

Housing Investment Programme

Borough of Telford & Wrekin

Business Case

November 2020



Contents

- 1. Executive Summary**
- 2. Programme Update**
- 3. Market, Policy & Regulatory Conditions**
- 4. Opportunities for Expansion & Diversification of the Programme**
- 5. Amendments to the Business Case**
- 6. Finance**
- 7. Legal Considerations**
- 8. Governance**
- 9. Risk**

Tables

Table 1: Breakdown of the Nuplace Portfolio, completed or under construction

Table 2: Voids across Nuplace sites for the year to date 2020/21

Table 3: % Spend with local contractors on Nuplace sites

Table 4: Brownfield Land Regenerated across Nuplace sites delivered or in delivery

Table 5: Numbers of Private Rental Properties within the Borough (ONS June 2020)

Table 6: Breakdown of Nuplace Portfolio by Property Size – September 2020

Table 7: Private rent levels for the Borough compared to regional and national averages (ONS June 2020).

Table 8: Average rent levels for general needs properties let by Nuplace Ltd

Table 9: Pipeline of Nuplace schemes

Table 10: Breakdown of the pipeline of Nuplace schemes

Table 12: Brownfield land regenerated through pipeline schemes

Table 12: Costs and Funding Sources for the Housing Investment Programme

Table 13: Anticipated spend profile for pipeline schemes

Table 14: Housing Investment Programme Modelling Assumptions

Table 15: Housing Investment Programme viability criteria

Table 16: Income to TWC to year end 2019/20

Appendices

Appendix 1. Housing Investment Programme – Reports to Cabinet

Appendix 2: Housing Investment Programme Board - Terms of Reference

Appendix 3: Housing Management Agreement – Key Performance Indicators

Appendix 4: Pipeline Sites

Appendix 5: Strategic Risk Register

1.0 EXECUTIVE SUMMARY

- 1.1 Nuplace Ltd (Nuplace), the company established to deliver the Council's Housing Investment Programme (HIP), was incorporated on 1st April 2015. In operation for just over five years, the company has delivered some significant outcomes against the objectives identified within the Business Case dated June 2017 and reported to Cabinet by way of an annual performance report (Appendix 1).
- 1.2 To date Nuplace have delivered 329 homes across seven sites with a further 137 under construction or due to commence on site, bringing the total number of houses delivered, or in delivery to 466 of the original intended 425 properties. Of these properties, 55 are available for affordable rent, with the remainder being rented on the open market.
- 1.3 In accordance with the 2017 Business case, development has latterly been focussed on the provision of additional larger, 3 and 4 bed properties on sites in central and northern Telford. In addition, at the Maple Fields site in Dothill, 19 of the 54 homes have been built to accessible and adaptable standards and designated for people over 55 or those with a demonstrable need.
- 1.4 At the date of this business case, all 329 completed homes are fully occupied, reflecting the high level of property and management service being delivered by Nuplace. Voids are running at 1.88% for the year, which is well below projected levels of 3%. Undoubtedly this low turnover of tenants and associated void level reflects the lower mobility of occupiers during the Covid pandemic. However, we have also experienced a high number of enquiries for Nuplace properties as we enter the recovery phase and this may also reflect the increased importance being placed on housing quality as well as security of tenure.
- 1.5 For the year ended 31 March 2020, the company delivered a profit of £2.087m before interest and taxation and £0.427m after interest and taxation, on turnover of £2.5m, which was in line with current expectations. Cumulatively over the 5 year period, Nuplace has reported £6.57m of turnover and £1.3m of profit after interest and taxation.
- 1.6 A number of possible development sites were identified in the 2017 Business Case of which the sites at Coppice Court and Rowan View in Snedshill and Maple Fields in Dothill have been brought forward, delivering a total of 130 units. A number of the other sites were discounted on viability grounds.
- 1.7 The principal aim of the Housing Investment Programme is the construction and management of general needs housing for private and affordable rent. In this context, the report identifies a further pipeline of possible sites which have the potential to grow and further diversify the portfolio in accordance with the original objectives of the Housing Investment Programme and the delivery strategy outlined in the 2017 Business Case. The pipeline of schemes also seeks to effectively respond to established, new and emerging Council policy relating to Housing, Specialist & Supported Housing, sustainability and climate change.
- 1.8 The pipeline of schemes will also therefore seek to deliver:
 - Housing across the borough to ensure a sound geographical balance.
 - A range of property sizes to meet Borough wide and site specific requirements as identified within the Council's draft Housing Strategy.
 - The regeneration of constrained, brownfield land.
 - The refurbishment of redundant homes and buildings to create new and improved dwellings.
 - Accessible and adaptable housing for older people and/or those with a demonstrable need on a private rent and affordable basis.

- Housing developments which contribute towards the Council's carbon reduction agenda, protect the environment and enhance biodiversity.
- Housing that is as far as possible future proofed to meet changing needs and requirements for tenants.
- Housing which continues to raise the standard of rental provision, both in terms of the quality of the rental homes and the landlord service.
- Housing which secures as a positive rental stream and at the same time maximises the gross development value (GDV) of Nuplace's portfolio to deliver both short and long term financial benefits.

- 1.9 These pipeline schemes have the potential to deliver an additional 320 homes across seven schemes bringing Nuplace's portfolio to 786 units. The exact number of additional units within the pipeline can only be determined once further feasibility work has been undertaken.
- 1.10 In order to fund development to date as well as the pipeline of projects identified, capital allocations for the Housing Investment Programme totalling £64.4m, are contained within the Council's Service and Financial Planning Strategy. Of this, £47.2m has been spent at 31 March 2020, with the balance fully allocated to sites in development or to commence development and identified set out in Section 4.2. The Stronger Communities Cabinet Report dated 18th June 2020 requested additional capital to fund development at Donnington Wood Way with this report seeking a further allocation to bring the total to £48m to facilitate the construction of an additional 320 homes, of which approximately 87 will be affordable or specialist nature.
- 1.11 The governance structure remains consistent with the original proposals with there being three Nuplace Directors reporting progress and performance to the Housing Investment Programme Board. However, following recent structural changes within the Council, the Director of Prosperity & Investment and the Director of Housing, Employment & Infrastructure have been appointed as Nuplace Directors alongside the Service Delivery Manager for the Housing Investment Programme, who continues to provide strategic direction to the programme on a daily basis. In addition, there have been some changes to the members of the HIP Board, with revised terms of reference included at Appendix 2. The HIP Board, chaired by the Chief Executive, meet quarterly and have been instrumental in supporting delivery of the programme as well as shaping thinking around future phases.
- 1.12 To facilitate delivery, Nuplace continue to procure development and management services from the Council. The Housing Management Agreement, which governs the management of the tenancies and properties within the Nuplace portfolio, expired in February 2020. A new agreement has been completed which more accurately reflects operational processes and Nuplace's requirements and more effectively differentiates between the services required during the development and operational phases. Commercial terms have also been reviewed accordingly.
- 1.13 In 2019/20 the Council received a gross income of £2.039m, net of £1.2m after interest and associated incremental costs which is a combination of interest charges relating to the loan agreement with Nuplace and the provision of services to Nuplace Ltd. Cumulatively, the Council has received £6.6m gross income, £4.4m net over the 5 year period. Due to the proposed significant expansion, additional resources will be required to deliver future phases of the programme.
- 1.14 The Nuplace portfolio has seen strong capital growth, with the investment portfolio being revalued at a 17% increase over construction costs as at 31 March 2020.
- 1.15 This Business Case provides an update to that approved at Cabinet in June 2017 and covers the following:

- An update on the current status and performance of the programme from a development and lettings perspective, including an update on any activities not pursued, unanticipated risks encountered and any assumptions that have not been borne out.
- An overview of current market conditions in relation to the private rented sector in Telford.
- A review of the policy and regulatory framework both nationally and locally.
- Proposals and justification for the further expansion and diversification of the programme.
- Likely funding requirements from the Regeneration & Investment Budget approved at Full Council in March 2020.

The content of this Business Case has been prepared having regard to guidance issued by the Secretary of State under Section 96 of the Local Government Act 2003.

2.0 PROGRAMME UPDATE

2.1 Nuplace Ltd (Nuplace), the company established to deliver the Council's Housing Investment Programme (HIP), was incorporated on 1st April 2015. In operation for just over five years the company has delivered some significant outcomes against the original objectives of the Housing Investment Programme as summarised below:

- **Responding to the borough's housing need for quality rental homes and places to live and in doing so supporting the Council's ambitious growth agenda and major investment into the Borough;**

To date Nuplace have:

- Developed 329 homes across seven sites, including 42 affordable homes.
- Commenced construction of a further 91 homes at Rowan view (Snedshill) and Maple Fields (Dothill), including 2 affordable and 19 accessible and adaptable dwellings allocated for older people or those with a demonstrable need disability.
- Secured in principle planning consent for 46 homes at Southwater Way (Malinslee), including 11 affordable homes, with development due to commence before the end of 2020.
- Delivered a range of property sizes and tenures across these sites as summarised below:

Site	1 bed	2 bed	3 bed	4 bed	Total	Adaptable / Accessible	Affordable Units	Handed Over
Pool View (Randlay)	0	13	18	0	31	0	0	31
Woodland Walk (Madeley)	0	13	85	3	101	0	0	101
The Oaklands (Dawley)	0	32	15	0	47	0	0	47
Miners Walk (Madeley)	0	36	17	0	53	0	0	53
Blossom Walk (Hadley)	0	19	6	0	25	0	3	25
Springfields (Newport)	0	25	8	0	33	0	33	33
Coppice Court (Snedshill – Phase 1)	0	21	13	5	39	0	6	39
Rowan View (Snedshill - Phase 2)	0	10	21	6	37	0	0	8
Maple Fields (Dothill)	4	15	20	15	54	19	2	9
Southwater Way (Malinslee)	4	18	16	8	46	0	11	0
Total	8	202	219	37	466	19	55	346
Percentage	2%	43%	47%	8%	100%	4%	11.80%	77.60%

Table 1: Breakdown of the Nuplace Portfolio, completed or under construction



101 homes at Woodland Walk, Madeley

The delivery of accessible and adaptable dwellings on the Maple Fields site was informed by extensive market research undertaken in 2018 for Nuplace by Housing LIN, who are a leading 'knowledge hub' on specialist housing. This identified a number of opportunities for Nuplace in the delivery of specialist and supported homes with downsizer retirement housing being identified as a priority. Housing LIN were instrumental in informing the development mix and specification on the Maple Fields site with a range of properties to different accessibility standards being available. The launch of this scheme represents an important pilot to fully test appetite for this kind of housing provision on a private rent basis. Pre lets are positive with 68% of the 19 accessible and adaptable dwellings reserved. The testimony below reflects the importance that this type of provision can make to people looking for opportunities to downsize and remain living independently for as long as possible. The pipeline of sites identified in Section 4.2 seeks to build on this provision, directly responding to requirements set out in the Council's recently adopted Specialist & Supported Housing Strategy.

Reg and his wife Barbara from Dawley were one of the first couples to reserve a specialist property when they were announced back in April 2020 and they have told us how renting a Nuplace home is the perfect solution for them in their retirement.

After 18 years living in their semi-detached home Reg, 80 and Barbara, 75 can't wait to move into their brand new detached bungalow before the end of the year. After experiencing different health issues they had decided they needed to move into a bungalow as using the stairs in their current home was becoming more and more difficult.

Reg commented: "We'd been considering moving home for a while when we heard about the new Maple Fields development by Nuplace. When we spotted they had bungalows and ground floor properties available we became very excited at the prospect of no longer having to struggle when using the stairs at home.

"After studying the site plan we knew we wanted a bungalow which was ideally wheelchair accessible and we finally decided the Birch was the property for us. Although we are yet to move in, the open plan living arrangements look great and the property looks extremely adaptable for our needs. The fact that we have the option of installing a walk in shower is just the type of flexibility we need to make the home our own."



As part of and in addition to the pilot at Maple Fields, Nuplace have undertaken bespoke adaptations of properties to enable family members within some cases quite significant physical disabilities to remain living independently and with dignity in their homes.

Nuplace are in the process of adapting three properties (1 at Rowan View and 2 at Maple Fields) specifically to meet the identified needs of tenants, utilising Disabled Facilities Grant funding. Adaptions include a bespoke fully wheelchair accessible kitchen, through floor lifts, ceiling track hoists and wheelchair accessible wet rooms.

- **Raising the standard of rental provision, both in terms of the quality of the rental homes and the quality of the landlord service, in the Borough;**

Providing a high quality housing product continues to be a key priority for the housing investment programme. Using feedback from earlier phases of Nuplace's developments received from tenants and the development, property management and maintenance teams, a number of specification enhancements have been introduced on more recent schemes at Coppice Court, Rowan View, Maple Fields and Southwater Way. These include upgrades to flooring, taps, sinks, kitchen units, fitted appliances and lighting to enhance the look and feel of the dwellings, ensuring we are able to command good rents and sustain tenancies. At the same time, these improvements should reduce our expenditure on both reactive and planned maintenance moving forward.

In response to the Council's commitment to become carbon neutral across Council operations by 2030, with an aspiration to do the same Borough wide, Nuplace are installing photo voltaic panels and electric car charging points to all homes being delivered as part of the Southwater Way scheme. This will not only reduce carbon emissions but reduce energy bills for tenants and work to address fuel poverty.

These improvements ensure the homes being delivered by Nuplace are continuously evolving to meet emerging requirements and fulfil customer needs, ensuring that it remains a desirable rental product.

The delivery of quality schemes is underpinned by quality design and workmanship. . In September 2020, our contractor Lovell won the award for ‘Best high volume new housing development’ and were also shortlisted for ‘Best Social or Affordable New Housing Development’ in the LABC Regional Building Excellence Awards for their work on Coppice Court, Snedshill. They perpetuate a solution focussed approach and in doing so continue to deliver a high quality product on time and to budget, with their response to the Covid pandemic being exemplary.

As the properties begin to age, a robust planned maintenance programme has been developed and costed to ensure that there is a sufficient sinking fund to enable properties to be properly maintained. Requirements are captured within the updated Housing Management Agreement and will be reviewed alongside condition surveys.

Reactive maintenance continues to be carried out predominantly in house, with the use of external contractors where required to support at busy times and to provide specialist services. All efforts are made to return the properties to “as new” on re-let.

This high quality of specification, workmanship and maintenance supports a continuing high level of demand for properties with void levels across all of our sites being 1.88% cumulatively to April 2020, well below projected levels. The Covid pandemic has undoubtedly impacted upon tenant’s mobility, meaning that voids in year are lower than previously experienced. Cumulative void levels across all sites are summarised below:

Site	Void %
Woodland Walk (Madeley)	1.94
Pool View (Randlay)	0.94
Springfields (Newport)	0.85
Blossom Walk (Hadley)	1.86
The Oaklands (Dawley)	4.12
Miners Walk (Madeley)	1.22
Coppice Court (Snedshill)	0.96
Average	1.88

Table 2: Voids across Nuplace sites for the year to date 2020/21

Our site at Coppice Court in Snedshill for 39 dwellings, was fully let off plan within 4 weeks of launch in 2017. The adjacent site at Rowan View, comprising of 37 dwellings alongside 39 new homes for Housing Association whg is also fully pre let, with handovers of properties having commenced in October 2020.

As the Nuplace brand has gained traction, we have become increasingly aware of the importance placed by tenants on the fact the company is wholly owned by the Council and the confidence this gives in relation to the product, service and tenancy arrangements. This has been increasingly important throughout the Covid pandemic, as members of the Housing Management Team have worked collaboratively with tenants to deal with their individual circumstances. In response to this, over the past two years, work has been ongoing to ensure that all marketing literature clearly references the Council’s role in the programme.



The Company has a documented debt write off policy, and debts are only written off with the approval of the Company Directors, as such debt write off levels remain low.

We continue to see a high level of tenant loyalty for Nuplace, with tenants regularly moving between Nuplace sites, reflecting the high regard placed on the product and the management service.

At the outset of the programme, a number of Key Performance Indicators (KPIs) were established through which to monitor the performance of the housing and property management service including level of rent collection, voids, bad debts etc. These were reviewed and updated a part of the review of the Housing Management Agreement in 2020. Performance against the current KPIs is summarised in Appendix 3.

- **Stimulating local economic growth through job creation during both the construction and operational phases of the Programme;**

Opportunities to stimulate local economic growth continues to be a key objective of the programme. By awarding a pipeline of work to a single contractor, Lovell Partnerships Ltd, it has been possible to deliver positive outcomes in relation to this as well as other social added value. A primary objective of the programme was to develop a local supply chain and to increase Borough based spend wherever possible with on average 58% of contract value being spent with contractors within a 30km radius of the scheme, equating to £32.5m.

Site	Contract Sum (£m)	Spend within 30km radius (£m)	Spend within 30km radius
Pool View (Randlay)	3.56	2.25	63%
Woodland Walk (Madeley)	10.62	6.19	58%
The Oaklands (Dawley)	11.65	8.04	69%
Miners Walk (Madeley)	6.48	4.19	65%
Blossom Walk (Hadley)	2.89	1.84	64%
Springfields (Newport)	3.63	2.49	69%
Coppice Court (Snedshill)	4.66	2.92	63%
Rowan View (Snedshill)	4.97	1.01	20%
Maple Fields (Dothill)	6.86	3.57	52%
Total/Average	55.31	32.50	58%

Table 3: % Spend with local contractors on Nuplace sites

Other added value, delivered since the last Business Case in 2017 or is in the pipeline is summarised below:

- Lovell donated £1,000 towards the knife angel project, helping to transport children from various schools to visit the knife angel and learn about the devastating impact of knife crime.
- 'Hands on Help' Project - Lovell & Nuplace offered not for profit organisations in the Telford area an opportunity to apply for £5,000 worth of work provided by Lovell. The winning applicants were Sutton Hill Church where a bespoke fire door was fitted and Donnington Community Hub where Lovell painted their large community rooms painted.
- Sutton Hill Funday: Lovell attended the community event and provided information on the company and the Construction Industry as well as P.P.E to allow children to dress like a builder and have their photos taken.
- Donnington Community Hub Summer Fair: Lovell attended and provided children's games, prizes and arts & craft material.
- Scouts: Lovell donated wooden pallets for their annual bonfire event as well as two tons of topsoil for their vegetable patch project.
- Southall School: Lovell donated hoarding boards to the school to support pupils to practice hanging wallpaper and painting.



Building Excellence 
LABC AWARDS 2020

West Midlands Region
Winner

BEST HIGH VOLUME NEW HOUSING DEVELOPMENT

**Phase 1 Coppice Court
Snedshill | Telford**

For building excellence in the delivery of outstanding construction and workmanship

Lovell | Nuplace | apT Development Group

Local Authority Building Control Team
apT Development Group

Sponsors

The quality of Lovell’s workmanship and site management is evidence in their fact that they have achieved excellent scores in all categories against the Considerate Constructors Scheme, across all Nuplace sites. In addition, in August 2020, Lovell and Nuplace were awarded ‘Winner’ in the LABC Building Excellence awards for their development at Coppice Court with their outstanding construction and workmanship being recognised.

Nuplace continue to support education and training both directly and through the supply chain as a result of their work on Nuplace schemes with recent schemes at Coppice Court (Snedshill) and Maple Fields (Dothill) resulting in a total of 4 higher level apprenticeships and 20 subcontract apprenticeships. The involvement of Lovell in the delivery of the scheme at Donnington Wood Way, which will extend to 2025, provides further opportunity to build on this added value.

- **Regenerating brownfield and stalled sites;**

The regeneration of brownfield land remains an important focus of the programme with eight of the ten developments having been delivered on sites which were previously used for industry, mining, education and parking.

On completion of the latest development at Southwater Way, the programme will have successfully brought 28.56 acres of brownfield land back into use.

Site	Brownfield land brought back into use (acres)
Pool View (Randlay)	2.35
Woodland Walk (Madeley)	6.55
The Oaklands (Dawley)	3.78
Miners Walk (Madeley)	4.77
Blossom Walk (Hadley)	1.19
Springfields (Newport)	1.33
Maple Fields	5.56
Southwater Way	3.04
Total	28.57

Table 4: Brownfield Land Regenerated across Nuplace sites delivered or in delivery

Many of the sites on which development has and is being undertaken have been stalled for some considerable time and had become a blight on local communities as well as being the focus for antisocial behaviour. The high quality developments that Nuplace have delivered have added real value to these communities through physical regeneration but also by raising the standard of accommodation generally and the rented sector specifically.

- **Enhancing our knowledge and expertise of housing delivery and management through the use of in-house resources to undertake the development, management and maintenance of the portfolio of rental properties;**

Officers from across the Council continue to be engaged in work to support the activities of the Housing Investment Programme. Nuplace buy back a range of services from the Council including; legal, finance and marketing support, programme and project management to deliver the developments and tenancy, property and estate management and maintenance services, once the properties are operational. To the end of 2019/20, the Council had received cumulative gross income totalling £6.6mm through a combination of interest charged and the provision of services to Nuplace.

The number of maintenance calls are increasing as the individual properties and estates come out of their defect liability period. The number of operatives and the skills required for the maintenance of the nuplace properties is continually being reviewed by the property maintenance team to ensure a quality service continues to be delivered and the nuplace standard is maintained.

The recent review of the Housing Management Agreement (HMA), which governs the provision of services from the council to Nuplace provided opportunity to:

- Refine the document to reflect operational processes.
- Amend the scope of services to reflect Nuplace's requirements.
- Renegotiate commercial terms to reflect known requirements.

The renegotiated HMA extends for a further three years to March 2023, with an opportunity to extend for a further two years. The Council has continued to deliver a high quality service.

- **Generating a long term income stream for the Council that can contribute towards the protection of frontline services otherwise affected by budgetary constraints;**

A summary of income generated since the programme began, as well as forecast figures for 2020/21 are included within Section 6.0.

- 2.2 Overall, the programme is performing very well against the original priorities, delivery homes which directly meet housing need whilst delivering significant added value. In this context, and following a review of market conditions, opportunities for expansion of the programme have been identified. A summary of market conditions, which have informed proposals, is included within Section 3.0 below.

3.0 MARKET, POLICY & REGULATORY CONDITIONS

3.1 Market Conditions

Extensive market research was carried out by Savills to underpin the original Business Case and this was supplemented by the Council's own internal team's knowledge on the national, regional and local housing rental market. Many of the findings of this research are still relevant but the private rented sector continues to change and develop with it being estimated that more than 20% of homes in the borough are now privately rented. Between March 2018 and March 2019 alone there was a 13% growth in the number of rental properties within the Borough, with this growth being experienced across all property sizes.

As such the private rented sector plays an increasingly important role in meeting the housing needs of the borough providing a range of different housing needs including short term flexible lettings to assist with mobility and increasingly provides quality homes on a long term basis. The sector is diverse and ranges from single property owners to portfolio landlords. Most recently there has been a growth in large scale private rented provision through accommodation funded by institutional investment.

3.1.1 Property Type

In Telford & Wrekin, two and three bedroom properties continue to make up the highest proportion of private rentals, comprising 1,170 (76%) of the total 1,540 rentals based on data from June 2020. Growth has been experienced across all property sizes since 2014, despite there being some in-year fluctuations. Average annual growth rates since 2011 are provided in the table below with the greatest growth being experienced in two bedroom properties.

Year	1 bed	2 bed	3 bed	4+ bed	Total
2011	187	459	446	125	1,217
2012	145	399	368	123	1,035
2013	118	328	283	115	844
2014	111	296	286	101	794
2015	142	425	394	131	1,092
2016	170	480	430	140	1,220
2017	160	460	430	120	1,170
2018	180	510	490	130	1,310
2019	200	610	520	150	1,480
2020	210	630	540	160	1,540
Annual Growth	1.54%	4.66%	2.63%	3.50%	3.32%
%(2020 figures)	14%	41%	35%	10%	100%

Table 5: Numbers of Private Rental Properties within the Borough (ONS June 2020)

Site	1 bed	2 bed	3 bed	4 bed	Total
Pool View (Randlay)	0	13	18	0	31
Woodland Walk (Madeley)	0	13	85	3	101
The Oaklands (Dawley)	0	32	15	0	47
Miners Walk (Madeley)	0	36	17	0	53
Blossom Walk (Hadley)	0	19	6	0	25
Springfields (Newport)	0	25	8	0	33
Coppice Court (Snedshill)	0	21	13	5	39
Rowan View (Snedshill)	0	10	21	6	37
Maple Fields (Dothill)	4	15	20	15	54
Southwater Way (Malinslee)	4	18	16	8	46
Total	8	202	219	37	466
Percentage	2%	43%	47%	8%	100%

Table 6: Breakdown of Nuplace Portfolio by Property Size – September 2020

Nuplace's portfolio is also heavily weighted towards two and three bed homes, with this property type making up 90% of the total number of properties held. However in accordance with the requirements set out in the 2017 Business Case, there has been a growth in the number four bed properties from 1% to 8% as well as a small increase in the number of one bed properties to meet the changing needs of renters and provide resilience in the portfolio.

We are not aware of any other accessible and adaptable dwellings being built for private rent across the Borough. As such the pilot of 19 new homes at Maple Fields represents an important pilot study into demand for this type of provision.

3.1.2 Rent Levels

The increase in demand for private rented property is reflected in rental increases as evidenced in Table 1 below. Whilst rental growth falls short of that experienced across the West Midlands and nationally it has shown a consistent upward trend over the past eight years with this percentage increase being greatest for larger properties.

	1 Bedroom			2 Bedrooms			3 Bedrooms			4+ Bedrooms		
	Average £			Average £			Average £			Average £		
	T&W	W-Mids	England	T&W	W-Mids	England	T&W	W-Mids	England	T&W	W-Mids	England
2012	421	434	594	520	527	664	593	617	763	825	953	1,333
2013	426	438	622	528	533	689	611	629	776	855	983	1,356
2014	435	450	625	530	550	693	619	646	789	839	1,033	1,412
2015	440	468	657	542	567	727	636	662	831	893	1,069	1,511
2016	446	497	719	545	597	780	637	688	887	873	1,081	1,570
2017	446	489	725	548	594	791	639	694	902	878	1,099	1,617
2018	448	512	707	548	617	772	645	709	881	881	1,088	1,548
2019	455	514	731	557	623	800	655	723	916	898	1,111	1,611
2020	460	533	701	569	639	785	669	741	900	995	1,300	1,850
Ave. Annual Increase	1.16%	2.85%	2.25%	1.18%	2.66%	2.28%	1.60%	2.51%	2.24%	2.58%	4.55%	4.85%

Table 7: Private rent levels for the Borough compared to regional and national averages (ONS June 2020).

This continued growth is predominantly due to affordability but also an increase in supply arising out of the continued proliferation of buy to let mortgages as well as choice, as employment becomes increasingly mobile, people look for more flexible accommodation options. The demographic of renters is also changing with over half the renters now being families as opposed to single people or couples. Furthermore half of renters are now classified as “high income”, whereas historically renting was associated with lower income groups. This change in renter demography is likely to account for the increase in rents being highest for larger properties.

Nuplace have, and continue to command premium rents for properties due to the high quality of the product and management service, with rents being circa 12% higher than the Borough average for similar sized properties. However, rents are in line with other new build private rent products available on the market and being delivered by Simple Life Homes and Wise Living as an example.

		Average Rents (£)			
		1 bed	2 bed	3 bed	4 bed
Woodlands	Madeley		608	710	788
Pool View	Hadley		618	719	
Matlock Avenue	Dawley		641	705	
Miners Walk	Madeley		626	703	
Blossom Walk	Hadley		611	718	
Springfields	Newport		644	737	
Coppice Court	Snedshill		644	779	1,000
Rowan View	Snedshill		652	792	974
Maple Fields	Dothill		645	820	980
Southwater Way	Malinslee	525	627	795	960
Average		525	632	748	941

Table 8: Average rent levels for general needs properties let by Nuplace Ltd

3.2 National Policy and Regulatory Context

The national policy context for housing is complex and changing with key themes summarised below:

- There continues to be a very strong emphasis on building more new homes across the country.
- A series of planning and housing policy measures aimed at all types of provider are seeking to increase and speed up new housing delivery.

- New and emerging policies are focussing on improving housing design and quality, physical accessibility, environmental performance and safety.
- A series of measures are to be introduced to help protect consumer rights in housing.

Furthermore, the growth in the private rented sector means that it has recently attracted increased political, policy and regulatory attention. Concerns about lack of affordability, inadequate management and maintenance practices, insecurities associated with short-term tenancies and no-fault evictions have come into sharper focus. Governments within the UK have responded differentially to these issues with Westminster having taken no action directed at affordability as yet, despite ongoing political pressure to do so. However, there are clear signs that the direction of travel for policy in England is towards accepting the need for more active policy intervention. It will be important, as Nuplace look to further grow their portfolio, that due regard is given to these potential policy and regulatory changes. However it is anticipated that any such changes are likely to provide further support for the high quality tenancy and property management and maintenance approach already adopted by Nuplace.

3.3 Local Policy Context

The Council's recently launched a draft [Housing Strategy 2020-2025](#) identifying a number of objectives which are of relevance to the Housing Investment Programme.

Objective 1 focuses on the creation of sustainable, accessible, affordable and integrated communities and seeks to do this by promoting high standards in all new build homes. Nuplace is specifically referend as a means by which this objective can be achieved.

Objective 2 focuses on making the BEST use of our existing homes by championing high standards in the private rented sector and providing a strong role model through Nuplace. This Objective also seeks to support the positive redevelopment and improvement of existing homes, accepting that 80% of the homes we will have in 20 years' time are here today. As such, investing in and protecting our existing housing stock is a critical component of borough wide regeneration as well as key to addressing climate change and reduce fuel poverty.

Objective 3 seeks to provide homes to support and empower our most vulnerable people, enabling them to live independently for longer. This Objective is underpinned by the Council's recently adopted [Specialist & Supported Accommodation Strategy](#) which sets out in more detail the housing requirements for a range of vulnerable groups. This Strategy specifically references the needs for additional care ready housing for older people across all tenures including private rent.

The Council's draft Housing Strategy and Specialist Supported Accommodation Strategy provide clear policy support for the expansion of Nuplace as well as clear guidance as to how this expansion could and should be focussed.

3.4 Specialist & Supported Housing

A growing number of people – at all stages of their life – are now living in a home that is rented privately. There is an increasing body of evidence to support a significant growth in the number older people selling up to pay off debts, boost retirement income, help children or letting the family home to downsize, thus entering the private rental market at a later stage. However, there is currently a significant undersupply in age specific private rental accommodation to meet this increasing market demand.

Research into opportunities for Nuplace to provide specialist accommodation for vulnerable groups on a private rent basis was undertaken by Housing LIN in 2018. Housing LIN are a leading 'knowledge hub' on specialist housing and work across the sector to promote best practice in the delivery of a range of specialist housing types and tenures. Their

comprehensive research reviewed current and future demand for specialist accommodation for older people, for market rent in particular and for sale alongside an analysis of demand for other types of specialist accommodation for other client groups/cohorts including:

- 'Step down' accommodation.
- Housing for people with physical disabilities.
- Housing for people with learning disabilities.
- Housing for people living with dementia.

The report concluded that “the current supply of older people’s housing and limited development activity, in the context of the assessed future demand for older people’s housing, indicates that there will be unmet demand for a range of types of older people’s housing, particularly in relation to market rent tenures.”

‘Downsizer’ retirement housing was identified as a priority area with the target market being younger than the traditional customer base for retirement housing with this model needing to combine the quality and features of mainstream general needs housing with the functionality of specialist housing, particularly in terms of accessibility and support services. Alongside this, it was recognised that opportunities exist to deliver accessible housing which can enable people with restricted mobility, care or health needs to live independently but does not necessarily have any age or care related restriction on its occupancy.

3.5 The Impact of Covid 19

The Covid pandemic has impacted on every part of people’s lives and it is also likely to continue to have a profound effect in the medium and long term, leading to lasting change in terms of how people view and carry out their lives. As a result of the pandemic, new ways of working and living have emerged which will undoubtedly have an impact on the housing market.

The immediate impact of the pandemic on Nuplace involved the closure of two Nuplace sites under construction as well as an increased level of overdue debt as people struggled to make payment in light of their changing circumstances.

The two Nuplace sites under construction remained closed for circa 5 weeks resulting in a 12-14 week delay to construction overall, as programmes were extended to allow for effective social distancing measures to be implemented. This delay led to increasing interest charges on construction being incurred by Nuplace but these have been contained within project contingencies.

For Nuplace tenants, support was immediately offered and the Housing Management Team worked proactively to set up payment plans to ensure rents were adjusted to manageable levels until people could access alternative forms of financial support. Overall the impact on tenants and ultimate rental income and level of overdue debt has been lower than expected, and there is no doubt that the Council backed status of Nuplace provided additional security during this uncertain time.

As we move forward and consider new development opportunities there will be a need to consider how new ways of living and working will impact on people’s requirements within the home in terms of digital connectivity and space requirements as well as links to amenity space and community hubs within the local environment.

4.0 OPPORTUNITIES FOR EXPANSION & DIVERSIFICATION OF THE PROGRAMME

4.1 Development Objectives

A review of market, policy and regulatory conditions suggest that demand for good quality private rented homes looks set to remain a key component of the housing market, offering opportunities for further expansion alongside diversification into downsizer, accessible and adaptable dwellings.

Development proposals will need to be considered on a site by site basis but collectively the pipeline of schemes will seek to:

- Deliver a geographically balanced portfolio by delivering developments that provide Nuplace housing options for people across the Borough.
- Deliver diversity in terms of the size of properties delivered, responding to the changing profile of renters including the demand for larger, more executive type homes, both three and four beds.
- Deliver homes to improved accessibility standards with a focus on downsizer properties, enabling people to live independently for longer.
- Deliver homes which contribute positively towards the Council's and the Borough's carbon reduction commitments, whilst also addressing fuel poverty.
- Improve the borough's existing housing stock through refurbishment opportunities
- Repurpose vacant buildings and stalled sites to deliver homes alongside wider regeneration benefits.
- Deliver a positive rental stream and at the same time maximise the gross development value (GDV) of Nuplace's portfolio to deliver both short and long term benefits.

4.2 Pipeline Schemes

In response to these development objectives, a pipeline of schemes has been identified as summarised in the table below. Sites boundaries, indicative layouts (where available) and a more detailed description of development proposals are included within Appendix 4. Feasibility work has been undertaken on these sites to varying degrees with a view to determining deliverability and viability.

Site Name	Number of Dwellings	Land Ownership	Status	Capital Cost (£)	Est Start	Est Completion
Donnington Wood Way, Muxton	70	TWC	Brownfield	10,500,000	Jul-21	Apr-23
Telford & Wrekin Homes	100	TWC	Brownfield	13,000,000	Jan-21	Dec-23
Former New College, Wellington	21	TWC	Brownfield	3,400,000	Oct-21	Oct-22
Former Charlton, Dothill	40	TWC	Brownfield	6,100,000	Jul-21	Nov-22
The Gower, St Georges	19	TWC	Brownfield	3,400,000	Jul-21	Jul-22
Main Road, Ketley Bank	20	TWC	Brownfield	3,100,000	Jan-22	Jan-23
Station Quarter, Telford Town Centre	50	TWC	Brownfield	8,500,000	Mar-22	Mar-24
	320			48,000,000		

Table 9: Pipeline of Nuplace schemes

A proposed development mix for each of the sites is detailed below, including proposed levels of affordable dwellings, accessible and adaptable dwellings as well as those embodying carbon reduction measures. It should be noted that in many cases the Nuplace housing

component forms part of a wider residential scheme where an affordable element is being provided on site by a Housing Associated partner, enabling Nuplace to complement this with a private rented offer.

Site Name	1 bed	2 bed	3 bed	4 bed	Total	Affordable Dwellings	Specialist Dwellings	Carbon Reduction Measures
Donnington Wood Way, Muxton	6	25	24	15	70	(190*)	20	70
Telford & Wrekin Homes	10	40	40	10	100	50	0	0
Former New College, Wellington		8	12	1	21	(74*)	3	21
Former Charlton, Dothill		18	16	6	40	0	6	40
The Gower, St Georges	6	13			19	0	0	0
Main Road, Ketley Bank		12	8		20	5	3	18
Station Quarter, Telford Town Centre	15	35			50	0	0	50
Total	27	136	80	27	320	319 of which 55 will be directly delivered by Nuplace	32	199
%	10%	50%	30%	10%	100%	17%	12%	74%
Existing Portfolio	8	202	219	37	466	55	19	46
Total	35	338	299	64	786	110	51	245
%	5%	46%	41%	9%	100%	14%	7%	33%

Table 10: Breakdown of the pipeline of Nuplace schemes

*Units to be delivered via Housing Association partner as part of wider site delivery and therefore don't form part of Nuplace future portfolio

The proposed pipeline of schemes will bring Nuplace's portfolio to circa 786 units, although the exact number of additional units within the pipeline can only be determined once further feasibility work has been undertaken.

The development of these sites is considered to be consistent with the original objectives for the programme as summarised below:

- **Responding to the borough's housing need for quality rental homes and places to live and in doing so supporting the Council's ambitious growth agenda and major investment into the Borough;**

The sites identified above directly respond to market intelligence as well as the housing requirements outlined in the Council's draft Housing Strategy and Specialist & Supported Housing Strategy and will meet the needs of a range of prospective occupiers:

- The proposals continue to deliver a large number of two and three bed properties, acknowledging that this is where demand is greatest, but at the same time seek to diversify the portfolio through the introduction of more one and four bed properties.
- The introduction of more accessible and adaptable dwellings at four of the proposed sites, builds on the pilot at Maple Fields and directly responds to recommendations made by Housing LIN and embodied within the Council's Specialist & Supported Accommodation Strategy. These new homes will free up dwellings which are currently under capacity and provide occupiers with a desirable alternative which allows them to remain living independently at home for longer.

- The establishment of Telford & Wrekin Homes is an important diversification for the Housing Investment Programme which involves acquiring, refurbishing and renting out properties at locations across the borough. This proposal will:
 - Further disseminate the good work of the Housing Investment Programme in raising standards in the private rented sector.
 - Ensure that we are protecting and investing in our existing housing stock and making the BEST use of our existing homes and;
 - Provide an opportunity to use these properties to provide housing options for a range of priority client groups, including for example care leavers, key workers as well as vulnerable people supported by Children's and Adults' Services. This directly links to objectives within the Council's draft Housing Strategy which seeks to ensure that our most vulnerable people have access to safe and appropriate housing which enables them to live independently and maximise their potential. As such this housing will be linked to allocation policies for these key groups and be available on private rent and affordable basis as appropriate.
 - The proposals for The Gower, St Georges and Main Road, Ketley Bank involve bringing redundant historical buildings back into use, safeguarding their future whilst at the same time providing bespoke new living spaces. The viability of these proposals will be supported by the delivery of adjacent new build housing.
 - Schemes at Donnington Wood Way, former New College, former Charlton and Station Quarter will form part of wider schemes comprising of a range of housing types and tenures, seeking to deliver new, intergenerational and mutually supportive communities.
 - The introduction of housing into the Town Centre as part of the Station Quarter regeneration proposals represents an important step change in our town, providing connected and accessible urban living and working space that will set the tone for all future housebuilding in the Centre. Most importantly it will create the accessible and aspirational housing that will help attract and retain younger workers within the high tech and digital sectors, whilst also providing accommodation for key workers in areas where there are problems with recruitment.
- **Raising the standard of rental provision, both in terms of the quality of the rental homes and the quality of the landlord service, in the Borough;**

As stated above, the development proposals reflect an aspiration to diversify the portfolio and respond directly to a changing rental market. Feedback from tenants on their properties is continually used to refine specifications on new developments to ensure continuous improvement. The Re-Nuplace proposal presents an opportunity for the Nuplace's high standards of property and tenancy management to be more effectively dispersed to other areas of the Borough with the properties identified for acquisition extending from Newport in the North to Coalbrookdale in the South.

Regular monitoring of property and tenancy management is undertaken and processes updated to ensure that these services are efficient and effective. The recently updated Housing Management Agreement captures best practice developed over the past 5 years of operation. The introduction of a new property management system, currently under procurement, will assist with this.

- **Stimulating local economic growth through job creation during both the construction and operational phases of the Programme;**

As set out above, the added value delivered through the long term partnership with Lovell on the Housing Investment Programme has been significant. However, the nature of the pipeline schemes is such that a single delivery route is not possible, with sites needing to be procured and delivered in a range of ways.

The appointment of Lovell to deliver the mixed tenure housing scheme off Donnington Wood Way presents a fantastic opportunity to deliver some real added value due to the scale and length of the development programme. Opportunities to derive benefits in terms of supply chain engagement, community involvement and training and apprenticeships will continue to be pursued wherever possible on all other schemes.

- **Regenerating brownfield and stalled sites;**

The regeneration of brownfield sites continues to be a key priority of the programme, with all of the pipeline sites identified bring located on brownfield land, providing the opportunity to regenerate a further 18.31 acres.

Scheme	Acres
Donnington Wood Way, Muxton	8.11
Telford & Wrekin Homes	
Former New College, Wellington	2.17
Former Charlton, Dothill	3.01
The Gower, St Georges	1.18
Main Road, Ketley Bank	1.63
Station Quarter, Telford Town Centre	2.20
Total	18.31

Table 11: Brownfield land regenerated through pipeline schemes

It is important to acknowledge that the delivery of homes on these brownfield sites brings with it additional challenges from a practical as well as a viability perspective. This is compounded when trying to achieve the delivery of increased affordable, specialist and sustainable homes which have an impact on both cost and revenue. As such the development mixes proposed for each of these sites seek to acknowledge site specific constraints and deliver schemes which are viable on a standalone basis whilst maximising added value across the pipeline programme.

To support delivery and maximise added value, opportunities to secure external grant funding, through the LEP, West Midlands Combined Authority or other means will be pursued wherever possible. Telford & Wrekin Council have been successful in securing LEP funding as part of the £7m Stronger Communities programme to deliver enabling works at the site off Donnington Wood Way. This funding will address viability issues associated with the brownfield nature of site, allowing the scheme to deliver added value in terms of the development mix, environmental credentials etc.

- **Enhancing our knowledge and expertise of housing delivery and management through the use of in-house resources to undertake the development, management and maintenance of the portfolio of rental properties;**

Further expansion of the programme will safeguard jobs in both property development and management as well as have the potential to create additional roles. Resource requirements will continue to be monitored by the HIP Board and additional resources put in place as required.

- **Generating a long term income stream for the Council that can contribute towards the protection of frontline services otherwise affected by budgetary constraints;**

The latest pipeline of schemes are focussed on maintaining and de-risking the Council's income stream by looking to provide a suitable mix of properties in terms of type, size and tenure in a range of locations and at the same providing a choice of housing which meets local

demand. Preliminary viability appraisals have been undertaken across all sites prior to their inclusion in the pipeline of schemes and these will be further refined over the coming months.

In 2017, delegation was granted to the Housing Investment Programme Board to review and include sites within the programme, only once detailed feasibility work and viability assessments have been undertaken. Viability is assessed on a site by site basis with individual sites only being incorporated into the programme when pre-determined return on investment thresholds are met. Investment thresholds will be subject to HIP Board approval and will include rental yield, return on gross development value etc.

This approach has worked well, with approval being sought from the Board before schemes are submitted for planning and again before land transfer, the release of funds from the Council to Nuplace and the commencement of works on site.

As such it is proposed that the Board continue to have the same level of decision making powers in relation to this latest pipeline of schemes, with annual reports being brought to Cabinet to update on progress. A copy of the latest Terms of Reference for the Board is included at Appendix 2.

5.0 AMENDMENTS TO THE BUSINESS CASE

The high level principles and vision for the Programme, set out in the preceding paragraphs, remain very much in line with the original Business Case, as do the roles of both the Council, as sole shareholder, and Nuplace Ltd, as the delivery vehicle for the Housing Investment Programme.

5.1 The Business Idea

- The principal aim of the company remains the development of properties for private and also affordable rent across a number of sites.
- A suite of possible future development sites have been identified taking the total number of houses for development to circa 786 from the originally envisaged 425.
- Full Council approval for additional funding to deliver these sites has been granted as part of the budget strategy with individual sites only being taken forward subject to HIP Board approval upon satisfaction of a range of project specific conditions.
- Funding arrangements will be in accordance with the original business case, although it is recommended that delegated authority is granted to the HIP Board to agree adjustments to the onward lending rate to Nuplace, subject to any adjustments being State Aid compliant.

5.2 The Strategic Case

As set out in Section 3, market conditions remain supportive of the continued development of rental accommodation. Further opportunities to diversify the portfolio in terms of geographic location and property type and strengthen the portfolio through for example improvements to build specification and incorporation of carbon reduction technology will avoid an over commitment on a discrete property base and at the same time ensure that the portfolio is adequately futureproofed.

5.3 The Economic Case

A Company limited by shares wholly owned by the Council remains the preferred and most appropriate delivery vehicle for the Housing Investment Programme. However, a number of the pipeline schemes identified, including sites off Donnington Wood Way, former New College, former Charlton and Station Quarter are intended to be delivered as part of wider mixed tenure housing schemes and regeneration projects. The delivery structure for each of these schemes

will vary with homes being delivered by means of traditional design & build contracts, through development or golden brick agreements or on a turnkey basis. However in all instances the contracting party will be Nuplace Ltd. This flexibility allows Nuplace to expand its portfolio on sites where a wholly private rental offer would have been inappropriate and ensures a diverse tenure mix is delivered in response to housing need.

There are existing delegations in place to the HIP Board to enable Nuplace to pursue joint developments with third parties, where these are in line with the original objectives of Business Case and can be delivered within the parameters of existing Council approvals for investment.

5.4 The Commercial Case

Assumptions made in the original Business Case of January 2015 and subsequent Business Cases, regarding the delivery vehicle and funding route remain valid and relevant. A full appraisal of the private rented market in Telford has been conducted when preparing proposals for the next phase of the Housing Investment Programme as set out in Section 3.0. Detailed research into supply and demand for supported housing in the context of the local market, has also been commissioned to help inform decisions around opportunities to diversify Nuplace's asset base.

6.0 FINANCE

The current capital cost estimates and anticipated funding sources approved within the Service and Financial Planning capital programme, are detailed in the table below:

Cost (£'000s)	Actual spend 31 March 2020	Approved allocations
Construction estimate (including fees, s106s, and interest during construction)	43,379	60,642
Land value	3,785	3,785
Total cost	47,164	64,427
Source of Funds		
PWLB borrowing	43,379	60,642
Capital receipt	3,785	3,785
Total funding	47,164	64,427

Table 12: Costs and Funding Sources for the Housing Investment Programme

Nuplace operates in accordance with governance arrangements which allow for the allocation of capital to individual sites following the satisfaction of predetermined conditions, several of which relate to viability and the ability to repay interest on loans forwarded. Finance provide comprehensive support to individual business cases as they come forward for approval. To date ten sites have satisfied these conditions and capital totalling £64.4m has been allocated to these sites, which has been funded in accordance with the table above.

A further allocation of £48m prudential borrowing has been requested in the Cabinet Reports dated 18th June 2020 and 5th November 2020 to support the next phase of development proposals. The estimated cashflow of which is:

Financial Year	Spend £'000s
2021/22	17,400
2022/23	22,100
2023/24	8,500
Total	48,000

Table 13: Anticipated spend profile for pipeline schemes

As new sites come forward for approval, finance will support viability appraisals and ensure that the returns generated fulfil the Council's objectives. A set of viability criteria has been developed, and refined as appropriate and presented to the HIP Board for approval, in consultation with the Section 151 Officer. Refinements in criteria reflect actual performance of the portfolio as well as Corporation Tax covenants and regulations which apply to the Company.

The Council and the Company have engaged with consultants to ensure that the Company operates efficiently within Corporation Tax regulations. This has involved a complete analysis of Corporate Interest Rate Restrictions and associated legislation.

In summary, the revised modelling assumptions are listed below:

Modelling Parameter	%	Explanation
Rent increase	1.1% per annum	Due to the high starting rents for Nuplace properties (typically 10% higher than borough averages), the rental increase has been reduced to 1.1% from between 1.14% to 1.75% used on previous viability appraisals. This is further justified since long term historical data (2012-2016) shows that rents for 2, 3 and 4 bed properties within the Borough have, on average, increased at a rate of 1.2% per annum. Furthermore, actual evidence of rent increases across the existing Nuplace portfolio is in the region of 1.1%
GDV increase	2.0 - 3.5% per annum	HPI inflation has been assumed at between 2.0 - 3.5%. Whilst it is accepted that there are fluctuations in house prices, over the last 20 years, house prices in the Borough have increased by 9.9% per annum.
Void rate	3.0%	Current assumption is 3.0% used to reflect the mixed tenure of properties. Whilst voids are currently running lower than this level, this is reflective of the likely void rate over the 25 year term.
Operating costs	13.92%	This is in line with the renegotiated Housing Management Agreement.
Reactive maintenance	6.5%	Maintenance costs have been refined to allow for both reactive and proactive maintenance following detailed work on asset replacement costs and life cycles. In line with the agreement of assumptions within the revised viability parameters, this rate has been phased as 3.5%, 4%, 4.5%, 5%, 6% and 6.5% in the first 6 years of operation.
Sinking fund	8.5%	The sinking fund provision represents a cash provision for proactive maintenance costs.
Fixed cost allowance	2%	Fixed costs include an allowance for insurance costs and is comparable with actual costs being incurred.
Corporation tax rate	19%	An allowance has been made for 15% disallowed interest due to Advanced Thin Capitalisation. This will be assessed on a case by case viability basis.
Interest rate on debt finance	tba	This is set as each tranche of debt funding is established. Interest rates are set according to the circumstances that exist at the time the loan is entered into, taking into account market rates and the EU reference rate for state aid purposes. The rate is agreed in consultation with the Council's s151 Officer.

Table 14: Housing Investment Programme Modelling Assumptions

The modelling assumptions, applied to new sites, result in the following current viability criteria:

	Revised Hurdle Rate
Net Rental yield (profit after increasing % reactive maintenance, tax thereon, and 8.5% deduction for proactive maintenance)	5%
IRR on equity	6%
Return on GDV	12%
Loan to Cost	Must not exceed 80%
Loan to Value	Must not exceed 70%

Table 15: Housing Investment Programme viability criteria

In accordance with previous Business Cases, Nuplace continues to be funded by a mixture of debt and equity finance, such that each element of finance generates an acceptable return to the Council over the life of the investment, whilst having due regard to state aid requirements. Parameters for returns on equity finance for viability appraisals will be approved in consultation with the Council's Section 151 Officer.

Additionally, the Council receive income from a range of services supplied to Nuplace, governed by the various management agreements. These services include housing management and development management services. Income received over the 5 year period to 31 March 2020 is summarised in the table below:

£'000s	Cumulative 5 years 19/20
Services income	1,796
Interest income	4,876
Total income	6,672
PWLB cost of debt finance (short term cost of debt)	(1,425)
Other marginal Council costs	(830)
Net incremental income	4,417

Table 16: Income to TWC to year end 2019/20

Services and interest income will continue to increase as further sites are brought forward for development and rental levels increase and debt is drawn down.

The Nuplace portfolio additionally experiences strong capital growth, through annual valuations being undertaken by professional valuers. The investment portfolio has experienced capital growth of 17% over cost of construction to the period ended 31 March 2020.

The Council's debt funding to Nuplace is governed by a 30 year facility agreement, whereby interest on the debt is charged at a fixed rate of 5.29%, and an additional £5m, extension to this agreement charged at a fixed rate of 5.18%. These rates were set by reference to State Aid requirements and the level of collateralisation in the company.

The further capital allocations requested of £48m will require additional debt finance of circa £36m to be forwarded to Nuplace. The interest rate to be charged on this debt finance will be calculated in line with agreed procedures. Approval for the terms of this facilities agreement including the rate on debt finance will be in consultation with the Council's Section 151 Officer.

The Council's interest charges are prudently calculated using current capital interest rates as agreed as part of the Budget Strategy. For 2016/17 and 2017/18 these were, short term cost of borrowing rate of 1.75% falling to 0.64% in 18/19 and 1.14% beyond. Actual borrowing is undertaken as part of overall treasury management and the current strategy is for short term borrowing at rates around 0.35%. Finance will review viability appraisals to ensure that each additional site demonstrates that it delivers a return on both the debt and the equity finance forwarded.

The inclusion of any new sites within the Business Case will generate additional Council Tax and New Homes bonus as appropriate to the Council. This is forecast to have generated an additional £1.085m for the 5 years ended 31 March 2020, and will continue to rise as more sites are developed and units delivered.

7.0 LEGAL CONSIDERATIONS

Legal advice continues to be provided in relation to both development and operational matters with there being legal representation at Project Team, Nuplace Director and HIP Board Meetings. There is a robust governance structure in place and legal advice and training has been provided to the Directors of Nuplace to ensure conflicts of interest are avoided.

Legal will keep both the HIP Board and the Board of Directors of Nuplace fully abreast of any regulatory or policy changes of relevance which have implications for the Housing Investment Programme.

Legal will continue to provide legal support to Nuplace in relation to Company secretarial duties i.e. filing at Companies House, and will provide advice and assistance to Nuplace in relation to Nuplace updating its Business Plan to demonstrate how they intend to respond to and deliver against the objectives contained herein. This updated plan will need to be submitted to and approved by the HIP Board and will act as a live document and be regularly reviewed by both Nuplace and the Council.

Legal will provide advice and support on a case by case basis in relation to acquiring predetermined properties from developers to ensure that any legal requirements are complied with and the relevant contract is entered into.

Legal advice is also provided on an individual site basis particularly regarding the satisfaction of conditions precedent to the acquisition of sites by Nuplace and any relevant property considerations.

8.0 GOVERNANCE

8.1 The 'Teckal Exemption', has been used as justification for the Council not needing to tender for a Company to deliver the HIP. Application of the Teckal exemption is reliant upon satisfying three conditions, all three of which have been and will continue to be satisfied during the establishment and the delivery of the Programme. These include;

- a) the Council exercising control over Nuplace similar to that which it has over itself including having decisive influence over the strategic objectives and decisions of Nuplace i.e. being 100% owned by the Council with complete control over identity and appointment of Directors, having established a robust governance structure;
- b) Nuplace carries out an essential part (more than 80%) of its activities with the Council; and
- c) that there is no direct private capital participation in the company.

8.2 The establishment of a robust governance structure is required to protect the Council's investment, its Officers by way of Member support, and Nuplace's Directors as far as possible from any personal liability. In addition and as highlighted above, robust governance is essential to satisfy a key condition of being able to establish Nuplace to deliver the Programme. This governance structure and the governance procedures were established as part of the original Business Case and in the most part remain largely applicable.

In 2017, approval was sought to grant further decision making delegation to the Chief Executive in consultation with the Board to order to enable the Housing Investment Programme and company to operate more commercially. These additional delegations were not considered to contravene the Teckal exemption in any way. Delegation to the Chief Executive in consultation with the Board has proven to be a successful way of managing the operations of the programme and the company robustly whilst accepting that the nature of the programme is such that decisions need to be made swiftly.

The latest version of the terms of reference included at Appendix 2 were reviewed and approved by the HIP Board in June 2020 and reflect the appointment of new officers onto the Board and as Directors of Nuplace as invited attendees. These amendments were undertaken in response to recent appointments to, and structural changes within, the Senior Management Team and Cabinet.

9.0 RISK

The Programme Wide Risk Register has been reviewed in the context of the proposals contained within this report, with an updated copy included within Appendix 3.

A number of risks have been removed from the risk register on the basis that they are no longer considered relevant since they relate to the establishment of the company which has now been concluded or are better captured in site specific risk registers which cover the pre-construction and construction phases.

Appendix 1 – Cabinet Reports

Housing Investment Programme Cabinet Report	25 April 2013
Housing & Property Investment Programme Cabinet Report	24 July 2014
Housing Investment Programme Full Council Report	11 September 2014
Housing Investment Cabinet Report	8 January 2015
HIP, Southwater Development Options Cabinet Report	19 March 2015
Housing Investment Programme Update	25 March 2016
Housing Investment Programme Update	29 June 2017
Housing Investment Programme	12 July 2018
Housing Investment Programme Update	2 January 2020
Local Growth Fund - Stronger Communities	18 June 2020

Appendix 2 – Housing Investment Programme Board Terms of Reference

HOUSING INVESTMENT PROGRAMME BOARD

TERMS OF REFERENCE

1. Background

- 1.1. Telford & Wrekin Council are focussed on proactively and positively building a long-term future for the Borough. The focus is on economic growth and the Council is integral to achieving this growth by providing the right services and making the right investments.
- 1.2. The Housing Investment Programme (HIP) is a strategic programme focussed on delivering a portfolio of properties for private and affordable rent, and in so doing seeking to;
- Respond to the borough's housing need for quality rental homes and places to live and supporting the Council's ambitious growth agenda and major investment into the Borough;
 - Raise the standard of rental provision in the Borough, both in terms of the quality of the rental homes and the quality of the landlord service;
 - Regenerate brownfield and stalled sites.
 - Stimulate local economic growth through job creation during both the construction and operational phases of the Programme;
 - Protect Council jobs by utilising these roles in the development, management and maintenance of the portfolio of rental properties; and
 - Generate a long term income stream for the Council that can contribute towards the protection of frontline services otherwise affected by budgetary constraints;
- 1.3. The Council established a Wholly Owned Company (WOC) to deliver the HIP, with Nuplace Ltd (Nuplace) becoming incorporated in April 2015.

2. Membership & Decision Making

- 2.1. Members of the Board will be:

Members
Cabinet Member for Economy, Housing, Transport and Infrastructure
Cabinet Member for Neighbourhood, Commercial Services and Regeneration
Chief Executive (Chair)
Executive Director: Housing, Communities & Customer Services
Director: Finance & Human Resources (Statutory Chief Financial Officer)
Associate Director: Policy & Governance

- 2.2. Only members of the Board will have the right to attend. However, other individuals may be invited to any meeting as and when appropriate. It is expected that at least one of the Directors of the Company will attend each meeting to provide updates as to progress, but will not take part in any decision-making of the Board. Members may nominate a relevant substitute if they are unavailable to attend a meeting.
- 2.3. A minimum of four board members are required in order to provide a quorum for decision making purposes (at least one of whom must be the Chief Executive or Statutory Chief Finance Officer together with at least one elected Member of the Council).

- 2.4 The Board will be chaired by the Chief Executive. If the Chair is not present at any of the meetings of the Board then the remaining members shall elect one of themselves to chair the meeting.
- 2.5 It is anticipated that formal voting will not be required and decisions will be required to be unanimous. It may also be the case that decisions may be required during the periods intervening a formal Board meeting which may necessitate decisions being taken outside of a formal Board meeting. Such decisions shall be equally as valid as any decision taken during a Board meeting, however, the quorum detailed above shall still apply and the decision shall be formally ratified and recorded at the subsequent Board meeting.
- 2.6 The Chief Executive, in consultation with the Board, (and in particular the Statutory Chief Finance Officer) in relation to viability decisions) may approve, in accordance with the powers delegated to him by Cabinet, the matters identified at Section 4.0 of these Terms of Reference. Should the Chief Executive not be present at any meeting then he delegates his decision-making to the Statutory Chief Finance Officer.

3. Frequency of Meetings

- 3.1 The Board shall meet quarterly for approximately 1.5 hours. More frequent meetings shall be scheduled when appropriate.

4. Purpose & Objectives/Role of the Board

- 4.1 The Housing Investment Programme Board was established in order to:
- Provide a robust governance structure and appropriate levels for decision-making within the context of Cabinet and Council approvals
 - Engage with and obtain support from Senior Members and Officers in relation to the strategic direction of the HIP
 - Provide any approvals that were necessary to enable the programme to maintain momentum and meet critical programme timescales
 - Give direction to Nuplace and the HIP delivery team where appropriate
 - Approve the following, subject to these being in accordance with the Business Case, Nuplace's Business Plan and providing they can be delivered within the Council's approved level of investment:-

Viability:

- Parameters against which the viability of individual sites will be assessed
- Variations to these parameters where this will be of benefit to the overall programme.
- Individual site viability appraisals
- Commercial terms for funding (providing these are in accordance with the viability outcomes of the individual site appraisals), to include returns on equity invested on a project by project basis.
- Changes to the loan agreement including adjustments to the onward lending rate to Nuplace, subject to any adjustments being State Aid compliant, and with due regard to the overall collateralisation of the Company.
- The price for each piece of land transferred to Nuplace (to ensure best consideration is obtained)
- The principal and terms associated with the acquisition of and development on third party land, both within and outside of the Borough,
- The principal and terms associated with joint developments with third parties

Management

- Use of Council resources to support Nuplace via the management agreements i.e. staff, IT, finance systems, accommodation
- Agreeing commercial terms for management agreements
- Agreeing terms for housing and operational management on specific sites (if not already covered by the overarching agreement)
- Agreeing variations to the management agreements, provided that these are in accordance with the Business Case
- Agreeing sensitive policy issues relating to the Project (e.g. rent setting, length of term, allocations, rental deposits, tenancy enforcement)

Monitoring & Compliance of Nuplace Ltd

- Agreeing any changes to Nuplace's Business Plan (providing these are in accordance with the Business Case)
- General guidance and strategic direction to Nuplace Directors
- Attending the Annual General Meeting of Nuplace
- Agreeing the appointment of External Auditors to Nuplace
- Monitoring Nuplace's performance against the Business Case and Business Plan and taking intervening measures in the event of non-performance
- Monitoring compliance with conditions precedent contained within the Land Transfer Agreement
- Monitoring compliance with conditions precedent contained within the Facilities Agreement
- Receiving and considering reports from Nuplace including:
 - Quarterly reports on the progress of schemes against the approved Project Plan
 - Quarterly reports on Housing Management including monitoring of Key Performance Indicators identified within the Housing Management Agreement
 - Quarterly update on Management Accounts

5. Accountability of the Board

- 5.1 The Board is accountable to Cabinet in relation to matters described above (which are executive functions). Should a decision be required which is not within these Terms of Reference this will be referred to Cabinet save for where that is a decision which is outside of the approved Budget and Policy Framework for the Council; in which case the matter shall be decided upon by Full Council.
- 5.2 As part of its role, and in order to demonstrate the appropriate level of probity and oversight, the HIP Board shall produce reports to the Cabinet at least once per year, providing the information and recommendations (if required):
- The performance of Nuplace and the Council's investment,
 - Significant changes to the Business Case and/or Business Plan that have occurred during the preceding 12 months
 - A general update as to the HIP's progress.
 - Proposals for future investment

6. Review

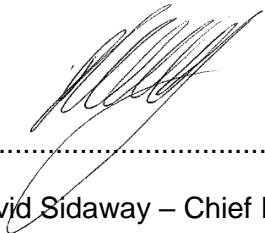
- 6.1 The composition and terms of reference of the Board will be reviewed by the Board every 12 months or as appropriate if more frequently.

7. Procedures

- 7.1 An officer of the Council, appointed by the Chair, shall act as administrator for the Board and shall circulate an agenda, together with any supporting documentation at least 1 week prior to the Board meeting. If, for reasons of urgency, this is not possible papers shall be circulated as soon as practicable.
- 7.2 Minutes of the Board Meetings will be produced in draft within 2 weeks of the meeting and circulated to all members of the Board (whether they were in attendance or not). Any proposed changes to the minutes must be identified by Members of the Board within a further 2 weeks following circulation.

8. Approvals

Approved by the Board on



.....

David Sidaway – Chief Executive

Chair

Appendix 3 – Housing Management Agreement – Key Performance Indicators

Housing KPIs	Annual Target	Performance for Year end 2019/20
Level of rent collection	99.5%	99.8%
Rent loss through bad debts	Less than 1%	nil
Rent loss through voids	Less than 4%	2.17%
Reservation turnaround time – from point of vacation	10 working days	24 days
Void turnaround time (subject to there not being significant works required to the Dwelling)	20 working days	31 days
% of compliance with all statutory requirements / regulations as detailed within Schedule 1	100%	100%
Category 1 - Emergency repairs to be attended to within 24 hours (including non-Working Days) e.g. major electrical fault or where there is a serious risk to tenant or property)	100%	96.8%*
Category 2 - Urgent repairs to be attended to within 5 Working Days (e.g., plumbing or roof leaks, heating breakdowns in winter where no other sources of heat are available)	98.5%	95.5%*
Category 3 - General repairs to be attended to within 16 Working Days (subject to tenant granting access)	95%	81.1%*
Category 4 - Repairs / service attended to at the time arranged with the tenant (subject to tenant granting access)	100%	100%
Category 5 - Repairs works need to be carried out following the property becoming vacant and prior to the property becoming re- tenanted. To be completed within 10 Working Days	95%	97%
Number of Disrepair Notices	0	

*impacted on by Coronavirus

Appendix 4 – Pipeline Sites

LAND OFF DONNINGTON WOOD WAY, MUXTON

The 70 Nuplace homes at this site form part of an exciting mixed tenure housing scheme for circa 335 dwellings being delivered through a partnership comprising of Telford & Wrekin council, Nuplace Ltd, Lovell Partnerships Limited and Wrekin Housing Group. The site wide development mix comprises of:

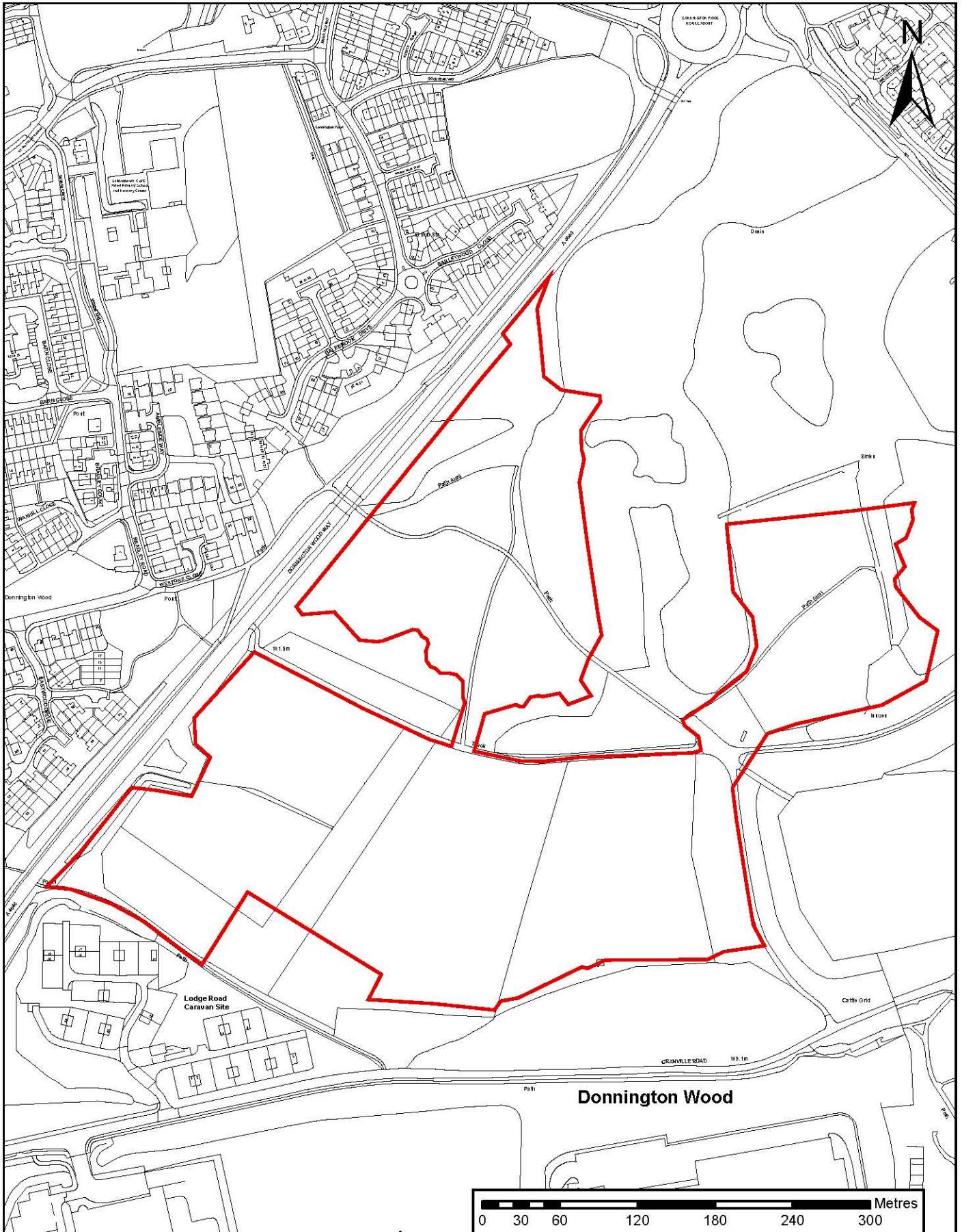
- 190 affordable homes – mixture of general needs and specialist housing including:
 - Extracare/Dementia Care
 - Care ready housing.
- 70 homes for Nuplace – 50 general needs & 20 accessible & adaptable.
- 75 homes for open market sale

Site Background

- Former Homes England site – transferred to TWC with a requirement to pursue development.
- Brownfield site subjected to significant past mining
- £3.3m LEP funding secured to deliver enabling works including new highway accesses, incoming services and ground remediation.

Objectives:

- To deliver a mixed tenure housing scheme with a high level of affordable housing to meet an identified undersupply within the Borough.
- To deliver a range of specialist and supported housing for some of our more vulnerable residents and in doing so meet an identified undersupply within the Borough and reduce costs to Social Care and the NHS.
- To deliver an intergenerational housing scheme that supports community cohesion and builds community capacity.
- To ensure effective integration of the development into the existing adjacent communities of Donnington and Muxton.
- To ensure the development sensitively responds to, enhances and promotes the adjacent Granville Country Park.
- To deliver a low carbon development that contributes to the Council's Climate Change commitments through the delivery and operational phases.
- To deliver social value through the development and operational phases.



Title
Granville

Approx - 37.66 acres
15.24 hectares

Estates & Investments

Wellington Civic & Leisure Centre
Larkin Way
Wellington
Telford TF1 1LX



Scale:
1:4,000 @A4

Drawn by:
jack.rowsell

Date:
25/07/2018

Based on Ordnance Survey Mapping with the permission of the Controller of Her Majesty's Stationary Office Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or Civil Proceedings. Borough of Telford & Wrekin Licence No. LA.10001 9692 - 2018



Donnington Wood, Telford - Site layout Masterplan



LOVELL OPEN MARKET SALE - SITE B

SCHEDULE OF ACCOMMODATION					
HOUSE TYPE	# OF BEDS	STOREY HEIGHT	AREA SQFT	# OF HOUSE TYPES	TOTAL AREA SQFT
663	2	2	663	8	5304
695	2	2	695	13	9035
859	3	2	859	16	13744
897	3	2	897	8	7176
980	3	2	980	7	6860
1015	3	2	1015	7	7105
1134	4	2	1134	4	4536
1173	4	3	1173	6	7038
1223	4	2	1223	2	2446
1262	4	2	1262	4	5048
SUB-TOTAL				75	66292

CARPARKING = 169 SPACES INC GARAGES (225%)

NUPLACE PRS - SITE A

SCHEDULE OF ACCOMMODATION					
HOUSE TYPE	# OF BEDS	STOREY HEIGHT	AREA SQFT	# OF HOUSE TYPES	TOTAL AREA SQFT
GENERAL NEEDS UNITS					
Weston	2	2	680	12	8160
Kedington	2	2	743	3	2229
Ringwood	3	2	832	2	1664
Manswood	3	2	912	6	5472
Westwood	3	2	915	8	7320
Ladywood	3	3	969	4	3876
Hampton	4	2	1134	7	7938
Coleby	4	2	1168	2	2336
Appleby	4	3	1134	6	6804
SUB-TOTAL				50	45799

SPECIALIST ACCOMMODATION UNITS					
1A-Apartment-M4(2)	1	1	550	6	3300
2A-Bungalow-M4(2)	2	1	742	3	2226
2B-Bungalow-M4(2)	2	1.5	828	3	2484
2C-Bungalow-M4(3a)	2	1	809	4	3236
3A-Bungalow-M4(2)	3	1	925	2	1850
3B-Bungalow-M4(3a)	3	1	1076	2	2152
SUB-TOTAL				20	15248
GRAND TOTAL				70	61047

CARPARKING = 156 SPACES INC GARAGES (223%)

AFFORDABLE - SITE A

SCHEDULE OF ACCOMMODATION					
HOUSE TYPE	# OF BEDS	STOREY HEIGHT	AREA SQFT	# OF HOUSE TYPES	TOTAL AREA SQFT
610 Walk up Apart	1	1	610	4	2440
710 Walk up Apart	2	1	710	4	2840
763	2	2	763	19	14497
780	2	2	780	10	7800
789	2	2	789	9	7101
859	3	2	859	19	16321
897	3	2	897	4	3588
912D	3	2	912	11	10032
969	3	3	969	4	3876
1134	4	2	1134	6	6804
1173	4	3	1173	8	9384
SUB-TOTAL				98	84683

CARPARKING = 168 SPACES (171%)

CARE VILLAGE - SITE A - BLOCK A

SCHEDULE OF ACCOMMODATION					
TYPE	# OF BEDS	STOREY HEIGHT	AREA SQFT	# OF TYPES	TOTAL AREA SQFT
BLOCK A - EXTRA CARE					
Apartment	1	1	TBC	50	TBC
Apartment	2	1	TBC	10	TBC
SUB-TOTAL				60	TBC
BLOCK A - DEMENTIA					
Apartment	1	1	TBC	9	TBC
Apartment	2	1	TBC	3	TBC
SUB-TOTAL				12	TBC
GRAND TOTAL				72	TBC

CARPARKING = 51 SPACES (70%)

CARE VILLAGE - SITE A - BLOCK B

SCHEDULE OF ACCOMMODATION					
TYPE	# OF BEDS	STOREY HEIGHT	AREA SQFT	# OF TYPES	TOTAL AREA SQFT
BLOCK B - SUPPORTED ACCOMMODATION					
Apartment	1	1	667	20	13340
SUB-TOTAL				20	13340

CARPARKING = 14 SPACES (70%)

GRAND TOTAL

SITE / TENURE	TOTAL DWELLINGS
SITE A - NUPLACE PRS	70
SITE A - AFFORDABLE	98
SITE A - BLOCK A - EXTRA CARE + DEMENTIA	72
SITE A - BLOCK B - SUPPORTED ACCOMMODATION	20
SITE B - LOVELL OPEN MARKET SALE	75
GRAND TOTAL	335

CARPARKING = 558 SPACES (167%)

Notes
 - Copyright in this drawing remains the property of BM3 Architecture Limited.
 - Do not scale this drawing.
 - Contractors and manufacturers are to advise BM3 Architecture Limited of any discrepancies.

Revision	Date	By	Check
B - JUNCTIONS UPDATED. ACCOMMODATION SCHEDULE AMENDED TO SITE B.	22.07.20	PS	IF

PRELIMINARY

Project DONNINGTON WOOD TELFORD	Drawing MASTERPLAN LAYOUT	Client LOVELL	BM3
Scale 1:1000 @ 20 APRIL 20	Job No 71129	Drawn by DESIGN	Checked DESIGN
Birmingham Office 28 Puckard Street, Digbeth, Birmingham, B5 5QH T: 0121 633 9000 F: 0121 633 0300 E: design@bm3.co.uk			

TELFORD & WREKIN HOMES

Proposals involve the acquisition of circa 100 vacant dwellings across the Borough including a range of property types and sizes. Properties will be refurbished and rented out by Nuplace under a new sub brand – Telford & Wrekin Homes. It is envisaged that acquisition will be undertaken over the next three years. A range of opportunities for acquisition are being explored including the purchase of a number of Wrekin Housing Group's properties, previously intended for auction.

It is envisaged these properties will be let at a range of rental levels including open market rent, affordable rent and a discounted rent linked to allocation policies for a range of client groups, subject to further business case development and viability testing.

Objectives:

- To further disseminate the good work of the Housing Investment Programme in raising standards in the private rented sector across the Borough through demonstrating high quality property and tenancy management on a broader geographic scale.
- To bring empty properties are brought back into productive use and ensure that we are protecting and investing in our existing housing stock and making the BEST use of our existing homes and;
- To provide housing options for a range of priority client groups, including for example care leavers, key workers as well as vulnerable people supported by Children's and Adult's Services. This directly links to objectives within the Council's draft Housing Strategy which seeks to ensure that our most vulnerable people have access to safe and appropriate housing which enables them to live independently and maximise their potential. As such this housing will be linked to allocation policies for these key groups and be available on private rent and affordable basis as appropriate.



FORMER NEW COLLEGE SITE

An indicative masterplan has been developed 21 two, three and four bed homes for Nuplace including 3 accessible and adaptable dwellings. Access to the scheme is intended to be off Regent Street.

The Nuplace component of this development will be delivered alongside new age designated housing being delivered for Wrekin Housing Group and available for affordable rent.

The scheme represents an exciting opportunity to bring mixed tenure housing into the heart of Wellington and LEP funding has been secured to support delivery on what is a constrained brownfield site.

The wider scheme is being developed by the Council's BiT team and Nuplace will be looking to acquire the dwellings on a turnkey basis from the Council.

FORMER CHARLTON SCHOOL SITE

Outline planning consent has been granted for circa 200 new dwellings on this site (planning ref TWC-2018-0701). The site is to be taken to the market by the Council's Estates & Investments Team in Autumn 2020, with options for a straight sale alongside an option to deliver circa 40 new homes for Nuplace Ltd. An indicative housing mix has been established as set out below:

General Needs	Storey	Number	Build Standards
2 bed	2	12	NDSS
3 bed	2	16	NDSS
4 bed	2	6	NDSS
		<hr/>	
		34	
Specialist			
2 bed	1	4	M4(2)
2 bed	1	2	M4(3)a
		<hr/>	
		6	

In addition, and in accordance with the Council's commitment to become carbon neutral by 2030, Nuplace are looking for their component of the development to incorporate carbon reduction measures through improvements to the fabric of the building and/or the incorporation of electric car charging points/PVs or other appropriate technology.

Nuplace will engage directly with bidders through the marketing process with a view to securing delivery.

THE GOWER

The Gower Street School is a designated heritage asset (Grade II Listed), located in the suburb of St. George's. A range of options for refurbishment and use have been considered with the most recent proposals focussed on delivering new and refurbished dwellings alongside community space.

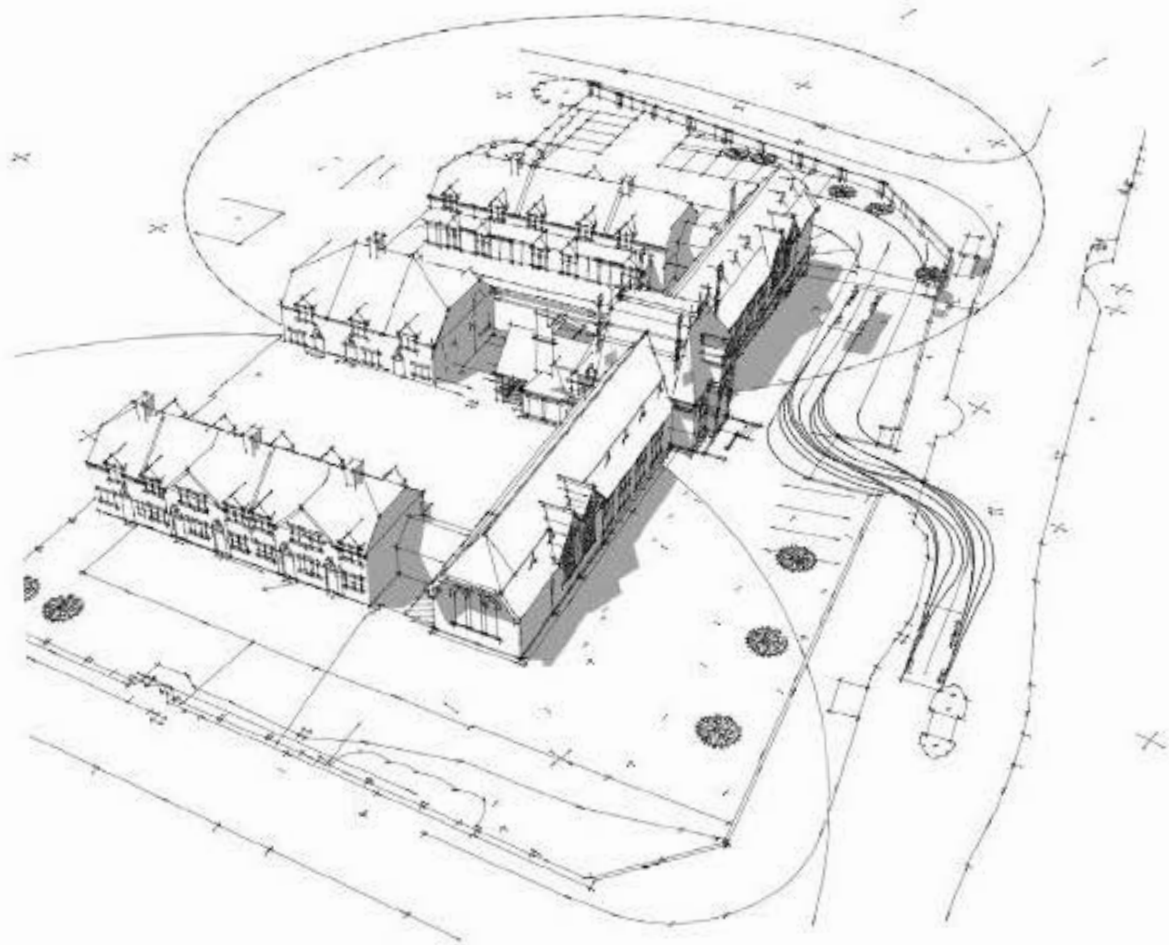
Objectives

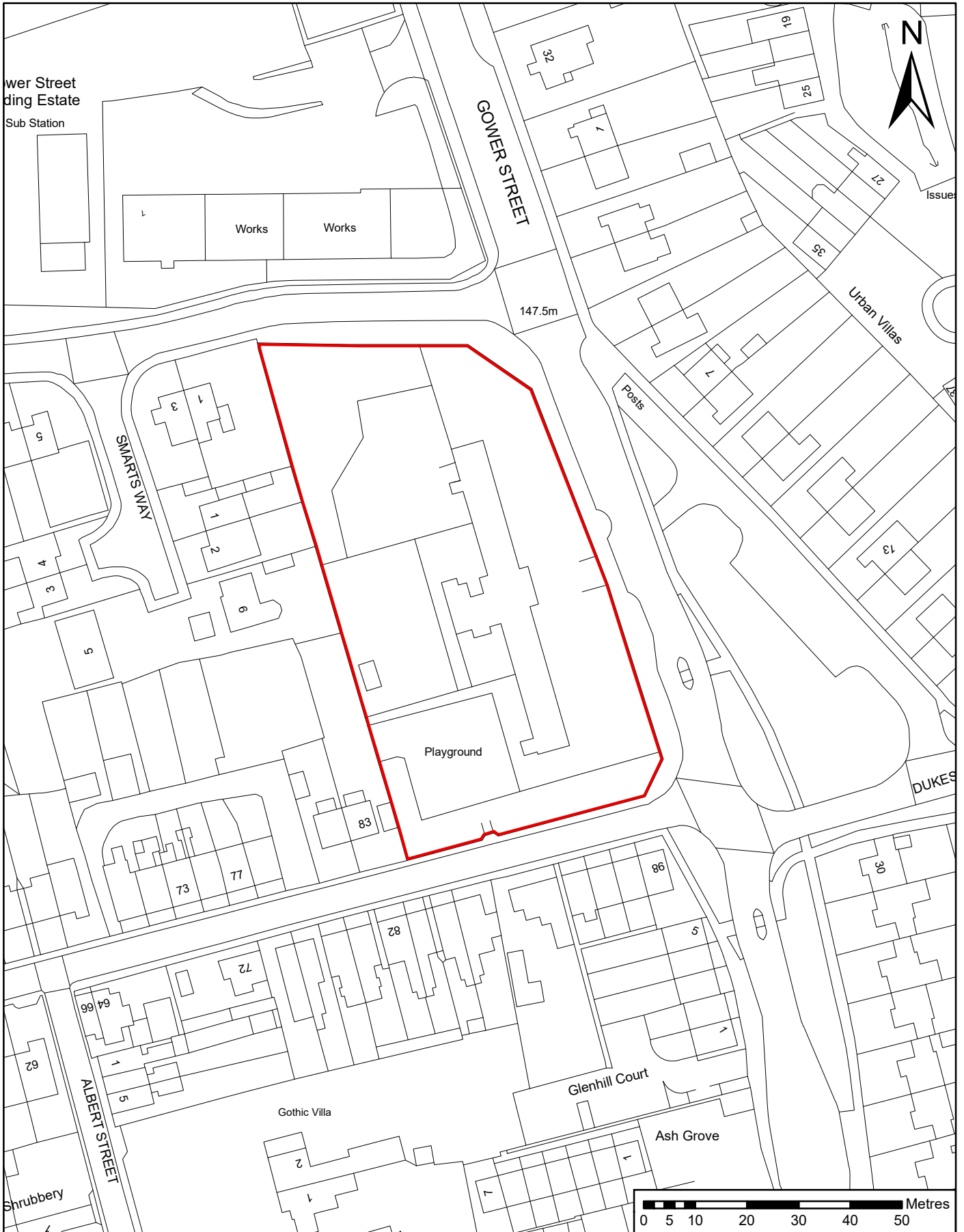
- To preserve and enhance the historic character of the existing Gower building.
- To deliver refurbished, multipurpose community facilities and ancillary office space.
- To deliver new homes for rent – managed and maintained by Nuplace.
- To develop a scheme which can leverage in grant from the WMCA to support delivery.
- To develop a scheme which is financially viable in the long term.

Scheme Proposals

- Northern wing and central area retained for community use incorporating function and office space, kitchen & WCs
- 16 new homes in three wings projecting from rear of the building:
 - x10 two bed houses
 - X6 one bed houses
- 3 refurbished x2 bed apartments within the Southern Wing of the Gower
- Shared / communal garden space between new build homes - giving a sense of joint ownership/community.
- Parking contained to the north and east of the site where levels and boundary treatments provide screening.
- Elevational treatment drawing on architectural features from The Gower.
- Layout informed by Heritage Statement undertaken by Arrol Architects which supports the principle of sympathetic residential development.







Title
The Gower
Gower Street
St. Georges

Estates & Investments
 Wellington Civic & Leisure Centre
 Larkin Way
 Wellington
 Telford TF1 1LX



Scale:
 1:1,000 @A4

Drawn by:
 landdasc

Date:
 26/10/2020

Based on Ordnance Survey Mapping with the permission of the Controller of Her Majesty's Stationary Office Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or Civil Proceedings. Borough of Telford & Wrekin Licence No. LA 10001 9692 - 2020

MAIN ROAD, KETLEY BANK

Proposals involve the refurbishment of the former Abacus Nursery off Main Road Ketley Bank to create a number of residential units, alongside a new build element to deliver circa 15 new dwellings. The proposal will support reindentation of what is a historical Victorian building.

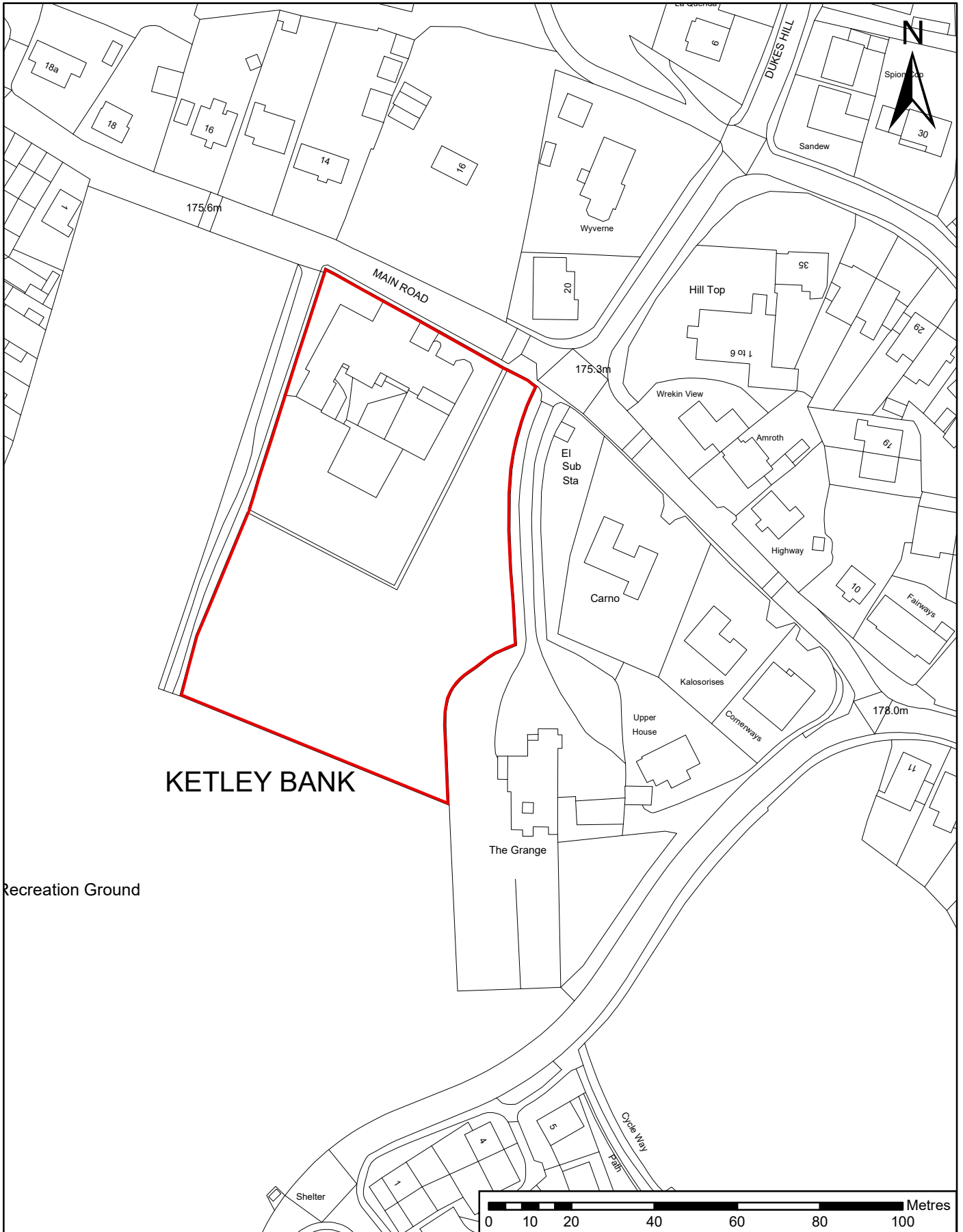
Opportunities to provide new development fronting onto Main Road in lieu of development to the rear and the re-provision / enhancement of new playing fields is also being considered.

No layout plans have been developed at this stage with Nuplace looking to engage with a contractor to support feasibility and scheme development.

Objectives

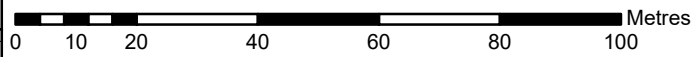
- To preserve and enhance the historic character of the existing building.
- To deliver refurbished and new build dwellings to meet housing need – managed and maintained by Nuplace.
- To develop a scheme which can lever in grant to support delivery.







KETLEY BANK

Recreation Ground



<p>Title Main Road Ketley Telford</p>	<p>Estates & Investments Wellington Civic & Leisure Centre Larkin Way Wellington Telford TF1 1LX</p>		
<p>Scale: 1:1,250 @A4</p>	<p>Drawn by: landdasc</p>	<p>Date: 26/10/2020</p>	<p><small>Based on Ordnance Survey Mapping with the permission of the Controller of Her Majesty's Stationary Office Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or Civil Proceedings. Borough of Telford & Wrekin Licence No. LA 10001 9692 - 2020</small></p>

STATION QUARTER, TELFORD TOWN CENTRE

Proposals involve the development of circa 50, one and two bed apartments as part of the wider regeneration proposals within Station Quarter.

Masterplanning consultants, Turleys, have been appointed to provide support with refining development proposals and business case development in what is a previously untested market. This will support the development of a robust and futureproofed housing mix / tenure / specification.

Objectives:

To provide development which:

- Creates aspirational housing that will help attract and retain younger workers within the high tech and digital sectors, whilst also providing accommodation for key workers in areas where there are problems with recruitment.
- Provides connected and accessible urban living and working space
- Delivers an important step change in our town, setting the tone for future residential development.
- Embodies high quality, low carbon design



Appendix 5: Housing Investment Programme - Risk Register

Risk Matrix

Impact Of Risk	HIGH	Important Risk Unlikely to happen but would have catastrophic Impact on Objectives 6	Key Risk Medium Likelihood – Catastrophic Impact on Objectives 7	Key Risk High Likelihood – Catastrophic Impact on Objectives. 9
		Unlikely to happen but could have an Impact on achieving objectives 3	Important Risk Medium Likelihood - will make achieving objectives difficult but not impossible 5	Key Risk High Likelihood – will make achieving objectives difficult but not impossible 8
	LOW	Unlikely to happen and will have little or no Impact on achieving objectives 1	Medium Likelihood but will have little or no Impact on achieving objectives 2	Important Risk High Likelihood but will have little or no Impact on achieving objectives 4
		Unlikely	Likelihood of Occurrence	Likely

Risk Description		Consequences	Rating	Response Actions	Owner
	Legal/Regulatory				
001	Ultra Vires Council is acting outside of its powers in establishing the Company and/or implementing the project	Cannot pursue initiative	1	Legal advice has been taken. Powers to invest in and/or undertake commercial activities in function related powers are established. Borrowing is via the General Fund. Council will comply with prudential borrowing requirements. Currently taking place.	TWC
002	State Aid - Challenge made by European Commission	Legal implications	3	Legal advice has been taken. Rates will be on a full commercial basis. Could also rely on the Services of General Economic Interest exemption for the affordable rent housing.	TWC

003	Necessary Consents - Secretary of State consent may be required for transfer of the land as 'gratuitous benefit'.	Programme delays	1	All sites have and will continue to be sold to Nuplace based on open market valuations.	TWC
004	Necessary Consents - Land transfer is not at the best consideration reasonably obtainable	Legal implications, programme delays, cost implications	1	Valuations have been undertaken by an external RICS Surveyor using the Red Book. Land has been and will continue to be transferred at open market value.	TWC
005	EU Procurement Challenge - A challenge is made that the project is not compliant with EU procurement requirements	Legal implications, programme delays	1	The Teckal exemption is available in respect of transactions between the Council and the Company. In addition, all development activity has been and will continue to be through competitively procured design and works contracts which are compliant with existing EU procurement regulations.	TWC
Financial/Economic/Legislative					
006	Accounting and Tax Treatment - The accounting and tax treatment set out in the Business Case is challenged	Legal implications, programme delays, cost implications	5	External financial advice obtained and considered as part of the Business Case Ongoing advice on Corporation Tax sought in particular CIS clearance is sought and ATCA obtained	TWC
007	Financial Model - The assumptions in the financial model are not robust or the financial model is flawed.	Programme delays, cost implications	5	The Financial Model has been rigorously tested and assumptions are continuously challenged and refined based on operational information. Robust monitoring of management accounts is performed to identify key business levers.	TWC
008	Funding - The Council is unable to provide finance for the pipeline of projects identified.	Programme and cost implications	1	Prudential borrowing was approved by Full Council in March 2020 as part of the Regeneration & Investment Fund.	TWC
009	PWLB Interest Rates - PWLB interest rates may increase such that the project is no longer financially viable	Programme and cost implications	5	The Council will manage its treasury requirements through its Treasury management function. Movements in interest rates and underlying market factors are monitored as part of this process. PWLB financing is being used.	TWC
010	General and specific inflation - If inflation assumptions are lower (in relation to income – rent and sales prices) or higher (in relation to costs – construction or management and maintenance costs) than Business Plan assumptions then viability of Company is reduced	Programme and cost implications	5	Construction costs provided on an open book basis and account for inflation to provide cost certainty. A rent setting and review policy has been established.	TWC

011	Changes in Legislation or Government Policy - Changes in legislation could have many risk impacts ranging right across the project and Company's activities. Such changes could affect any or all of the Business Plan assumptions and its development and operational activities i.e. changes to taxation, construction/building regulations, Government Policy which impact on rents and/or rent collection, right to buy. Changes could occur with regards to NHB and Council Tax, or changes to the Local Government Finance System.	Legal, programme and cost implications	2	The changing legal and regulatory framework is under constant review with potential impacts assessed on an ongoing basis.	TWC
Strategic Governance					
014	Decision Making - Governance structures do not enable the project to be properly set up or delivered.	Programme and cost implications	1	Governance structure has been approved by Cabinet. The programme is being delivered under this governance structure with no issues.	TWC
015	Constitutional power of the Council to participate in external organisations such as the Company - The Council's constitution may not permit participation in the Company.	Legal and programme implications	1	Full Council approval has been obtained to participate in the project and the project is in its delivery phase.	TWC
016	Decision Making - Conflicts of interest arise may arise between the Council and the Company and/or Company officers' primary duties to the Company cause operational issues.	Legal and programme implications	4	Members and officers of the Council receive briefings from the Council's legal team on how to manage such conflicts and duties. Formal Terms of Reference in place alongside robust governance procedures.	TWC/Nu place
017	Resources - The Council has inadequate resources to deliver the project.	Programme and cost implications	5	Resources, have and will continue to be reviewed as the programme progresses. Additional capacity has been built in to support the growing operational element of the business.	TWC
018	Delay during delivery - The project suffers delay during construction preventing the WOC from repaying its loan.	Programme and cost implications	5	Sensitivities have been tested which show that the WOC could repay debt if it suffered a minor delay (+6 months) in the delivery of the project. This forms part of the financial analysis.	TWC
Political					
019	Change in Government Policy - Support for the project may be eroded leading to difficulties in delivering to the Business Plan.	Programme and cost implications	1	The three principal political parties are committed to housing development as part of the UK Growth Strategy. The project is in its delivery stage.	TWC
020	Change in Local Policies - As Above	Programme and cost implications	5	A change in political administration or changes to local policies may affect the support for the project and affect the delivery	TWC

021	Loss of Stakeholder Support - Failure to provide adequate information/marketing could lead to poor public perception and take up of the homes, affecting viability.	Cost implications	3	Affiliation of Nuplace to the Council is proving positive with opportunities to emphasis this link having been implemented. Occupancy and pre lets off plan continue to be positive.	TWC
Resources					
022	Management and administration resources - The Council is unable to support the overall management of the Company.	Programme and cost implications	2	Resource requirements continuously reviewed and have been accounted for in the revised HMA. Additional capacity has been built into restructures to support expansion of the programme.	TWC
023	Development resources -The Council has inadequate housing development resources to support the Company.	Programme and cost implications	2	Resource requirements continuously reviewed and have been accounted for in the revised HMA. Additional capacity has been built into restructures to support expansion of the programme.	Nuplace
024	Housing Management & Maintenance resources - The Council has inadequate housing management and maintenance resources to support the Company.	Programme and cost implications	5	Resource requirements continuously reviewed and have been accounted for in the revised HMA. Additional capacity has been built into restructures to support expansion of the programme. A planned maintenance programme has been established linked to condition surveys.	Nuplace
Operational Management					
025	Inability to find tenants and let properties leading to loss of income and costs of securing properties whilst empty.	Cost implications	3	Properties continuing to let well off plan. Void rates running at lower than modelled assumptions.	Nuplace
026	Initial Rental Values - Initial rental values are lower than forecast.	Cost implications	3	Initial rental values are currently in line with levels assumed at viability stage.	Nuplace
027	Rent & Service Charge Collection - Failure to collect all legally recoverable monies.	Legal and cost implications	2	The rent collection will be managed by the Council, via Nuplace, who have experience in collection of commercial rents. The lettings policy requires the use of direct debits and rental deposits/ credit checks prior to the letting of property.	Nuplace
028	Failure to comply with rental deposit scheme requirements - Failure to comply means that rent may not be collectable and/or possession cannot be obtained. The court can also levy fines.	Legal and cost implications	2	Suitable procedures are in place to ensure that necessary notification requirements are provided to tenants in a timely fashion.	Nuplace
029	Void Management - Failure to make available for re-letting or to re-let in timescale.	Cost implications	3	Effective processes are in place to manage voids and bad debts.	Nuplace
030	Repairs & Maintenance - Costs are not in line with Business Plan projections and/or quality is poor.	Cost implications	3	Assumptions are continuously tested and refined. Currently R&M costs are below projected levels	Nuplace

031	Liability under section 11 Landlord and Tenant Act 1985 (disrepair notices), section 82 Environmental Protection Act 1990 (statutory nuisance) and failure to undertake gas, electrical or fire safety checks - Court action, fines and compensation to tenants may be available if the Company is in breach.	Legal and cost implications	2	Inspection and testing procedures are in place linked to the Council's P2 system and ensure prompt responses to repair requests.	Nuplace
032	Tenancy Management - Costs are not in line with Business Plan projections and/or quality is poor.	Cost implications	3	The Council and Nuplace review the management arrangements and costs on a regular basis. Requirements and associated charges are established within the HMA updated in 2020.	Nuplace
033	Tenancy Management Tenant damage - Cost of tenant damage in excess of that provided for in repairs and maintenance budget. Cost generally not covered by insurance.	Cost implications	3	Recharge policies and rental deposits mitigate this risk as do tenancy enforcement procedures.	Nuplace
034	Damage to dwellings is caused by usual commercial risks - Material damage to dwellings and consequent loss of rent.	Cost implications	3	Property owners and loss of rent insurance in place although Nuplace would still be exposed to uninsured excesses.	Nuplace
035	Damage to dwellings are caused by uninsurable risks (e.g. flood or acts of terrorism) - Material damage to dwellings and consequent loss of rent.	Cost implications	3	Insurance is unavailable. Flood risks have and will continue to be investigated as part of the design and planning process and design will mitigate potential risk. Consequences of terrorism are unlikely to affect more than a few dwellings.	Nuplace
036	Debt Repayment - Company fails to repay debt and/or deliver a return to the Council	Legal and cost implications	3	The Company's Business Plan is be regularly monitored and reviewed. The Council will have security over the Company's assets and step in rights.	TWC/ Nuplace