

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 6 DECEMBER 2022

Report Title	New Homes and Regeneration Programme Update
Purpose of Report	<p>To provide an update on the council's New Homes & Regeneration Programme, setting out the key challenges to delivering the remainder of the sites.</p> <p>To present to members a Financial, Social and Corporate Viability Scheme Matrix which will provide a standardised method for appraising future sites and opportunities.</p> <p>To detail the proposed funding plan and several rental charge options which may help to support delivery of the schemes.</p> <p>To seek authority to remove the Orchard Road, Ebley site from the programme and review the options for future use of the site.</p>
Decision(s)	<p>The Committee RESOLVES to :</p> <ul style="list-style-type: none">a) note the position of the current New Homes & Regeneration Programme.b) approve the removal of the Orchard Road site in Ebley from the New Homes & Regeneration Programme, subject to a report back to Committee on options for the future use of the site to support affordable housing.c) delegate authority to the Head of Property Services in consultation with the Accountancy Manager and the Chair and Vice Chair of Housing Committee to charge a mixture of either social rents, affordable rents capped at LHA, or affordable rents at the full 80% of market rent to maximise the funding available to the programme and assist with the long-term viability of particular sites andd) RECOMMEND to COUNCIL to approve the request for additional budget of £5.42m to be funded from capital receipts and borrowing as set out within the report to enable the council to continue with the next phase of the New Homes & Regeneration Programme.
Consultation and Feedback	<p>Consultation with stakeholders is undertaken at the relevant stages of a project. Consultation has taken place with Ward Councillors and Town/Parish Councils on schemes included within the current Capital Programme. Those Ward Councillors who have been consulted are supportive of the programme and the response from Town/Parish Councils is positive. Updates have been provided to the Chair/Vice Chair of Housing Committee and Housing Review Panel.</p> <p>Ward Councillors have been consulted on the removal of Orchard Road, Ebley from the programme, with one confirming their disappointment that it won't be used to deliver more affordable, warm homes.</p>

Report Author	Kimberley Read, New Homes & Regeneration Manager Email: kimberley.read@stroud.gov.uk			
Options	<ol style="list-style-type: none"> 1. Recommend the request for additional budget and continue with the New Homes & Regeneration Programme exploring opportunities to bridge a proportion of the funding gap through additional grant/investment. 2. Pause and de-risk the current programme with a review of costs in 6-12 months' time. The main risk of this option is the uncertainty over future building costs and time delays to the delivery of more affordable homes. 3. Cease delivery of the council's New Homes & Regeneration Programme. If this was the preferred option a further report would need to be brought back to Committee with full implications detailed. 4. Remove the Orchard Road development site in Ebley and consider the potential for using it for temporary accommodation with a report back to Committee within 6 months on the options for the future use of the site. This would mean the delay of any capital receipt from the sale to help fund the programme. 5. Remove the Orchard Road development site in Ebley from the programme and re-invest the sale proceeds into the new homes programme. 			
Background Papers	Background Paper 1: Construction Building Materials Commentary October 2022 – Government Publication			
Appendices	Appendix A - Summary of New Homes & Regeneration Programme sites including number and mix of tenure Appendix B - Programme Project Updates Appendix C - Financial, Social and Corporate Viability Matrices for the remainder of the current New Homes & Regeneration Programme Appendix D - Impact of different rental models on the number of years to re-pay borrowing			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	No	Yes

1 INTRODUCTION / BACKGROUND

- 1.1 The need for quality affordable housing in the Stroud district remains high and is only set to worsen in the face of the current cost-of-living crisis. The delivery of new affordable homes is also becoming increasingly challenging in the current economic market with the cost of materials and labour soaring across the construction sector. The 'Construction Building Materials Commentary October 2022' published by the Government contains a Summary of Business Conditions provided by the Bank of England. This can be found on page 13 of **Background Paper 1**. In summary the two key points relevant to this report are:

“the construction growth output weakened as high material costs, labour shortages and economic uncertainty weighed on activity and that contacts in residential construction said that planning delays and concerns about rising build costs had slowed the pace of new projects starting. In social housing new construction had been held back by budget constraints and commitments to refurbish existing properties.”

There is anecdotal evidence that some construction costs may be stabilising, though this does not appear to be consistent across the board.

- 1.2 In addition to the above challenges, Stroud District Council is at the forefront of delivering energy efficient housing, currently above Building Regulation requirements to assist the council with meeting its Carbon 2030 strategic objectives. As part of the international focus on climate change, there is also a strong focus on biodiversity net gains on new development sites which will have an impact on the density and cost of the new schemes. These requirements are strengthened by the council's draft Local Plan.
- 1.3 Previous Housing Committee reports have set out Stroud District Council's strong and successful track record of delivering good quality affordable housing within the district since 2014, having delivered 280 new affordable homes across the original and current programme. The New Homes and Regeneration Programme which is currently funded through the Medium-Term Financial Plan (MTFP) is set to deliver a further 65 homes by 2025, however, the current budget for these schemes is no longer sufficient to deliver these new homes.
- 1.4 This report provides an update on the delivery of the current programme. Key to the report is the recent and ongoing assessment of build costs and the additional budget required to deliver these new homes without having an impact on the MTFP and the overall position of the HRA. Several options have been set out for consideration by Housing Committee members in the header section of the report with the conclusion setting out officers' recommendations. This includes an option to sell Orchard Road with planning permission due to the abnormally high costs to deliver this project.
- 1.5 The report also provides a recommended approach for future development opportunities to be appraised by Housing Committee members. This has been developed into a Financial, Social and Corporate Viability Scheme Matrix and will enable members to take an informed view about the financial performance of schemes alongside any additional social and corporate value.

2 NEW HOMES AND REGENERATION PROGRAMME

- 2.1 To set this report in context, in April this year, a report was presented to Housing Committee setting out the delays and subsequent extension of time claims incurred on the delivery of the tranche 1 sites. These sites have now been delivered and all 36 new homes achieved an EPC A rating which supports the council in meeting its Carbon 2030 commitments.

Programme Delivery

Unfortunately, the delays on the tranche 1 sites had a knock-on effect to delivery of the second tranche of sites, with the New Homes & Regeneration team focussed on the successful delivery of the first projects and managing contractor performance. In addition to this, awareness and concern had begun to grow around escalating construction costs and the war in Ukraine started. These factors also contributed to the cost-of-living crisis creating instability in the economic market.

- 2.2 The timing of delivery of the new homes programme has, therefore, been re-forecast and the table below sets out the revised position. The table includes three additional affordable homes which are currently being acquired through a S106 Agreement at Symn Lane in Wotton-Under-Edge. These partly offset the loss in numbers from the recommended removal of Orchard Road, Ebley from the programme. It should also be noted that the Land adjacent to Canalside A419 will remain in the programme, until a decision is made by members for the future use of the site. Further information on the options available will be presented to committee in Spring 2023, in line with the recently approved motion to

council. A further detailed breakdown of the key project milestones, mix and tenure can be found in **Appendix A** of the report.

Table 1 - Tracking delivery of new homes programme

Scheme	2021/22		2022/23		2023/24		2024/25		2025/26	
	Original planned completion	Actual completions	Original planned completion	Actual / Reforecast completions	Original planned completion	Reforecast completion	Original planned completion	Reforecast completion	Original planned completion	Reforecast completion
Ringfield Close	5	5	15	15						
Summersfield Road	7	7								
Broadfield Road			9	9						
Symn Lane			0	3						
Orchard Road					5	0				
Gloucester/Bradley St					8	0	0	8		
Cambridge House					13	0	0	13		
Glebelands							23	23		
Queens Drive							7	0	0	7
Land at Canalside							9	0	0	9
	✓		↑		↓		↑		↑	

2.3 Costs Impacting Delivery of the Programme

2.3.1 As set out in the April report to Housing Committee, to achieve efficiencies and increase speed of delivery across the programme, the council had previously opted to procure a contractor through a Dynamic Purchasing System (DPS Framework). The successful contractor was Beard Construction and to mitigate risk to SDC the projects were split into tranches to enable the contract to be monitored using monthly KPI’s under an umbrella Contract. It was structured to enable the award of subsequent tranches of schemes subject to satisfactory performance and available budget which assists with sequencing and costing advice on future projects.

2.3.2 Beard Construction have been contracted to undertake the enabling works and demolition of Cambridge House, Glebelands and Gloucester Street/Bradley Street. The costs for which have been reviewed and certified as value for money by the council’s Employers Agent, Kendall Kingscott.

2.3.3 Cost Reviews

The council adopts a strong approach to financial management and seeks to control and mitigate identified risks. This risk has been mitigated through a robust costing review commissioned for each of the four separate sites at Orchard Road, Cambridge House, Glebelands and Gloucester Street/Bradley Street. These costing reviews were undertaken three times over the course of nine months to enable the team to understand and monitor movement in the market and to ensure the council could deliver the new homes within budget. To provide a high level of confidence in the costing reviews, it was agreed that these would be undertaken by both the council’s Employer’s Agent and main contractor, Beard Construction.

2.3.4 The outcome of the costing reviews evidenced a steep increase in construction costs which have only recently shown potential signs of stabilising. The outcome of the reviews made clear that the projects could no longer be delivered within the previously agreed budgets.

- 2.3.5 During the budget setting process for the next financial year, the team sought advice from Kendall Kingscott about likely inflation costs over the next 4 years. Currently Gloucester Street/Bradley Street, Cambridge House and Glebelands are forecast to start on site in Q2 2023. Inflation has been applied to the construction costs accordingly to mitigate against any further construction cost increases prior to start on site.
- 2.3.6 This situation is not exclusive to the council and the team have been working with several other Registered Providers who are currently facing the same challenges. They have also confirmed that it is becoming increasingly challenging to find contractors who are prepared to enter fixed price contracts and instead are seeking the inclusion of inflation clauses.
- 2.3.7 As a result of the costing reviews additional budget is being sought to deliver the remainder of the programme.
- 2.3.8 When considering other ways to achieve and evidence best value for money for the council, it has also been agreed in discussion and consultation with Kendall Kingscott to move away from the current DPS framework and re-select a contractor via a competitive tender process in the New Year, subject to budget approval.
- 2.3.9 The team are actively looking at opportunities to reduce further costs from the programme. As part of this, the specification for new homes is being reviewed to see if there are any areas where efficiencies may be made without compromising on quality. Consultation is always sought from contract services prior to any changes being made to the specification.
- 2.4 With these amendments to the programme and how it is funded there is still a requirement for additional budget in order that the council has certainty of delivery and can seek to procure a contractor. The additional budget requirements are set out clearly in Table 3 within section 4 of this report. Orchard Road has not been included following the recommendation to sell the site in paragraph 3.5.5. The figures for the Land at Canalside have not been updated due to officers exploring alternative uses for the site.

2.5 Programme Updates

Whilst there has been slippage, it is important to note that a significant amount of work and progress has been made on the delivery of the next sites. A position has now been reached where soft stripping can commence in January 2023 which will enable demolition from March. The current status of each of the sites is set out in Appendix B to this report.

- 2.6 Additional costs have been incurred due to the slippage of the tranche 2 sites. During the budget setting process in the previous financial year, the tranche 2 sites were programmed for demolition and therefore no provision had been made for Council Tax on the empty properties. Demolition did not take place as planned and the Council Tax costs amounted to £36k. This has been reported regularly through budget monitoring reports.

3 **FINANCIAL, SOCIAL AND CORPORATE VIABILITY MATRIX**

- 3.1 The Strategy for New Council Homes contains seven strategic objectives, the building blocks of the programme. The first objective is to be 'agile in assessing land opportunities and maximise existing land holdings to exploit the limited supply of land available across the district.' Part of the action plan for this objective included the requirement to develop assessment criteria for approved budgets and development opportunities which members could use as a tool for appraising sites.

- 3.2 The matrix tool has been developed in partnership with the Accountancy Manager, Head of Property Services and New Homes & Regeneration Manager and consultation has taken place with the Chair and Vice Chair of Housing Committee in addition to Housing Review Panel.
- 3.3 The matrix sets out the key financial performance measures from the appraisal tool 'SDS ProVal LS' which is used by the New Homes & Regeneration team. In the majority of cases, the sites which the council develops involves the demolition of existing poor performing assets or brownfield sites which can be complex involving a number of challenging constraints. The financial outputs of these sites can be very different to developing greenfield sites, so it is important that market value is not the only consideration, and that a balanced view is taken, which also sets out the wider social benefits of developing specific sites.
- 3.4 Therefore, in addition to the social benefits identified in the matrices, new contracts will also be assessed and scored using the Social Value Portal in line with corporate policy. There is also a section which sets out the links to key council priorities, again setting the benefits of delivering these sites in the wider corporate context.
- 3.5 A detailed Financial, Social and Corporate Viability Matrix can be found for each of the projects within **Appendix C**. Land at Canalside is not included in the matrix due to the reasons set out in paragraph 2.4 and Orchard Road is also not included due to officers' recommendations set out in paragraph 3.5.5 below.
- 3.5.1 Site Viability Comparison The matrices attached in Appendix C provide the council with an objective way to compare the financial viability of each site and decide whether to retain it in the programme.
- 3.5.2 Orchard Road, Ebley This is a former garage site owned by the council and full planning permission has been secured to construct five new affordable homes for rent. Having undertaken the Financial, Social and Corporate Viability Matrix it is very clear that the costs of developing the site are an anomaly compared to the other sites in the programme.
- 3.5.3 The viability matrix undertaken showed that the cost of delivering this site is abnormally high (£5,024 per m² compared to an average of approx. £3,500 per m² on other sites). This is due to the challenging, narrow site access, ground conditions and the requirement to retain access to the existing properties throughout the construction period.
- 3.5.4 In addition to these challenges, there is a lack of amenity, parking and material storage space which makes delivery of the site challenging and expensive for a contractor. There is also the high energy and construction standards the council delivers whilst developing small 1 and 2 bed accommodation which adds to costs.
- 3.5.5 It is recommended that this site is removed from the new build programme, but that a review of the potential for using the site to deliver temporary housing is undertaken. Further, that a report is brought back to committee within 6 months with a recommendation for its future use, so that a decision can be made to retain or dispose of it before the current planning permission expires in January 2024. A disposal would bring in a capital receipt (estimated at a minimum of £400k) which could help to fund the new build programme.

3.6 It is proposed that this matrix is used for future reports to support decision making around new and existing schemes. The matrix can be developed further with input from officers and members.

4 FUNDING THE NEW HOMES PROGRAMME

4.1 The New Homes Programme is funded from a variety of sources:

- Capital receipts (including mixed tenures with affordable housing in the form of shared ownership)
- External funding (from agencies such as Homes England)
- Borrowing (paid back through rental income)

This section of the report sets out the recommendations for securing the additional funding required to deliver the next phase of the programme.

4.2 Capital Receipts

4.2.1 The council utilises its Right to Buy capital receipts for the new build programme, which can be used for up to 40% of expenditure on new housing. Numbers of Right to Buy sales vary and may decline with the increase in mortgage rates. The council also utilises capital receipts from the garage and small sites disposals programme which has a few years left to complete. The council aims to maximise its use of these throughout the programme, but as they are ad-hoc receipts future amounts are not known.

4.2.2 Shared ownership sales have been used as an additional way to secure a capital receipt towards the cost of the project. A percentage of the property, typically between 25% and 75%, is sold; with the initial sale providing a capital receipt and a rental income of 2.5% of the unsold equity being charged.

4.3 Brownfield Land Release Fund (BLRF)

This funding has already been secured towards the infrastructure costs of the four sites as set out in the table below. It should be noted that the funding totalling £50,000 for Orchard Road will need to be returned if agreement from committee results in the removal of the site from the programme.

Table 2 – Summary of BLRF funding secured

Scheme	BLRF Secured £
Gloucester Street/Bradley Street	62
Orchard Road	50
Cambridge House	94
Glebelands	215
Total	412

4.4 Homes England

4.4.1 The council can submit a bid to Homes England to secure funding through the 2021-26 Affordable Housing Programme which can be done throughout the course of the programme via the Continuous Market Engagement (CME) route. There are

specific funding conditions attached to the Affordable Housing Programme which are set out in the Capital Funding Guide.

4.4.2 Important to note are the changes to the shared ownership product under the new Homes England programme. Shared owners will now be able to staircase in 1% tranches (previously 10%) and the council will be responsible for the repairs and maintenance of the homes for the first 10 years, currently this is the shared owner's responsibility from the outset. It is recommended that if Homes England funding is to be sought, then this would be on the rented properties only. This would allow the council to continue with the current form of shared ownership rather than the new model, which would create several administrative and cost implications.

4.5 Borrowing

4.5.1 Any remaining funding required after capital receipts (including Right to Buy receipts) and external grant money are utilised, is funded through borrowing. Borrowing costs including interest and repayment of the debt must be funded from the HRA, with the rental income from the new properties being used to cover this. If the rental income is unable to cover these costs it would need to be subsidised from the rents of the wider HRA which would have an adverse financial impact on the HRA.

4.5.2 As the cost of development rises, the amount needing to be borrowed is also likely to increase, but the rental income is not necessarily increasing at the same rate. The interest rate at which the council borrows (usually from the Public Works Loans Board at a favourable rate compared to the market) is also increasing, putting further pressure on the use of the rental income. This will impact the number of years it takes to repay the loan, whilst still being affordable within the income from the scheme.

4.6 Considering a wider mix of rental income

4.6.1 The capital costs of the projects are paid back by the rental income of the new properties and therefore different models of rent will affect the repayment period of the loan and viability of the sites. **Social rent** is calculated using a formula based on the January 1999 value of a property and was historically referred to as 'target rent'. **Affordable rent** was introduced by Homes England in an earlier funding round and allows housing providers to charge up to 80% of the market rent, at this time social rent wasn't funded by the Agency and schemes were unviable without this funding.

4.6.2 Homes England are now encouraging bids for homes at social rents, but due to the lower rental income with which to repay the cost of building the scheme, much higher subsidy is required to make the scheme viable. If Homes England funding was able to cover the difference in rental income through upfront grant subsidy, it may be possible to offer some of the new rented housing at social rents rather than affordable rents.

4.6.3 The committee has previously adopted the policy of capping affordable rents at the Local Housing Allowance (LHA) where they exceeded this figure, for new build schemes. It is recommended that members now also consider revising this approach in line with Homes England's changing funding offer, allowing more flexibility with rent setting, but with the option to charge the **full 80% market rent** in circumstances where developments require a higher rental income to support the cost of delivery.

4.6.4 In these cases, the full 80% market rent would be eligible under Universal Credit and Housing Benefit and applicants would be fully aware of the proposed rent prior to bidding for the property. It is felt that the higher rent can be justified on the new build programme where a high-quality energy efficient home reduces the monthly costs of running the property. It is not proposed to have a mixture of rent options on each site, however, a different rental model may be applied to different schemes; for example, Cambridge House may be 80% of market rent and Glebelands may be social rent with some shared ownership.

4.6.5 To enable Housing Committee to understand the impact these different rents have on the number of years it takes to repay the borrowing; a table has been included in **Appendix D**.

4.7 The revised budget required is set out in table 3 below, with the planned approach to funding the cost of the schemes set out in table 4.

Table 3 – Original budget against revised budget position

Scheme	Original Total Budget Approved £	Revised Total Budget Required £	Difference between original and revised position
Gloucester/Bradley St	1,785	2,511	+726
Glebelands	4,532	6,889	+2,357
Cambridge House	2,751	4,274	+1,523
Queens Drive	1,225	2,034	+809
Land at Canalside	1,816	1,816	0
Total	12,109	17,524	+5,415

Table 4 – Planned approach to funding schemes

Site	SDC Capital Receipts	Independent Living Modernisation Capital Receipts	Right to Buy Receipts	Brownfield Land Release Funding	Estimated Homes England Subsidy	Total Subsidy Scheme	Total Subsidy Per Unit	Total Scheme Borrowing	Loan Repaid Year
Gloucester Street	845		369	62		1,276	160	1,235	49
Glebelands	400	1,500		215	1,133	3,248	141	3,641	47
Cambridge	1,250			94	867	2,211	170	2,063	50
Queens Drive	450		610			1,060	151	974	47
Total	2,945	1,500	979	371	2,000	7,795		7,913	

4.8 The table above assumes the use of capital receipts and that the council is successful in securing £2m of subsidy from Homes England. In the event the council is not successful in its bid, the additional funding would need to be found from future capital receipts including land disposal and right to buy receipts.

5 KEY RISKS TO DELIVERY OF THE PROGRAMME

5.1 New build sites generally have many associated risks which can differ from site to site. The key risks to delivering the programme within the timescales are:

- Failure to obtain planning permission – delays are currently being experienced due to the slow response from statutory bodies.
- Increasing build costs in addition to supply of labour and materials.
- Unknown ground conditions which affect the drainage strategy/costs to deliver the site.
- Legal agreements and statutory authorities such as utility suppliers.
- Ecology (including surveys which are time specific, and any associated licences which may be required from Natural England).

5.2 The team are aware of these risks and seek to actively manage them throughout the duration of the project (for example undertaking additional costing reviews and forecasting inflation costs) though it should be remembered that sometimes they can be beyond the council's control.

6 CONCLUSION

6.1 It is recommended that officers continue to utilise a mixture of funding streams to support delivery of the programme and that the committee notes an increase in the number of years to repay the borrowing for the programme, and the exceptional increase in building costs now faced in the delivery of schemes.

6.2 It is also recommended that Orchard Road is removed from the programme and a review of the potential, for using the site to deliver temporary housing is undertaken. Further, that a report is brought back to committee within 6 months with a recommendation for its future use, so that a decision can be made to retain or dispose of it before the current planning permission expires in January 2024, with any capital receipt used towards the funding of the New Homes & Regeneration Programme.

6.3 Members are also recommended to delegate a flexible approach to rent setting for schemes to officers, which might now include social rent, affordable rents capped at LHA and full 80% market rent. These will be considered on a site-by-site basis subject to the locality and financial performance of the scheme, ensuring that higher rents are only charged where it is the only option in bringing the site forward in the programme.

6.4 The revised programme for approval by Housing Committee is as follows, noting that further reports will be brought to committee on the Land adjacent to the A419 and Orchard Road.

Table 5 – Summary of programme and budgets for approval

Development	Revised Total Scheme Costs and Budget for Approval £	Number of Years to Repay the Borrowing
Gloucester Street/Bradley Street	2,511	49
Glebelands	6,889	47
Cambridge House	4,274	50
Queens Drive	2,034	47
Land Adjacent to A419	1,816	Subject to review
Total Budget Requested	17,524	

6.5 This represents an additional £5.42m compared to the current budget already approved and contained within the MTFP. It is recommended, therefore, that the revised budgets for the New Homes and Regeneration Programme be recommended for approval to Full Council in

order that the council has certainty of delivery and can seek to procure a contractor. This will enable the continued delivery of much needed affordable homes, at a time when the country faces a cost-of-living crisis, during which time the housing shortage is expected to become more acute.

7. IMPLICATIONS

7.1 Financial Implications

This report sets out the cost and delivery changes to the New Homes and Regeneration Programme. As set out in Table 3 (para 4.7), the increase in cost for the schemes in phase 2 is £5.4m. It is proposed that this is funded from £2m grant income (to be confirmed), £2m of capital receipts and £1.4m of borrowing. This funding mix is subject to change as further funding becomes available.

The New homes programme is funded through a combination of capital receipts, external grant funding and borrowing. In order to prevent the cost of new homes impacting on the Medium Term Financial Plan it is important to ensure that the cost of borrowing can be supported from the new rental income generated from the housing. As the cost of new housing increases, the rental income remains the same and so in order to keep the loan repayments affordable, they have needed to be repaid over a longer period of time. Table 5 (para 6.4) sets out that based on the current costs and funding, these schemes will now take approximately 47-50 years to repay based on current assumptions.

This increase is in part due to the increased cost and also partly due to an increase in interest rates on borrowing. Rents on new properties are currently charged at affordable rents, but capped at the Local Housing Allowance rate. As set out in the report (para 6.3) members may choose to charge more in rents on the new housing, which due to the high energy efficiency rates, have lower running costs. By charging up to full affordable rents (80% of market rents) the borrowing could be repaid sooner, which would reduce risk and also provide a financial benefit to the HRA sooner, as once the borrowing is paid off the rental income would support the wider HRA.

The cost and financing of the schemes will continue to be monitored and reported to Housing Committee as part of the capital programme.

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7.2 Legal Implications

Under Section 8 of the Housing Act 1985 (the Act) the council have a duty to consider the needs of the district with respect to the provision of further housing accommodation. They may provide housing accommodation by erecting houses or converting buildings into houses, on land acquired by them for the purposes of this duty.

With regards to the proposed option to dispose of land at Orchard Road, Ebley if this is land held for the purpose of providing housing, under Section 32 of the Act the council may require the consent of the Secretary of State unless the disposal falls within the provisions of the General Housing Consents 2013.

It is recommended that officers work with colleagues in Procurement and One Legal to prepare the documents required to run a competitive tender for the procurement of contractors to undertake the construction of any new housing units.

One Legal

Tel: 01684 272016 Email: legalservices@teWKesbury.gov.uk

7.3 **Equality Implications**

There are not any specific changes to service delivery proposed within this decision.

7.4 **Environmental Implications**

The following sets out details of significant implications identified by officers:

The specification for the council's new homes aims to achieve a minimum SAP rating of 86 resulting in an EPC B rating. As set out in 3.1 the council achieved a much higher SAP rating on the first 36 new homes to be delivered in the programme, achieving an EPC A rating. It is intended that this should be replicated across the remainder of the programme. This is a significant step towards meeting the targets set in SDC's Carbon Neutral 2030 Strategy and we will continue to work with contractors to develop ways of meeting our 2030 Stretch goals. The specification of our new homes is above Building Regulations standard and complies with Local Plan policy.

Some of the features which have been included within the specification to support the environmental aspects are: the inclusion of air source heat pumps; recyclable kitchens; and ecological enhancements, including bird/bat boxes, bug hotels and hedgehog holes in all fencing.