

Title of meeting:	Cabinet Member for Housing and Tackling Homelessness
Date of meeting:	18 th September 2024
Subject:	Bunting Gardens, Havant - Council Housing Development
Cabinet Member:	Councillor Darren Sanders - Cabinet Member for Housing and Tackling Homelessness
Report by:	James Hill - Director of Housing, Neighbourhood and Building Services
Report Authors:	Jo Bennett - Assistant Director - Housing Need and Supply Patrick Leggett - Head of Capital Projects
Wards affected:	N/A Housing Revenue Account (HRA) land held in Havant
Key Decision:	No
Full Council Decision:	No

1. Purpose of Report

- 1.1 To update on a capital spend of £1.494m from the Wecock Farm (Infill) capital scheme, which was added to the capital programme on the 8th March 2021; this spend will deliver 3 x four-bedroom, eight-person new council house dwellings at Bunting Gardens within the Wecock Farm estate, Havant.
- 1.2 To seek approval to build these houses to Passivhaus standard, in line with approved energy efficiency standards for new council homes approved in March 2021.

2. Recommendations

- 2.1 To note that Housing Revenue Account (HRA) Capital Expenditure of £1.494m has been approved by the Director of Finance and Resources (Section 151 Officer), under Financial Rule B.11, to deliver 3 new council housing dwellings at Bunting Gardens, subject to consultation with the Cabinet Member for Housing and Tackling Homelessness on the requirement for them to be built to Passivhaus standard.
- 2.2 To approve for the Bunting Gardens development to be built to Passivhaus standard.

3. Background

- 3.1 In March 2021, a report was approved at this meeting to deliver 28 new council homes within the Wecock Farm area to approved energy efficiency standards.



This report stated that additional reports would be brought back and presented to this meeting at design, construction, and operational phases of the development to report on the progress and learning from the adoption of the energy efficiency standards, i.e. Passivhaus.

- 3.2 This report enables confirmation of the design to Passivhaus and will enable the tender award process for delivery.
- 3.3 Building Services have been working on each site within the original report and the site at Bunting Gardens is the first to be deliverable.
- 3.4 The new homes will be built on land owned by Portsmouth City Council.
- 3.5 Planning permission has been approved by Havant Borough Council.
- 3.6 This development will contribute to Havant Borough Council new homes target, set by central government. The two authorities continue to work closely together through the duty to cooperate both unilaterally and through the Partnership for South Hampshire, on housing need and areas of other cross boundary working.
- 3.7 Alongside the development of the Bunting Gardens design, the capital projects team have undertaken a design review of the previously completed HRA development projects. The review included technical review by professionals, review of maintenance requirements and feedback and engagement from residents occupying the buildings. The design review learning has now been compiled to update the design standards that new council homes are designed to.
- 3.7.1 Some of the adopted principles relevant to Bunting Gardens include:
- Nationally described space standards + 5%.
 - Units designed to M4(2): Category 2 - Accessible and Adaptable Dwellings.
 - Maximise occupancy by sizing all bedrooms to accommodate a minimum of 2 people.
 - Orientation of properties to maximise benefit of solar gains/ shading.
 - Heating/ cooling programmers to be easy for residents to operate.
 - Minimise use of floor to ceiling windows to improve privacy.
 - Adequate kitchen size and layout to accommodate the needs of a large family, including a large fridge/ freezer space and washing/ drying machines.
 - Provision of utility cupboards where possible for larger homes to maximise kitchen space.
 - Good storage provision throughout the property, including built in wardrobes in bedrooms and boarded loft spaces.
 - WC provision on all floors.
 - Minimum garden length of 10m for larger homes.
 - Robust and easy to understand handover process to new building residents.

3.8 The properties at Bunting were originally designed to Passivhaus, however, when the scheme was initially approved in March 2021, there were concerns over the potential higher capital cost compared to the energy saving benefits of Passivhaus.

3.9 As estimated by Passivhaus Trust in 2018, the cost difference between Passivhaus and a building regulations compliant build was estimated at 8%, however, this has been falling over recent years due to strengthening building regulations and greater adoption of Passivhaus technology. The benefit of Passivhaus design and certification to Portsmouth City Council tenants is a reduction in energy bills and a move away from potential energy poverty.

3.9.1 The capital projects and energy teams completed a pre-tender exercise and identified the following predicted energy costs.

3.9.2	Typical 1980's council housing stock	£3,104 per annum
	Building Regulations compliant	£2,483 per annum
	Passivhaus certified	£1,642 per annum

3.9.3 This analysis has confirmed that the predicted energy bills for a Passivhaus certified development would be considerably lower than a building regulations compliant development, with tenant energy bills estimated to be £841 lower per annum.

4. Community Engagement

4.1 Community engagement was undertaken to get feedback on the development proposals for Bunting Gardens. This included:

- Public drop-in sessions at The Acorn Centre on the below dates
 - 15th June 2022, 7.30am-9.30am
 - 16th June 2022, 5pm-7pm
- 1000 fliers to local residents
- 300 posters around the area including some local businesses
- Social media posts
- Webpage for the development on the Portsmouth City Council website.

4.2 Feedback from the community engagement was shared with the community in booklets delivered to local addresses.

4.3 The feedback received from the community was considered in the development of the design proposals. These were altered where necessary, prior to submission of the planning application. An example of community feedback that was incorporated into the design is changes to the parking spaces layout.

4.4 There was a general housing team presence at the engagement events to enable any feedback residents had that were unrelated to the development to be registered with the relevant service.

5. Proposal

5.1 To provide a realistic cost comparison, the tender pack was prepared with two options, Option A - Passivhaus and Option B - Building Regulations compliant with 19% reduction in CO2 emissions compared to Part L, as per Havant Borough Council's planning policy. Each option had a full set of drawings and specification and were priced as individual packages to be evaluated separately. The information to the tenderers advised that both options must be priced and that each would be evaluated to identify the preferred bidder based on cost and quality, per option.

5.2 Detailed below are the tender returns for both options.

5.2.1 OPTION A - Passivhaus Compliant Construction

CONTRACTOR	WEIGHTED QUALITY SCORE	WEIGHTED COST SCORE	TOTAL COMBINED SCORE	PRICE	RANK
Contractor A Preferred Bidder	14.00	75.00	89.00	£1,297,065.47	1
Contractor B	11.88	71.43	83.31	£1,343,285.06	2
Contractor C	15.29	64.44	79.74	£1,522,208.86	3
Contractor D	13.50	62.09	75.60	£1,525,947.84	4
Contractor E	10.40	55.99	66.39	£1,799,855.45	5

5.2.2 OPTION B - Building Regulations Compliant Construction

CONTRACTOR	WEIGHTED QUALITY SCORE	WEIGHTED COST SCORE	TOTAL COMBINED SCORE	PRICE	RANK
Contractor A Preferred Bidder	14.00	75.00	89.00	£1,289,960	1
Contractor B	12.13	72.39	84.52	£1,336,539	2
Contractor D	16.31	63.08	79.39	£1,533,739	3
Contractor C	12.29	62.72	75.02	£1,542,439	4
Contractor E	9.40	53.39	62.79	£1,812,024	5

5.2.3 The total capital spend approval of £1.494m includes:

- Option A - Passivhaus Compliant Construction
- Professional fees and disbursements for design and project management
- Surveys to enable the design
- Enabling works on land prior to development, including the relocation of underground cables
- Planning approval fees
- Building Control fees
- Resident engagement

5.3 These tender returns enabled an evaluation on cost to establish the percentage difference between Passivhaus and Building Regulation Compliant design. The



cost difference for the preferred bidder between a Passivhaus and a Building Regulation compliant scheme was expected at pre-tender prediction to be around 4%. The actual tender return showed a cost differential of less than 1%.

- 5.4 In addition to the estimated reduction in tenants' energy bills, building to Passivhaus standards will also benefit the HRA in the long term. This analysis of benefit is detailed below:
- 5.4.1 The buildings will be better quality if built to Passivhaus standards as there will be increased insulation, better airtightness, and greater inspection/scrutiny during the construction phase to meet the requirements for Passivhaus certification.
- 5.4.2 The maintenance cost of the mechanical and electrical plant in the Passivhaus design should be lower than the building regulations design due to reduced use requirements.
- 5.4.3 The Passivhaus designed buildings will be more resilient to future retrofit policy for existing buildings, compared with the building regulations design. The Passivhaus design has a 'fabric first' approach, already accounting for greater insulation depths, better airtightness, and lower use of mechanical & electrical plant for heating. This approach will reduce the lifetime costs to the HRA as expensive future retrofit works may be avoided, compared to the building regulations design.
- 5.4.4 The 'fabric first' approach also minimises the need for building users to interact with more complicated mechanical and electrical systems that may be otherwise required if a fabric first approach is not adopted. This reduces the need for residents to understand how to use non-standard heating & ventilation.

6. Reasons for recommendations

- 6.1 These homes will provide much needed homes for residents and support Portsmouth City Councils corporate priority 1 " Make Portsmouth a city that works together, enabling communities to thrive and people to live healthy, safe and independent lives". Although the homes are within the borough of Havant, the tenants will be Portsmouth's, therefore the priority is valid.
- 6.2 The scheme will increase the overall number of homes in the HRA and will improve its viability to allow for continued maintenance and tenant services to residents.
- 6.3 Adopting Passivhaus standards for HRA development projects will reduce tenants' energy bills.
- 6.4 Despite the Passivhaus design option increasing the capital expenditure by approx. 1% compared to a building regulations development, the benefits to the HRA include: better quality homes, lower long-term maintenance costs and resilience to future retrofit requirements.

6.5 The development has an overall net gain of income to the HRA over 30 years.

7. Integrated impact assessment

7.1 The Integrated Impact Assessment (Appendix A) completed in March 2021 remains the same.

8. Legal implications

8.1 The recommendations are within the power of the Cabinet Member for Housing and Tackling Homelessness to adopt, and for the City Council to approve, and raise no immediate notable legal implications. The delegations recommended in the report are supportable and focus upon the scheme delivery within the HRA.

9. Director of Finance's comments

9.1 The Wecock Farm (Infill) capital scheme was added to the HRA Capital Programme on 8th March 2021 with a total budget of £8.1m. The scheme was intended to deliver 28 new council homes across three sites within the Wecock Farm area, including Bunting Gardens, to approved energy efficiency standards. The Cabinet Member delegated authority to the Director of Housing, Neighbourhood and Building Services, in consultation with the Director of Finance and Resources, to amend the proposed scheme to meet planning and design requirements, whilst ensuring the scheme remains financially viable, and to agree the use of either grant funding, or '141' capital receipts from the sale of council houses, to support the scheme.

9.2 A financial appraisal has been carried out that demonstrates that this development is viable to be built to Passivhaus standard. The cost of £1.494m, including fees, would be part funded by £0.6m of '141' capital receipts (40% of cost) with the remainder from prudential borrowing. The scheme would also be viable with grant funding equivalent to the capital receipts. The appraisal assumes that the new social housing units will be let at affordable rents. The scheme would not be viable with social rents, which are less than half the level of affordable rents for four-bedroom properties, as there is not a sufficient level of capital receipt subsidy available to reduce the level of borrowing to the required 20% of cost. It is also extremely unlikely that government grant could be obtained to the required level to support social rents.

9.3 Housing Revenue Account (HRA) Capital Expenditure of £1.494m has been approved by the Director of Finance and Resources (Section 151 Officer), under Financial Rule B.11, to deliver 3 new council housing dwellings at Bunting Gardens. This is subject to consultation with the Cabinet Member for Housing and Tackling Homelessness on the requirement for them to be built to Passivhaus standard (Option A). A scheme to build to Building Regulations (Option B) would also be viable with a marginally lower level of subsidy from capital receipts or grant.

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Signed by: **James Hill**
Director for Housing, Neighbourhood and Building Services

Appendices

Appendix A - Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Agenda, decisions and draft minutes Cabinet Member for Housing and Preventing Homelessness - Monday, 8th March, 2021 4.30 pm	https://democracy.portsmouth.gov.uk/jelListDocuments.aspx?CIId=504&MIId=4674
Bunting Gardens resident engagement webpage. Includes drawings and information regarding the project.	https://www.portsmouth.gov.uk/service/s/development-and-planning/regeneration/improving-your-city/bunting-gardens-waterlooville/

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet member for Housing and Preventing Homelessness on 18th September 2024.

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Signed by: **Councillor Darren Sanders - Cabinet Member for Housing and Tackling Homelessness.**