

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 7 February 2024

1,000 Homes Programme – Individual Scheme Updates (Five sites)

Issue for Decision

To seek approval for the updated works cost, changes in tenure and to appoint the contractor to deliver four of the schemes for the 1,000 Homes Programme.

Decision Made

That:

1. The increased works costs for Bathstore, Land at Granville Road and Britannia House, be approved, taking note of scheme performance summaries in Appendix 1 to the report. To approve the switch in tenure from Affordable Rent to Social rent for all 4 sites and in addition the 7 Market rented units to social rented units at the RBL site.
2. The Director of Finance, Resources and Business Improvement, be given delegated authority, to appoint the preferred contractor to carry out the necessary building works as per the tenders for Britannia House, Corbens place, Land and Granville Road, and the Bathstore noting that the Corbens place works tender was returned under the works budget previously approved.

Reasons for Decision

The development strategy to deliver 1,000 new affordable homes was agreed by the Policy and Resources Committee on 19th January 2022.

The report relates to the five schemes that form part of the 1000 homes programme, that have already been approved by Cabinet since the inception of the programme. The schemes in question are:-

- a. Royal British Legion Site (RBL) Heather House Site
- b. Bathstore
- c. Corbens Place
- d. Britannia House
- e. Land at Granville Road

Cabinet re-approvals are required on all five sites in respect of changes to each scheme. These changes are as follows:

- a. Royal British Legion Site (RBL) Heather House site – a change in tenure from 7 market rented homes to 7 affordable homes, with the addition of grant funding from Homes England and the use of MBC S106 contributions.

- The four First Homes units will remain unchanged.
- b. Bathstore- Increased construction costs.
 - c. Corbens Place- Reduced construction costs.
 - d. Britannia House- Increased construction costs.
 - e. Land at Granville Road-Increased construction costs.

The RBL scheme is already on site, and for the others the tender procurement process has been completed and there is now a need to appoint the preferred contractor on aggregate higher cost than previously approved.

However more positively, the increased cost and tenure change can be accommodated without materially diminishing the financial returns to the council. If the Council chooses to let the properties at Affordable Rents (80% of market rent capped to the Local Housing Allowance), this is **Option A** and the returns are broadly maintained because the Local Housing Allowance has recently risen, and because the council is advised to allocate £15,000 per affordable homes of S106 monies that it holds from developers contributions for off-site affordable housing provision.

If the Council chooses to let the properties at Social Rents (a formula linked to local property prices in 1999, and average local earning), that yields rents at circa 50% of the Market Rent plus service charges, then this is **Option B**, the returns are maintained by a more favourable grant rate for this tenure from Homes England.

Financial Commitments

The exempt Appendix 1 to the report sets out the previously agreed metrics of the schemes, with the latest tenures, and construction costs as either **Option A Affordable Rent** or **Option B Social Rent**.

Proposed Schedule of Events

All Contractors were invited to tender based on a maximum construction period of 105 weeks including any allowance for the detailed design of the schemes. Details of the programme proposals, in accordance with the preferred contractor's tender submission are given below.

Activity	Finish Date
Design Period	16 weeks
Contractor Appointment	February 2024
Construction Period	66 weeks
Start on Site	July 2024
Practical Completion	October 2025

The Housing, Health and Environment Policy Advisory Committee considered the matter on the 30 January 2024, and recommended that the report recommendations be agreed by the Cabinet.

The approval of the recommendations will enable the project team to appoint the contractor to commence works.

Alternatives considered and why rejected

Option 1 - To approve that the Director of Finance and Business Improvement is granted delegated authority to enter into the works contract based on Option A of the exempt appendices, (Affordable Rent) and to approve the change in tenure for the RBL site from Market rent to Affordable Rent, noting the grant rates from Homes England and the allocation of MBC Section 106 monies to all five schemes.

Option 3 - Not to approve entering into the works contract, leave the sites secured and re tender at a later date although tender prices are unlikely to come down. This however would continue to incur utilities costs and site security costs. This is not recommended as there would continue to be uncertainty as to the future of four of the sites.

These options were rejected as if option 1 were pursued the Cabinet could advise officers to bid for more favourable terms from Homes England, but that would be above the level allocated by Homes England generally, so this may not be successful. Option 3 would continue to incur utilities costs and site security costs, and there would continue to be uncertainty as to the future of four of the sites. Homes England have provided a verbal confirmation in respect of the terms set out in the agreed recommendations.

Background Papers

- Bathstore – Executive, 25/01/2023
- Britannia House – Executive, 27/07/2022
- Corbens Place - Cabinet, 28/06/2023
- Land at Granville Road – Cabinet, 18/04/2023

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.



Signed: _____
Leader of the Council – Councillor David Burton

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm on 16 February 2024**