

**Decision Maker:**       **PORTFOLIO HOLDER**

**WITH PRE-DECISION SCRUTINY BY RENEWAL, RECREATION  
AND HOUSING POLICY DEVELOPMENT AND SCRUTINY  
COMMITTEE**

**Date:**                   **4<sup>th</sup> November 2020**

**Decision Type:**       Non-Urgent                   Executive                   Non-Key

**Title:**                   **PROVISION OF HOUSING IN YORK RISE, ORPINGTON**

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**Chief Officer:**        Director of Housing, Planning, Property and Regeneration

**Ward:**                   Farnborough and Crofton;

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1. Reason for report

- 1.1 This report recommends using the LHC, NH2 procurement framework to proceed with residential development proposals of circa 35 homes at York Rise, Orpington, BR6 8PR.
  - 1.2 The site has been subject to previous development proposals outlined in the report. In May 2020, the Council appointed multi-disciplinary consultants Pellings to undertake further detailed feasibility of the site. Executive previously agreed to fund and develop proposals for this site, however, the proposals have substantially moved on since that time.
  - 1.3 This report outlines the work undertaken as part of the feasibility study and what is required as part of the tender to proceed with the next stages of development.
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2. **RECOMMENDATION(S)**

The Renewal, Recreation and Housing PDS Committee are asked to:

- 2.1 Note and comment on the content of the report.

The Portfolio Holder is requested to:

- 2.2 Note the progress of the project as set out within this report.

- 2.3 Note the commissioning strategy set out in this report including the use of the LHC, NH2 procurement framework for the appointment of consultants funded from the Capital Scheme approved in July 2019.
- 2.4 Note the decision to proceed to procurement for the Pre-Contract Service Agreement works contract for up to £350k, which includes all the work required to develop a residential design and a fully costed scheme.
- 2.5 Note that a report will be presented at a later date to the Executive once the design proposals are at a more advanced stage prior to proceeding to any further stages (ie., design and build) which will provide an update on the estimated costs of the scheme with a recommended approach to ensure development viability.

## Impact on Vulnerable Adults and Children

1. Summary of Impact:
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### Corporate Policy

1. Policy Status: Not Applicable Existing Policy New Policy: Further Details
  2. BBB Priority: Children and Young People Excellent Council Quality Environment Safe Bromley Supporting Independence Vibrant, Thriving Town Centres Healthy Bromley Regeneration Not Applicable: Further Details
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### Financial

1. Cost of proposal: Estimated Cost up to £350k
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £6m
  5. Source of funding: Housing Investment Fund (£2.5m) and Investment Fund (£3.5m)
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### Personnel

1. Number of staff (current and additional): Existing resource
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: None. Statutory Requirement Non-Statutory - Government Guidance None:
  2. Call-in: Applicable Not Applicable: Further Details
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### Procurement

1. Summary of Procurement Implications:
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments?
2. Summary of Ward Councillors comments: Awaiting comments – to be included as part of an addendum.

### 3. BACKGROUND

- 3.1 The York Rise site is 0.46ha in area and is currently not in use. It is located in a suburban area of Orpington accessed via Crofton Road. The principle of development of the site has been established as a Site Allocation in the Council's Local Plan for up to 35 dwellings. The site is in Council ownership and in July 2019 the Council approved a contract award (report no. ECHS 19061) to Mears for the supply and build of a modular housing scheme, and approved the addition of £6m for the scheme to the Capital Programme.
- 3.2 The previous tender team identified a range of potential issues with this site. The issues identified included a retaining wall requiring significant remedial works, as well as the possibility of a number of air raid shelters below ground. Following both parties best efforts to mobilise the contract and due diligence, both parties agreed that the terms of the contract were no longer in either parties' interest. This contract has since been terminated and further work has been undertaken to bring housing forward on this site.
- 3.3 In May 2020, the Council appointed Pellings to undertake a detailed feasibility study to develop the site for residential development. The study has undertaken a number of site surveys to ascertain the potential scale of homes; planning and local concerns; a review of ground analysis and the process of installing units including the utility infrastructure, site preparation and landscaping of the site. The feasibility study was also commissioned to determine the impact of the air raid shelters on any proposed residential development.
- 3.4 The report has identified the following work that would be required to make the site and any potential development structurally sound and policy compliant:
- Strengthening of the retaining wall along the site boundary; this has indicatively been costed as £103,000.
  - Historic England have identified that the entire site is within an Archaeological Priority Area and so to develop this site is expected to include as a minimum an assessment of the archaeological potential of the site. The assessment report will enable judgment to be made, based upon currently available information, as to whether any on-going archaeological interest can be secured by condition(s). In terms of the cost to the scheme, this will be dependent on the findings; this will be monitored as part of developing the proposals on the site.
  - Forms of development: the Pellings' report has noted that for modular forms of housing, raft foundations can be used. This method distributes the weight of the development over the entire area of the building and not over smaller zones. It has the benefit of reducing the stress on the soil and lowering the ground pressure, reducing any potential impact above the air raid shelters, for this reason this continued to be the preferred method of construction.
  - The topography of the site and the gradient of the access road: Planning have advised that the development proposals must respond to the site conditions including gradient, in terms of the siting, scale and mass of built development and positioning of windows, to ensure that no unacceptable impact to neighbouring residential properties arises. This can be managed through design and included as a key consideration to overcome in the specification for the PCSA works. The Pellings report has indicated minimal concerns to site access during the construction phase of the development. The use of tower cranes was recommended to transport prefabricated construction materials to the site. This should be transported in sections with smaller components brought to the site via the access point at Crofton Road.

- The proximity to a Strategic Route and the railway line. In terms of the development proposal, reducing the amount of construction traffic along the Strategic Route will be important as well as a construction management plan. Off-site methods of construction benefit here as the majority of the construction takes places off-site and is delivered in phases reducing the number of traffic movements from and onto the Strategic Route. In terms of noise, the Pellings report has identified that this could be mitigated through the use of building materials and through design and layout of the proposal.
- Covenant status – neighbouring land ownership/easement rights. There is an existing covenant which prohibits part of the site from being used for any purpose which could be a nuisance, annoyance or cause damage to the property known in 1924 as ‘Oregon’ on Crofton Road. This can be dealt with through appropriating the land for planning purposes.
- A title report search indicated that the site is subject to ‘unspecified easements and rights (including rights of support) enjoyed by adjoining or neighbouring properties’. The utilities were assessed as part of the feasibility study and therefore in the next design stages will be able to design the modular homes to plan the construction of the buildings to take into account the existing conduits.

#### **4. RECOMMENDATIONS**

- 4.1 The report proposes use the LHC, NH2 procurement framework to appoint consultants for the Stage 1 PCSA works which enables the Council to procure specialist contractors in modular housing construction who have experience from design to construction and that officers have experience with on existing schemes. The suppliers on the Framework are required to compete through open competition to be appointed to it, ensuring all suppliers are best value for money. The Framework essentially gives access to the leading D&B housing providers in this area, but there are ceiling, competitive rates for schemes. The framework is also flexible and the 60/40 split cost and quality can be applied to evaluate bidders.
- 4.2 Off-site manufacturing methods for a modular housing scheme meet a number of the Council’s housing objectives due to the cost and speed of upfront construction and the need to deliver affordable housing solutions quickly. It is important to note that the above considerations are risks of developing this site in terms of cost, time scales and complexity of the scheme would be prominent in the event of any form of housing proposal. The costs of the above and the development proposals will need to be considered in relation to the whole viability of the scheme – and there are a number of approaches that the council could use if the scheme viability is in question (i.e., disposal following planning, joint venture with a housing provider to deliver the scheme, utilisation of affordable housing grant, the rental model applied). This will be assessed once a fully costed design is undertaken.
- 4.3 The LHC, NH2 procurement framework allows for the proposed approach in the report as it is a two stage tender, whereby all Stage 1 PCSA works are completed with the contractor and can be terminated at this stage prior to proceeding to Stage 2 (the design and build) of the scheme.
- 4.4 From recent schemes (Burnt Ash Lane, Bushell and Anerley) the cost of a project will vary depending on the design, use of materials, landscaping, planning conditions amongst other things. Officers therefore consider it is prudent given that the site is considered feasible for development, to procure the contractor to develop the PCSA works to develop a fully costed design. The report notes that prior to entering into a Design and Build works contract, officers will return to the Executive with a full viability assessment.

#### **SUMMARY OF THE BUSINESS CASE**

- 4.5 The site at York Rise is identified within the Local Plan for housing provision, and given lessons learnt on previous tender processes, as well as the speed that officers have been able to apply to other small housing sites, it is envisaged that a modular housing solution is achievable and recommended on this site.
- 4.6 For this particular site, the steep access road, the proximity to a Strategic Route and the need to strengthen the retaining wall are all costs the development will need to factor into the proposal going forward. It is anticipated that a modular construction will benefit this development as construction will require less intensive road access as it is predominantly constructed off-site and cranes can be used, if necessary; strip foundations can be used that require less extensive ground works for the houses to be built on, mitigating the harm upon the air raid shelters. Furthermore, the development proposals can design the scheme layout around the air raid shelters so that nothing is directly built above them.
- 4.7 There are substantial benefits of using the LHC, NH2 framework in terms of procurement and project management. Under the LHC, NH2 Framework (Workstream 4, Lot 2), the Council will be able to procure a full turnkey housing solution using offsite construction methods for schemes above 25 units. There are also a range of suppliers on the framework with different housing typologies and design. Furthermore, modular construction provides high quality living environments, fast construction and implementation reducing the impact upon neighbouring properties and are environmentally positive in terms of construction and energy efficient for future residents.
- 4.8 Currently, there are no frameworks in place to develop a scheme using traditional methods of construction from RIBA stages 1-7. As a result, officers would need to procure consultants at each RIBA stage, developing each stage as separate tenders. It would also mean that the suppliers (ie., the appointed constructor) would be procured following planning permission and would not have developed the proposals from the beginning, which could incur delays and costs to the project if changes were required to the scheme. Whereas the LHC, NH2 framework RIBA stages 1-7 are considered as a whole. Subject to entering into a design and build contract, the project team developing the site will be working throughout the process so there is project continuity.
- 4.9 It should also be noted that there is the ability to discontinue the contract with the supplier following the PCSA works in advance of RIBA stages 5-7 if the Council (or supplier) does not wish to continue. By undertaking the contract in this way, not only will there be more cost certainty there will also be the opportunity to apply for GLA grant funding.

## **DESCRIPTION OF PROPOSED SERVICE AND INDICATIVE COSTINGS**

- 4.10 The procurement tender will award a contractor to undertake the Pre-Service Contract Agreement works which includes the Design Stage of the RIBA Stages of Work (0-4). This will be evaluated and will comply with the 60/40 price/quality Council Procurement Rules.
- 4.11 The service of works for the tender will be a comprehensive set of work and will require the following pieces of work to be undertaken:
- Housing design;
  - Site layout;
  - Services installation;
  - Consultation with the community and Councillors including at least three (3) open days/stakeholder engagement events (subject to Covid-19 policy).
  - Undertake Air Quality Assessments
  - Undertake Daylight Study Surveys

- Payment for Air Quality Assessment and Daylight studies will be made in accordance with the Pricing Schedule Submitted and included in Appendix
- Costs associated with the detailed design option.

4.12 Requirements of the tender also as a minimum, will deliver:

- A development in line with the Local Plan, that will be planning compliant and can be delivered on site.
- A modular development suitable for permanent occupation.
- An agreed design with the Council, i.e. options that are sympathetic to the local surroundings.
- Housing that meets the London Housing Space Standards.
- Housing that is both efficient in terms of build, but also in terms of long term stability for those living there.
- A range of dwelling sizes, including 10% wheelchair accessible housing on site.
- Adequate internal space for storage, as well as refuse bins and recycling.
- Landscaping, open space and other amenities as part of the site.
- Environmentally friendly design that reduces the on-going cost of utilities.

4.13 The Pellings study undertook a number of surveys on the site to provide the Council information on the remediation and pre-construction costs associated with delivering housing on this site. Some of these can be mitigated through design; the estimated costs are considered to be approximately £390k. The indicative costs associated with the build, landscaping, and external works is considered to be approximately £3.5million. However, until a supplier is appointed these development costs cannot be relied upon as it will vary depending on the appointed supplier, the type of development (ie., houses or apartments), scale of housing (e.g., higher density housing requires greater internal space and lifts) mix of homes, materials used, planning costs and policy requirements; it also does not include costs such as the fit out, amongst others. In relation to other housing projects, this scheme is for more units and has other known site complexities; the Council can expect the costs to be higher than indicated by the Pellings report.

4.14 The costs of construction are fluctuating, and there are significant variables depending on the design, use of materials landscaping and any other requirements likely to be required through the planning stage. Taking learning from other schemes, officers are recommending that the PCSA work is undertaken, to give more detailed understanding of the costs. This will outline the full costings and how the scheme meets the wider objectives of accommodating those in temporary housing and reducing costs to the council to accommodating those in private accommodation.

4.15 Indicative schedule of works - pending the recommendations of this Report, the indicative timescales are set out below:

November 2020-January 2021	Tender for D&B Contractor to be Awarded by Delegated Authority, pending approval of this award.
December 2020	Enter into Agreement with GLA for Grant.
February-March 2021	Officers work with appointed contractors and project group to develop design and layout. Further surveys and other site investigations.  Engagement with local residents and Ward Members on site proposals.

	Pre Application with Planning.
April 2021	Subject to Design and Cost of the scheme – in the event that the costs go above allocated budget for the scheme, officers will present back to Executive, prior to submitting the planning application.
May 2021	Full planning application submission to Planning.
July 2021	Decision be determined by Development Control.
July - August 2021	Subject to decision by Planning – Council enters into Design and Build Contract with contractors.
August 2021	Site Works commence.
February/March 2022	Site Works completed.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 The proposal will deliver homes for those in temporary accommodation, supporting vulnerable adults and children in the community.

#### **5. POLICY IMPLICATIONS**

- 5.1 The proposal will deliver affordable housing to meet the Council's wider temporary accommodation needs.

#### **6. FINANCIAL IMPLICATIONS**

- 6.1 At its meeting in July 2019 in considering the award of the now terminated contract, the Executive agreed the addition of the scheme to the Capital Programme with an estimated value of £6m, funded by £2.5m from the Housing Investment Fund and £3.5m from the Investment Fund earmarked reserves.
- 6.2 In February 2020, the Director of Housing Planning and Regeneration, agreed the use of up to £100k for the intrusive site surveys. Of this amount, £23k has been committed so far.
- 6.3 It is proposed that the scheme remain in the capital programme and that up to £350k be allocated for consultants to carry out design work, assessments and costings. If the scheme eventually progresses then the costs of the surveys and consultants will be charged to the capital scheme.
- 6.4 If the scheme does not progress then the survey and consultants costs will be abortive and charged to revenue, and funded from the Housing Investment Fund. The scheme would then be removed from the Capital Programme and the balance of the allocated funding retained in the Housing Investment Fund and Investment Fund for other future housing development schemes.
- 6.5 Following the decision to re-open the Housing Revenue Account (HRA), the Council has the option to appropriate this site from the General Fund into the HRA which would allow the

Council to discharge its homelessness duty rather than being used for temporary accommodation. This will be presented as an option in any subsequent report recommending continuation of this scheme and will provide full details of the estimated capital costs of the scheme and associated revenue implications.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There is adequate resource to procure and lead the development of the scheme. The Council however, does not have the requisite skills to deliver this scheme and therefore must go out to the market for specialist consultancy services.

## **8. LEGAL IMPLICATIONS**

- 8.1 It appears this framework is open for use by all English local authorities including the Council. Accordingly, the Council may use that framework according to the rules of that framework, including use of relevant Call-Off Contract terms and conditions.
- 8.2 Officers may wish to consult Legal Services to check call off terms and conditions, if they wish to do so.

## **9. PROCUREMENT IMPLICATIONS**

- 9.1 This report references use of the LHC (formally known as the London Housing Consortium) New Homes Framework to support the residential development at York Rise. The Council is able to make use of LHC NH2 Framework and has been properly included on the Contract Notice. In accordance with Clause 3.5 of the Contract Procedure Rules, the Head of Procurement has been consulted regarding the use of the Framework.
- 9.2 The decisions referenced in recommendations 2.3 and 2.4 above can be taken at an officer level by the Director of Housing, in accordance with sections 1.3 and 16 of the Council's Contract Procedure Rules.
- 9.5 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.

<b>Non-Applicable Sections:</b>	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	[Title of document and date]