

North East Derbyshire District Council

Council

25 November 2024

HOUSING DEVELOPMENT SCHEME – WHITELEAS AVENUE, NORTH WINGFIELD

Report of the Deputy Leader and Portfolio Holder for Finance, Cllr P Kerry

Classification: This report is public

Report By: Jayne Dethick, Director of Finance & Resources (S151 Officer)

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PURPOSE / SUMMARY

To seek Council approval for additional borrowing to fund the essential works required on the site at Whiteleas Avenue, North Wingfield under a Section 278 (S278) agreement with Derbyshire County Council.

RECOMMENDATIONS

1. That Council approves borrowing of £0.849m to fund the essential S278 works to complete the full development scheme at Whiteleas Avenue, North Wingfield.
2. That Council approves the inclusion of this addition to the scheme in the HRA Capital Programme
3. That Council approves the revised Capital Financing Requirement, Operational Boundary and Authorised Limit as set out in the financial implications of this report.

Approved by the Portfolio Holder – Cllr Kerry, Cabinet Member for Finance

IMPLICATIONS

Finance and Risk:

Yes

No

Details:

The Council has previously approved borrowing of £11.235m for the development scheme at North Wingfield, with the balance being funded from 141 receipts. The

original budget for the project included a sum for S278 works based on initial assessments. However, the condition of Whiteleas Avenue deteriorated when work began on site, so the original provision was no longer adequate and further consultation with Derbyshire County Council was required. This is now complete and at its meeting on 24 October Cabinet agreed to proceed, subject to approval of funding.

The additional borrowing requirement is £0.849m, bringing the total borrowing requirement for the development to £12.084m.

The implications of the borrowing required must be taken in the light of the CIPFA Prudential Code for Capital Finance. When deciding to incur borrowing, the Council must satisfy itself that such borrowing is prudent, affordable, and sustainable. Therefore, the viability model for the scheme needs to demonstrate that income streams are sufficient to cover the cost of borrowing over the period of the loan.

The viability analysis has taken place and the requirements of the Prudential Code through the modelling of the revenue impact of the scheme in the HRA 30-year business plan can be met. Rental streams over the loan period are sufficient to meet the costs of the additional borrowing and other associated revenue costs such as repairs and maintenance.

Should Council choose to fund this scheme, viability will need to be regularly reviewed, especially at key milestones such as contract award. Any variations that result in an increase to the envelope scheme cost will require further consideration by Cabinet and ultimately Council should additional borrowing be required.

The approved capital programme, borrowing limits and capital financing requirement will need to be increased by £0.849m to reflect the additional borrowing requirement. The Authorised Limit and Operational Boundary for borrowing will also need to be increased by the same amount. By revising the Capital Financing Requirement, Council is in effect approving that officers may enter into further borrowing up to £0.849m. The table below demonstrates this:

	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Approved Capital Financing Requirement	229.3	235.3	238.1	234.4
Add prudential borrowing HRA	0.85	0	0	0
Revised Capital Financing Requirement	230.15	235.3	238.1	234.4
Revised Operational Boundary	235.15	240.3	243.1	239.4

Revised Authorised Limit	240.15	245.3	248.1	244.4
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On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

The changes required under a S278 agreement is a legal requirement agreed with the Highways Authority (DCC). Any specialist advice required in relation to the scheme will be procured as required.

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>NEDDC: Revenue - £125,000 <input type="checkbox"/> Capital - £310,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies</p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
District Wards Significantly Affected	North Wingfield

Equality Impact Assessment (EIA) details:	
Stage 1 screening undertaken <ul style="list-style-type: none"> Completed EIA stage 1 to be appended if not required to do a stage 2 	Yes, appended.
Stage 2 full assessment undertaken <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	No, not applicable.
Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet <input checked="" type="checkbox"/> SMT <input checked="" type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan priorities; <ul style="list-style-type: none"> A great place to live well
<ul style="list-style-type: none"> Protect the most vulnerable people in our communities. Ensure residents have safe and good quality homes. Increase the number of homes for rent in the district. Reduce the environmental impact of housing in the district.

REPORT DETAILS

1 **Background** *(reasons for bringing the report)*

- 1.1 In October 2019 Cabinet approved in principle to develop 70 new mixed tenure homes on vacant, Council owned land at Whiteleas Avenue, North Wingfield. This scheme and the associated financing was approved by Council in November 2019.
- 1.2 The original proposal was kept under review and following changes in economic and market requirements, a final revision was approved by Cabinet in June 2023. The final mix of 70 homes (48 affordable rent and 22 open market sales) are now under construction.

2. **Details of Proposal or Information**

- 2.1 The original budget included an allowance for S278 works, with a reasonable assessment of what would be required. S278 is part of the Highways Act 1980 that allows developers to enter into a legal agreement with the Highway Authority to make permanent alterations or improvements to a public highway as part of planning approvals. This included plane and relay footpaths, resurfacing the carriageway, and making good grass verges and vehicle cross overs where required. However, once construction was underway it was discovered that Whiteleas Avenue was in a poorer state than originally thought and as construction continued the road condition deteriorated very quickly.

2.2 The scale of the work along with the technical specifications required to improve the road conditions under the S278 agreement have now been agreed with DCC, meaning work can commence. The additional works have been priced and independently verified at a cost of £0.849m. This cannot be contained within the original budget, so an increase is required, funded by additional borrowing.

2.3 The section of the road needing work directly affects only part of the development so some properties can be completed and handed over, but the large majority are affected by the works and without the additional funding, there is a risk to onsite delivery of the full scheme. Further delays to the scheme may also lead to additional contractual cost pressures.

3 Reasons for Recommendation

3.1 The housing scheme at Whiteleas Avenue, North Wingfield supports the Council's commitment in its Council Plan to build, acquire and facilitate the delivery of more high quality social housing for rent in the district. The additional funding is required to allow completion of the site.

4 Alternative Options and Reasons for Rejection

4.1 There is no alternative to completing the S278 works which are essential to the completion of the development.

4.2 Deliver within the existing envelope. Rejected as the 278 works must be completed to allow the majority of the development be completed so the scheme would have to be modified reducing the number of homes on the site.

DOCUMENT INFORMATION

Appendix No	Title
1	EIA Stage 1 Screening
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
None	