of the St Andrews Hub which has been developed in partnership with Flintshire Social Services where support services are provided.												
1.06	<p>The table below provides details of the bid submission process followed by the Council for the IHP.</p> <table border="1"> <tr> <td>Application form and guidance issued by Welsh Government</td> <td>April 2018</td> </tr> <tr> <td>Welsh Government Application events</td> <td>May 2018</td> </tr> <tr> <td>Wales Design Commission Review and Presentation</td> <td>26 June</td> </tr> <tr> <td>Completed application form submitted</td> <td>Thursday 12th July 2018</td> </tr> <tr> <td>Welsh Government Clarification process (includes due diligence checks for PS bodies)</td> <td>October 1<sup>st</sup> 2018</td> </tr> <tr> <td>Ministerial announcement &amp; applicants informed</td> <td>Tuesday 16<sup>th</sup> October</td> </tr> </table>	Application form and guidance issued by Welsh Government	April 2018	Welsh Government Application events	May 2018	Wales Design Commission Review and Presentation	26 June	Completed application form submitted	Thursday 12th July 2018	Welsh Government Clarification process (includes due diligence checks for PS bodies)	October 1 <sup>st</sup> 2018	Ministerial announcement & applicants informed	Tuesday 16 <sup>th</sup> October
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1.07	The Minister for Housing announced on October 16 <sup>th</sup> that Flintshire had been successful with its submission for the development of 12 apartments with the flexibility to meet changing needs in social housing including apartment's size, wheelchair accessibility and supported living on land at St Andrews Church, Garden City.												
	<b>Modern Methods of Construction (MMC)</b>												
1.08	The scheme will be delivered through the Strategic Housing And Regeneration Programme (SHARP) and marks a new way of developing affordable homes for the Council. This will bring the total number of properties completed or approved by Cabinet, and delivered by SHARP, to 305. The properties will be managed within the Council's Housing Revenue Account (HRA) and will be sufficiently flexible to house a range of local people as well as enabling the Council to explore different delivery models.												
1.09	The IHP provides an ideal opportunity to challenge the norm of developing through traditional forms of construction given its site location, embedded within the land between the St Andrews Church and adjacent housing. A locally sourced timber frame form of construction will be utilised, manufactured off-site, which will provide the opportunity to manufacture the superstructure off the critical path and bring to site ready for immediate erection once the project has reached DPC. This will improve buildability with												

	<p>a watertight structure earlier in the process, allowing internal trades to progress more quickly. It also minimises the disruption to local properties and the ongoing operations at the Church, which can be caused from a lengthy traditional form of construction with brickwork intensive packages.</p>
1.10	<p>Consisting of 12 apartments - each with its own front door - the scheme will be flexible in design and can be easily adapted to meet a wide-range of housing needs (Appendix 2). A low maintenance façade will also be utilised with a mix of materials including through colour render and facing brickwork which will decrease any future lifecycle liability. Roof gardens will be utilised throughout the scheme to maximise the use of the available space and promote a feeling of home for new residents. The proposed housing mix is as follows:</p> <ul style="list-style-type: none"> <li>• 1 Bed apartments x 4</li> <li>• 2 Bed apartments x 8</li> </ul>
1.11	<p>The scheme will meet Welsh Development Quality Requirements, Lifetime Homes and Secured by Design, and has been designed to maximise wheelchair accessibility throughout the ground floor in order to future proof the development for Learning Difficulties provision. In addition, the large roof voids within the build will provide future potential to expand into the roof space to provide additional living accommodation with resilience designed in and able to adapt and respond to changing occupant requirements.</p>
1.12	<p>This scheme will ensure the Council will be in a position to provide an inclusive community that supports independence and the empowerment of vulnerable residents with Learning Difficulties.</p>
1.13	<p>The scheme will be used to address a number of key housing issues faced by the Council. A number of 3 bed Council properties in Garden City are under-occupied. The new scheme will provide an opportunity for the Council to release larger family homes by allocating to local people under occupying and also allow them to stay in their community where their social support networks are present, avoiding risk of social isolation and loneliness.</p>
1.14	<p>Another key challenge facing the Council is the rising cost of providing bed and breakfast/emergency accommodation for people who present as homeless. In response to this, the Council has established its Work Place Project, a partnership between Flintshire County Council Housing Solutions, Communities for Work and Job Centre Plus. The project aims to provide housing linked to support and employment for people who are currently subject to a homeless duty. Two units will have tenancies with conditionality, to seek and secure employment, and to achieve this the Council will provide the individuals with employment training to assist them into work and help them sustain their tenancy. Through the Project, an experienced mentor will be assigned specifically to support clients through the process ensuring that the client is on a work programme and pathway which is bespoke for the person.</p>
1.15	<p>It is intended that the new housing scheme will work closely with the St Andrews Hub where tenants could regularly access for social interaction, training and support. In addition, it is proposed that clients on the Work Place</p>

	Project will be given apprenticeships, job placement and training opportunities on this and other SHARP schemes utilising the St Andrews Hub for classroom-based training.
	<b>Delivery</b>
1.16	As a successful bidder, the Council must be able to provide a signed build contract by 5 March 2019 containing a start on site date no later than 30 April 2019.
1.17	The Council is planning to start on site at the beginning of April 2019 and is projecting a significant reduction in the number of weeks on site when compared to utilising traditional methods of construction.
	<b>Monitoring and Evaluation</b>
1.18	Meeting the research aims set out in the technical specification is integral to the success of the IHP. Welsh Government intends to build an evidence base of what works and what doesn't, to inform future policy and investment decisions.
1.19	All successful schemes will be required to participate in the monitoring and evaluation exercise as a condition of grant. Specific additional evaluation may be commissioned in order to investigate an individual scheme's innovation focus, and the nature of this evaluation will be discussed and agreed on a scheme specific basis.
1.20	After initial analysis the data collected will be open sourced to enable further analysis and research to take place.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The projected costs of the scheme are £2.199m. A capital grant offer of £1.1m has been received by the Council following the successful completion of all the checks and processes referred to above by Welsh Government. This is equivalent to £0.996m capital grant and £0.126m for the cost of innovation for the originally submitted scheme. The scheme meets the Council's payback requirements and will achieve pay back in year 35. A summary of financial assumptions is included in Appendix 3.
2.02	The properties will be managed within the Council's HRA, with the balance of £1.099m funded by prudential borrowing.
2.03	The timeframe to finalise these costs with Welsh Government is January 2019. Welsh Government were advised by the Council at the time of the original submission that these were indicative costs and that further work was being undertaken to finalise Stage 1 Cost Plan Costs.
2.04	Where final costs of successful schemes are higher than the estimate the rationale for the increase must be clearly stated and verified as being reasonable or unforeseeable by an independent cost consultant before the

	Grant Offer Letter is issued.
2.05	A Grant Offer Letter will only be issued when final costs are known and agreed.
2.06	Local housing authorities can only be paid in arrears.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	A consultation event has been undertaken with local residents as part of the formal planning process at St Andrews Church on Tuesday 4 <sup>th</sup> December 2018. The responses received from this event will be included in the planning application for the scheme.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	A Line of Balance Programme Plan is used to monitor progress against key milestones. This is monitored at weekly progress meetings between the Council and Wates Construction Limited.
4.02	Progress on the SHARP is also reported to the Council's Housing Programme Board. A strategic and operational Risk Register is also reported to this Board and details of proposed mitigation to emerging issues discussed and agreed.
4.03	Monthly meetings are held with between the Chief Officer for Housing And Assets and the Managing Director of Wates Construction Limited on a monthly basis.
4.04	All SHARP schemes are subject to robust design and financial appraisal and must be approved by both the Council Cabinet and NEW Homes Board respectively.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Site Layout of Proposed Scheme on land at St Andrew's Church, Garden City.
5.02	Appendix 2 – Block A Plans and Site Elevations of Proposed Scheme on land at St Andrew's Church, Garden City.
5.03	Appendix 3 – Financial Appraisal Summary

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<b>Contact Office: Melville Evans Job Title: Housing Programmes Manager</b>

	<p>Telephone: 01352 701436 E-mail: <a href="mailto:melville.evans@flintshire.gov.uk">melville.evans@flintshire.gov.uk</a></p>
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<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Modern Methods of Construction (MMC)</b> - collective term used to describe a number of construction methods. The methods being introduced into UK house building differ significantly from so-called conventional construction methods such as brick and block.</p> <p><b>Strategic Housing And Regeneration Programme (SHARP)</b> – Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable).</p>