

COUNCIL 29th September 2021

Report Title	Cheltenham Road Housing Development – amendment of budget following delay caused by the discovery of Great Crested Newts
Report Author	George Candler (Executive Director – Place and Economy) george.candler@northnorthants.gov.uk

List of Appendices

- Appendix A** – Site Layout Plan
- Appendix B** – Three Bed House Plan
- Appendix C** – Two Bed House Plan
- Appendix D** – Two Bed Bungalow Plan
- Appendix E** – One Bed Flat Plan

1. Purpose of Report

- 1.1. To seek approval to amend the budget of the Cheltenham Road housing development and resume construction following delays caused by the discovery of Great Crested Newts in a neighbouring garden.

2. Executive Summary

- 2.1 The Cheltenham Road housing development is a scheme to build 18 new homes on a vacant site in Oakley Vale, Corby. The scheme had Chief Executive approval from Corby Borough Council and work commenced on site on 26th October 2020.
- 2.2 However, work on site was halted on 29th October 2020 due to the discover of Great Crested Newts in a neighbouring garden. As these newts are a protected species, construction work had to be delayed pending an investigation from Natural England.
- 2.3 Natural England issued a new licence in June 2021. Following works to trap and remove newts, the site will be ready for the contractor to resume works in October 2021.
- 2.4 Building costs have increased since the site was closed and an amendment to the budget is required before works can resume.

- 2.5 A revised budget of £3,861,380 is required to take account of the cost of delays and an increase in building costs due to the effect of Covid on the construction industry.
- 2.6 This report seeks approval for the revised budget so that the contractor can resume construction works and deliver 18 new energy efficient council homes by December 2022.

3. Recommendations

- 3.1 It is recommended that Full Council:
- a) Approve the amendment of the budget for this scheme to £3,861,380 so that construction can resume following delays caused by the discovery of Great Crested Newts; and
 - b) Delegates authority to the Executive Member for Housing and Communities, in liaison with the Assistant Director, Housing & Communities, to take any further decisions and/or actions required to conclude this procurement and deliver this capital programme
- 3.2 Reasons for Recommendations:
- To allow construction work to resume so that the development of 18 new council homes can be completed.
 - To meet our commitment to increase the number of council homes to help address the shortage of affordable homes in North Northamptonshire.
 - To use available Right to Buy funds for 40% of the scheme costs and to avoid paying these funds back to the Government with interest.
 - To build new homes which are energy efficient.

4. Report Background

- 4.1 There is a shortage of affordable homes in North Northamptonshire and the stock of council homes is being diminished due to Right to Buy. However, vacant sites with development potential provide an opportunity for the Council to deliver new council homes to help address housing need.
- 4.2 The site on Cheltenham Road, Oakley Vale, Corby is a Council owned vacant plot of land that was originally designated as a railway halt. The site is surrounded by fields with a row of existing homes to one side. As it was no longer required as a railway halt, planning permission was obtained in 2019 to develop a scheme of 18 new energy efficient, affordable homes. These will consist of 8 x 2 bed houses, 2 x 3 bed houses, 4 x 2 bed bungalows and 4 x 1 bed flats.
- 4.3 The Council was aware that the site contained Great Crested Newts and a licence was obtained from Natural England in 2019 to enable the newts to be relocated.

- 4.4 Following a tender for the construction work in 2020, Mercer Building Solutions Ltd were appointed as the contractor to build the new homes. Soon after starting on site, work was halted in October 2020 when Great Crested Newts were discovered in a neighbour's garden. These newts are a protected species. Our ecologist informed us that, as there were holes in the neighbour's fence, there was a danger that newts could get into our construction site.
- 4.5 Natural England carried out an investigation and following discussions, a new licence was issued in June 2021. The Cheltenham Road site is currently being trapped for newts and will be ready for the contractor to resume construction works in October 2021. However, since the site was closed, the cost of delay has had an impact on the budget required for this scheme.
- 4.6 Corby Borough Council approved the scheme in May 2020 with a budget of £3,195,000. A revised budget of £3,861,380 is now required to take account of costs associated with the delay since the site was forced to close.
- 4.7 This report seeks approval for the revised budget so that the contractor can resume works and complete the development.

5. Issues and Choices

- 5.1 Because of the discovery of Great Crested Newts, the Council was advised to halt construction work at Cheltenham Road pending an investigation by Natural England. The Council told the contractor to stop works on site in October 2020. As a result, the contractor is entitled to costs due to the delay.
- 5.2 This means that the budget for the scheme will need to be revised from £3,195,000 to £3,861,380.
- 5.3 If the Council were to terminate the contract to seek a potentially lower price, the builder could sue the Council for breach of contract as it was told to halt work through no fault of its own. Even if we were to go to tender again, the cost of the scheme is likely to be more now due to higher build costs because of the impact of Covid on the construction sector.
- 5.4 The Cheltenham Road scheme is an important part of the Council's housing development programme. All 18 new council homes are designed to be energy efficient and will help to address housing need.
- 5.5 If the budget amendment is approved, construction work can resume in October 2021 and the new homes can be delivered by December 2022.

6. Implications

6.1 Resources and Financial

- 6.1.1 Since the site at Cheltenham Road was forced to close in October 2020, building costs have increased. This is due to various factors affecting the construction industry, including Covid and Brexit. Materials and labour costs have increased and there are issues with the supply of some materials such as steel and bricks,

meaning longer lead-in times and increased demand. An amendment to the budget from £3,195,000 to £3,861,380 is required. This includes an increase in the contingency sum from 3% to 10%.

6.1.2 A breakdown of project costs is provided in the table below:

Project Costs	£000
Surveys	1
Works costs (inc. preliminaries, overheads, and profits)	3,024
Planning, Building Control, and legal fees	95
Professional fees	48
Ecology	55
Great Crested Newts- landscaping and site maintenance works	62
Utilities services	78
Internal fees	86
Contingency (10%)	345
Interest on borrowing (3%)	68
Total	3,862

6.1.3 There are sufficient funds in the Housing Development HRA budget to accommodate the increase to the Cheltenham Road budget.

6.1.4 The scheme will be funded using a combination of Right to Buy (RTB) receipts and borrowing. RTB receipts will fund 40% of the scheme cost and 60% will be from borrowing.

6.1.5 The Council's housing development department will deliver the project working with the contractor, Mercer Building Solutions Ltd.

6.1.6 Once the scheme is complete, the estimated rental income from the 18 new homes will be £112,320 pa.

6.2 Legal

6.2.1 The JCT contract agreed with the contractor allows for an increase in costs due to delays.

6.2.2 The Financial Procedure Rules provide that the Executive may approve virements between capital schemes that are less than £500,000. Virements of £500,000 or more must be approved by Council.

6.3 Risk

- 6.3.1 A risk register will be in place for this project and individual project risks will be monitored and managed as the project progresses. The progress of the project and any risks will be reported to the Strategic Capital Board through monthly budget monitoring.

6.4 Consultation

- 6.4.1 Strategic Capital Board consulted - 9th August 2021.

6.5 Consideration by Scrutiny

- 6.5.1 The scheme was going to be presented to Corby Borough Council's One Corby Policy Committee (OCPC) on 24th March 2020, but this meeting was cancelled due to Covid. The scheme was approved by the Chief Executive of Corby Borough Council on 11th May 2020 under delegated powers.

6.6 Climate Impact

- 6.6.1 All the new homes are designed to be energy efficient and will incorporate solar panels and air source heat pumps.

6.7 Community Impact

- 6.7.1 The development will result in an increase in the supply of council homes to help address the need for affordable homes.

7. Background Papers

- 7.1 Corby Borough Council One Corby Policy Committee Report 24.03.20
- 7.2 Corby Borough Council Chief Executive Approval 11.05.20