

RECORD OF EXECUTIVE DECISION

Tuesday, 16 July 2019

Decision No: (CAB 19/20 24061)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	Homes & Culture
SUBJECT:	The Former Oaklands School Site
AUTHOR:	Tina Dyer-Slade

THE DECISION

Subject to the financial approvals of Council, to delegate authority to the Director of Growth following consultation with the Cabinet Member for Homes and Culture, the Service Director Finance and Commercialisation and the Service Director Legal and Governance to:

- deliver a scheme in accordance with the financial parameters of this report
- approve the submission to Homes England
- agree detailed terms and conditions
- enter into a contract with a construction company
- appoint a specialist Shared Ownership expert to deal with sourcing purchasers and delivering sales
- take any other actions required to give effect to this decision
- agree the final tenure mix prior to practical completion

REASONS FOR THE DECISION

In October 2018 the government implemented the removal of the Housing Revenue Account (HRA) borrowing cap to create the opportunity for councils to consider this as a route to the development of new homes. This report seeks approval to use this borrowing option in addition to retained Right- to- Buy income plus any other grant income that can be secured to build 103 homes based on the financial appraisal assumptions included within Appendix 3. Approval is now sought for the full capital budget to proceed with building out the scheme, and to enter into contract with a contractor to deliver the project as outlined in this report under a JCT Design & Build contract. These homes will contribute toward the target of 1000 council owned homes which the council is committed to delivering by 2025.

DETAILS OF ANY ALTERNATIVE OPTIONS

1. Do Nothing – this is not a recommended option. The site of the former school is vacant (the previous school buildings have been demolished) with temporary hoarding, the site needs to be developed, new homes provided and the appearance of the site improved as a result.
2. Sale of the vacant site for maximum capital return– this would secure a capital receipt for the council, but would not maximise the number of affordable homes that could be delivered on the site, or the requirement to develop more council owned homes. This may involve a longer programme to deliver homes on the site as this would need to include the period of time involved in securing a sale.
3. Sale of the developed site with 103 homes for maximum capital return. This would not meet the requirement of securing council owned homes.
4. Sale of the Site for less than best value for the provision of 100% affordable homes – this would secure a significantly reduced capital receipt and would secure affordable homes, but not council owned homes. This may involve a longer programme to deliver homes on the site as this would need to include the period of time involved in securing a sale.
5. A Joint Venture – the route to enter into a joint venture with a development company or other partner would not maximise the number of affordable or council owned homes on the site and would also take a significantly longer period of time to implement because of the process involved with selecting a partner and agreeing terms.
6. Sale and Lease back – this option involves an external investor funding the development in return for a rental payment over a period of 20-40 years, it relies on a mix of affordable and market rent properties. The model does not allow for Right- to- Buy to apply and there would need to be in place an independent housing company to hold and manage the housing stock. This is a complex arrangement with financial risk, procurement issues and there is no housing company in place at this time. In addition this option does not maximise the number of affordable homes on the site as there would need to be a significant percentage of market rental properties. It also relies on a demand for market rent in the Lordshill area which is not yet proven.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None.

CONFLICTS OF INTEREST

None.

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 16th July, 2019

Decision Maker:
The Cabinet

Proper Officer:
Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*