

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 4 SEPTEMBER 2018
REPORT OF THE CORPORATE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

ACCELERATED CONSTRUCTION PROGRAMME

1 Executive Summary

- 1.1 The Accelerated Construction programme was first launched by the government in January 2017, which was designed to:
- Support local authorities to develop their land for housing;
 - See homes built faster than the market would alone and promote the use of Modern Methods of Construction
- 1.2 Following discussion with Homes England, officers put a number of sites forward for the expression of interest for Accelerated Construction. It should be noted that the programme specifically states that any sites put forward for development are not held in the authority's Housing Revenue Account.
- 1.3 The council has recently been notified the outcome of the Expression of Interest exercise and the purpose of this report is to seek agreement to accept in principle the funding offer from Homes England.

2 Recommendation(s)

- 2.1 That Cabinet agrees in principle to accept the Accelerated Construction funding offer by Homes England outlined in section 3 of the report.
- 2.2 That Cabinet agrees to give delegated authority to the Corporate Director (Resources, Environment and Cultural Services), in consultation with the Monitoring Officer and Executive Member for Resources, to agree the funding agreement/contract with Homes England.
- 2.3 That Cabinet agrees to make a direct award via the Eastern Shires Purchasing Organisation (ESPO) Framework to appoint Inner Circle Consulting Limited for the provision of consultancy support to the council's regeneration programme, in particular to support projects that have received time limited external funding from organisations such as Homes England and Local Enterprise Partnership.

3 Explanation

- 3.1 The Accelerated Construction programme was launched to enable the government taking direct action to help fix the housing market and increase the supply of new homes. In particular, to support local authorities to unlock greater benefits from their land.

- 3.2 Following meetings and discussions with Homes England last year, a number of sites in Hatfield (including Link Drive, 1, 3-9 Hatfield Town Centre) and Welwyn Garden City Town Centre have been put forward for Expression of Interest.
- 3.3 Homes England procured independent consultants to carry out technical due diligence on sites received through the Expression of Interest exercise and at the time of writing this report, they have indicated to the council that at least two sites will be included in a funding offer of at least £4m. The final funding package is being worked through by officers from both organisations and a verbal update will be provided at the Cabinet meeting.
- 3.4 It should be noted that the council could use the grant from Homes England for expenditures associated with the design development, site preparation, construction phase, etc. All the sites that have been put forward in the Expression of Interest are at an early development stage and the schemes will be subject to planning approval. It is anticipated that if following the design development works, the scheme is not proved to be viable, Homes England would not expect local authorities to return any grant spent in normal circumstances.
- 3.5 All the funding will need to be drawn down by March 2021, and that officers will work with Homes England to agree a set of core delivery milestones, which is expected to form part of the legal funding agreement.
- 3.6 All costs incurred will be subject to a quarterly monitoring return, signed off by the S151 officer. The grant will only be paid upon achieving the milestones agreed.
- 3.7 The schemes will be subject to using Modern Methods of Construction in order to ensure homes could be delivered at a quicker pace.
- 3.8 It is recommended that the council accepts the grant offer from Homes England in order to continue the regeneration work in the Borough and that once officers have completed the design stage on the Accelerated Construction sites, it is anticipated that a report will be brought to Cabinet at a future meeting, setting out details of the regeneration schemes.
- 3.9 As the grant will need to be drawn down by March 2021, it is necessary to appoint an external consultancy to support the council with the delivery of the regeneration programme, in particular in the preparation of a mobilisation plan, supporting documents related to the preparation of the projects, management of various contractors and other consultants and working with officers to ensure that the grant is spent within budget and on time. The council has previously worked with Inner Circle Consulting Limited (ICC) on another project, which was recommended to the council by the East of England Local Government Association. In accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015, The council is able to make a direct award via the Eastern Shires Purchasing Organisation (ESPO) Framework (ref 664-17 Consultancy), as it has been confirmed that ICC provided the most economically advantageous tender. There is no upper limit on spend with the framework however in accordance with the council's contractual procedure rules Cabinet approval is required where the total spend with an organisation is expected to above £100k. The views of the Procurement Manager has been consulted and that he is content with this approach.

3.10 ICC is very well placed to support the council with the delivery of our regeneration programme. It should be noted that one of the directors of ICC was a member of the board which oversaw the establishment of the Homes and Communities Agency (now Homes England). An example of recent ICC commissions is shown below:

- London Borough of Barnet – Regeneration Programme
- London Borough of Haringey – Wood Green Regeneration Programme
- Isle of Wight – Regeneration and One Public Estate Programmes
- London Cancer Hub - Programme Management
- Essex County Council – Housing for Older People and Vulnerable Adults.

3.11 As a number of the council's regeneration programme has been awarded with time-limited funding, it is essential that officers could call upon external consultancy support in order to expedite the delivery of the projects.

Implications

4 Legal Implication(s)

4.1 Formal agreements will need to be entered into between the council and Homes England, clearly setting out the delivery milestones.

5 Financial Implication(s)

5.1 It is expected that the grant offer from Homes England will be used initially to enable design to be done on the specific sites. Then a report will be brought to Cabinet setting out the full financial implications of the schemes if they are to progress to the tender and construction stage.

5.2 The Accelerated Construction grant payment will be subject to completion of quarterly monitoring claims signed off by the S151 officer.

5.3 It is anticipated that the costs that will incur on ICC will be covered by external grant funding and existing budget.

6 Risk Management Implications

6.1 Risk of core delivery milestones not being achieved – there will be regular monitoring reports being produced, along with progress update meetings both being carried out internally and with Homes England to mitigate this risk. Likelihood low, Impact medium.

6.2 Risk of not being able to drawdown all of the grant by March 2021 – once the design stage is completed on both of the schemes, the project delivery timetable will become clearer. Likelihood low, impact medium.

7 Security & Terrorism Implication(s)

7.1 There are no security or terrorism implications.

8 Procurement Implication(s)

- 8.1 The development of the Accelerated Construction sites will be subject to the council's procurement process.
- 8.2 Direct appointment of Inner Circle Consulting Limited can be made via the Eastern Shires Purchasing Organisation (ESPO) Framework.

9 Climate Change Implication(s)

- 9.1 There are no direct climate change implications to consider.

10 Health and Wellbeing Implication(s)

- 10.1 There are no direct health and wellbeing implications to consider.

11 Link to Corporate Priorities

- 11.1 The subject of this report is linked to the following Council's Corporate Priorities:
- "Our Economy – Promoting Investment and Regeneration"
 - "Our Economy – Supporting Sustainable Economic Growth"
 - "Our Council – Achieving Value for Money"

12 Communications Plan

- 12.1 Officers will be working with the Communications team for a press release to be issued in due course.

13 Equality and Diversity

- 13.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals as there are no equalities or diversities issues arising from the report.

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Date 16 August 2018