

CABINET

4 JANUARY 2022

MODULAR BUILD SCHEMES, ST ANDREWS ESTATE CULLOMPTON AND SHAPLAND PLACE TIVERTON – PHASE 2 CONTRACTS

Cabinet Member(s): Cllr Bob Evans, Deputy Leader and Cabinet Member for Housing and Property Services

Responsible Officer: Simon Newcombe, Corporate Manager for Public Health, Regulation and Housing

Reason for Report: Following the pending completion of Phase 1 design and planning contracts for the construction of fourteen Council properties, using a direct award framework, consideration is required for the Phase 2 construction and installation contract for each scheme.

Recommendation: That Cabinet approve the following:

1. **Subject to planning permission being granted for the proposed social rented housing development at St Andrews Estate Cullompton and Shapland Place Tiverton:**
 - (a) **Zen Pods Ltd's bid for the Phase 2 works be accepted; and**
 - (b) **the St Andrews development include an in-house managed and community based competition, public artwork.**
2. **Delegated authority be granted to the S151 Officer (in consultation with the Deputy Leader and Cabinet Member for Housing and Property Services) to complete the associated Phase 2 contracts.**

Financial Implications: These are explained in the report as set out fully in Part 2 Annex A. The schemes will be managed within HRA budget and 1-4-1 budget allocations received as part of the right to buy (RTB) process.

Budget and Policy Framework: The construction of new homes has been identified in the Capital Medium Term Financial Plan. The cost for the on-going maintenance of the asset will be met from the Housing Maintenance Fund (HMF). These homes will support the delivery of specific objectives in the Housing Strategy 2021-25.

Legal Implications: Upon awarding the contract, the Council will be engaged and bound by the terms of the SWPA contract with the chosen contractor.

Risk Assessment: Use of an approved procurement framework which undertook an open and transparent tendering process had been selected to meet the specific requirements of these projects and to avoid the potential for challenge and to ensure value for money. Approximately 20% of the overall cost of these projects is to be funded from 1-4-1 right-to-buy receipts received in 2017. Consequently, under the 5-year legal restriction, these must be spent (or be contractually allocated) before the end of March 2022 to avoid returning the monies to the Government. More information on this and the overall budget is given in Section 4.0 and Part 2 Annex A of the report.

Equality Impact Assessment: The design of the properties considers the needs of all and more information on the enhanced accessibility and neuro-diversity standard of the dwellings is given in Annex B.

Relationship to Corporate Plan: Homes: Deliver more affordable housing and greater numbers of social rented homes.

Impact on Climate Change: These are accredited, zero-carbon schemes. The dwellings will also come with the latest low-carbon technologies ensuring ultra-low energy consumption and cheaper running costs for tenants.

The contractor will be also be required to be committed to managing and minimising the wider environmental impact of each scheme. This project will be planned in a manner, which takes account of the environmental impact, seeking to reduce such effect as much as possible. Local suppliers for preparation and completion of groundworks will be used under the contract terms.

More information on the specific carbon and wider sustainable development considerations of these schemes is set out in Annex B.

1.0 Introduction

- 1.1 The Council is committed to increasing its social housing stock through the development of existing Council owned land. This is formalised in Objective 5 of the recently adopted Housing Strategy 2021-25 which commits to the delivery of 60 new social rent houses over a 5-year programme utilising our 1-4-1 receipts from right-to-buy sales. An additional 100 social and affordable rent houses are committed to from non-1-4-1 funding sources.
- 1.2 The land that the Council plan to develop at both St Andrews Estate and Shapland Place is within the Council ownership (HRA fund) as shown on attached plans in Annex C.
- 1.3 The present or previous use of the each site comprises redundant garaging with a limited area of unofficial off-road parking all of which is in the ownership of the Council's HRA fund. The Cullompton site is adjacent to No. 107 St Andrews Estate and includes a small parcel of land to the rear. The Tiverton site is adjacent to 13 and 16 Shapland Place.
- 1.3 Full planning permission for the Phase 2 works has been applied for through the Phase 1 contract with Zed Pods Ltd, under the SWPA NH2 direct award framework. Applications 21/01956/FULL St Andrews Estate and 21/01957/FULL Shapland Place were validated in November 2021 and are due for decision at the Planning Committee meeting on 2 February 2022.
- 1.4 The application at St Andrews Estate is for 6 units and the application at Shapland Place is for 8 units. These are for social rent and will be held for secure tenure allocations through the Devon Home Choice system including for those tenants with adapted property needs.

- 1.5 The Council has completed consultation with nearby tenants and local residents as part of the Phase 1 contract and a second, formal statutory consultation has been completed through the planning application process. In parallel with this, the Council also hired a modular Zed Pods 1-bed demonstration unit which was sited at Culm Valley Sports Centre for several months over the summer – autumn 2021. Over 500 visitors viewed the demo unit with feedback sheets records >98% positive feedback on design, appearance and construction.
- 1.6 Prior to commencement of Phase 1, the project team have considered alternatives for these sites which included a traditional build solution; however, the conclusion has been to select a modular construction solution for each. At these locations, a modular option affords an estimated 35% cost saving overall against a traditional equivalent zero-carbon build and also maximises the number of units and overall provision of car parking. Specifically in respect of Shapland Place, modular construction enables a stilt construction in order to address lower-risk Flood Zone 3 concerns and increase drainage capacity and attenuation at this site.
- 1.7 Due to the modular, off-site construction both schemes can also be delivered significantly faster than traditional build schemes, with first occupation planned within 3-months of contract award. Subject to planning, this would enable the first tenants to move into each scheme from May 2022 onwards.
- 1.8 There are wider accessibility, adaptability and day-light benefits from the proposed modular-build design including meeting full access requirements and benefits in terms of supporting those with neuro-diversity needs. These will enable the dwellings to be given immediate adapted status within the stock improving opportunities to retain the homes going forward and reduce loss through right-to-buy.
- 1.9 The proposed Phase 2 construction contracts will be a SWPA approved framework contract to Zed Pods Ltd and include a combined project contingency sum of 10% of the combined contract value to allow for any late design amendments required through the planning process and any unforeseen works.
- 1.10 Further background information to these schemes including the wider site context, design/sustainability considerations and the current state-of-play is provided in Annex B.
- 1.11 Location plans are attached in Annex C.
- 1.12 A block plan and 3D view of the proposed properties at each site is shown in Annex D.

2.0 Affordable Housing

- 2.1 The local housing need is shown Tables 1 and 2 in Annex B. These set out housing need as captured by the Mid Devon Housing team from the Devon Home Choice monitoring report as of October 2021.

2.2 Please note that Tables 1 and 2 include those registered and these are the latest figures from Q3 in 2021 for the Cullompton and Tiverton areas respectively. They demonstrate that there is more than sufficient need in the both areas to ensure that the fourteen dwellings would be occupied. Homes are advertised on Devon Home Choice with the rent shown so people will know when they bid how much they will be required to pay on a weekly basis if successful. These dwellings rented on a prescribed social rent basis (approximately 50% of market rent).

3.0 Procurement and design/quality considerations

3.1 The works will be procured under the SWPA New Homes (NH2) Offsite Construction of New Homes direct award framework. The bid received for these works was therefore provided under the terms of this framework.

3.2 Under the SWPA NH2 framework, contracts are split into two phases:

- Phase 1 – design, pre-application advice, consultation and planning (Equivalent to RIBA – Royal Institute of British Architects - Stages 2-4)
- Phase 2 – construction and installation (Equivalent to RIBA Stages 5-6)

3.3 Phase 1 of the project was awarded to Zed Pods (the contractor) and had a combined value as set out in Part 2 Annex A. These contracts were put in place under delegated powers within the threshold of approval of officers with the approval of the s151 officer (Deputy Chief Executive) in consultation with Cabinet Member for Housing and Property Services (Cllr Bob Evans). The combined value of the Phase 2 contracts can be met from existing HRA budgets, however exceeds this threshold therefore a Cabinet decision is sought.

3.4 More information on the financial aspects of the proposed Phase 2 contracts are given in Section 4.0 below with the commercially sensitive elements set out in Part 2 Annex A.

3.5 Zed Pods are one of 7 suppliers approved under the NH2 modular housing work-stream within the SWPA framework. Whilst any of these suppliers could have been selected without further evaluation due to this being a direct-award framework, Zed Pods were selected for the following specific reasons:

- UK based – reduced carbon footprint, including for Pod delivery
- Quality – design/assured (see paras 3.8-3.11) and perceived (ability to view existing modular schemes in Bristol and London)
- Appearance – offer the widest range of final finishing schemes to suit different locations and local architecture etc
- Zero carbon build standard/performance – assured and approved
- Adaptive pods – one of only two suppliers to offer this
- Flexibility – range of multiple bed unit options
- Room on stilt options – further flexibility of location and design

- 3.6 In respect of design quality/durability, assurance is provided by Zed Pods through a formal accreditation process for their residential systems. This requires them (and any other modular builders signing up) to undergo a rigorous quality review under the Building Offsite Property Assurance Scheme (BOPAS) which includes process and quality checks by Lloyds Register and minimum 60-year durability and maintenance assessments by Building Life Plans (BLP). This covers both off-site construction and on-site installation through separate BOPAS accreditations. Within our proposed contracts and more broadly, Zed Pods are going beyond 60-years and are providing an overall 100-year assurance. This is better than most volume major traditional house builders.
- 3.7 Whilst not directly relevant to these schemes, by means of further assurance, BOPAS is also a requirement of Government Homes England Affordable Homes Programme funding, as are national minimum space standards by bedroom/unit size, which Zed Pods also meet.
- 3.8 Overall, BOPAS offers assurance that these new homes and assets have been designed, manufactured and installed to ensure a lifespan way beyond any borrowing and/or mortgage term to provide very durable housing stock for the future. Other elements of the construction which are typically replaced in 10-25 year cycles have higher than standard durability on this contract – for example the windows have a 50-year guarantee. Along the with the overall construction design, these features will support a lower cyclical planned maintenance bill going forward – an equally important consideration.
- 3.9 Beyond the key BOPAS accreditation, there were detailed and specific quality considerations within the SWPA tender process that led to the development of the NH2 framework. Zed Pods also specifically hold Q-policies for providing assurance on structural integrity of their new build systems – see <https://www.qassurebuild.co.uk/>. Q is recognised as a leading, very highly risk-managed, quality focused approach to technical assurance and consumer warranties in the construction industry.

4.0 Financial Analysis

- 4.1 The cost of these projects is to be met from 1-4-1 receipts with the balance being funded by the HRA Housing Management Fund (HMF) development budget for 2021/22.
- 4.2 The full budget for these projects includes several commercially sensitive elements and is therefore set out separately in Part 2 Annex A of this report. Under the terms of the updated 1-4-1 legislation, a maximum of 40% of the total projects cost will be funded by 1-4-1 receipts with the balance coming from the HMF.
- 4.3 Of the 1-4-1 monies allocated to these schemes, approximately half (therefore circa 20% of the combined project costs) comes from 2017 receipts and as a result must be utilised within 5-years under legal requirements. As a result it should be contracted spend by the end of this financial year i.e. 31 March 2022. The remainder comes from 2018 receipts. There are no other major schemes currently adequately progressed where the 2017 receipts can be

legally utilised in-full within the remaining quarter of 21/22. Nonetheless, over 90% of the originally allocated 1-4-1 budget can be utilised by these schemes which covers in full the required in-year spend.

- 4.4 The remaining less than 10% within the original 1-4-1 budget was allocated from the 2018 receipts and is therefore not due for utilisation until the end of 2022/23 and can be held for other schemes next year. Nonetheless, due to better than expected current year property buy-back opportunities it is likely this residual amount will be utilised before March 2022 in any case.
- 4.5 Should only one scheme be granted planning permission, and there are no flood zone and drainage constraints with the St Andrews scheme for example, then all the 2017 receipts will be allocated against the remaining project. In this way 100% of the 1-4-1 receipts due spend in 21/22 will still be utilised and none will be required to be returned to Homes England, subject to planning decisions.
- 4.6 All contingency funds allocated to these projects are set against 2018 receipts and therefore if they not fully utilised can be retained for further schemes in 2022/23, as set out in the 1-4-1 five-year plan.
- 4.7 The total project costs per unit (14 No. total, mix of 1-3 bed) including contingency, and compares favourably (-35%) with an average project cost per typical traditional build 2-bed property built to a full zero-carbon standard in 2021.
- 4.8 Accounting for existing HMF commitments in 2021/22 including the recently approved Beech Road scheme and several buy-back properties there is adequate capacity within the approved >£2m HRA development project in-year to meet the remaining 60% of the project costs not allocated against 1-4-1 receipts.
- 4.9 The impact of funding this development on the HMF Fund has been updated to calculate the Net Present Value profiled over 30-years for current social rent levels to provide assurance it is sustainable with the long-term financial plan for the HRA. The following assumptions were made:
- No external borrowing costs (assume internally funded)
 - Rental values based on the 1-bed, 2-bed and 3-bed profiles for the proposal developments
 - Maintenance profiles adjusted for modular build
- 4.10 Right-to-Buy (RTB) receipts must be used to fund like-for-like (1-4-1) tenure replacements; a sold social rented home should be replaced with a new social rented home within the parameters of the relevant housing legislation. Given this project will be using the 1-4-1 RTB receipts as set out with the balance coming from the HMF then all properties will be tenanted and managed on a social rent basis by Mid Devon Housing as part of the Council's HRA stock.

5.0 Project delivery and oversight

5.1 Project delivery will be the responsibility of the proposed contractor (Zed Pods if the recommendation is approved) under each Phase 2 contract (through to the equivalent of RIBA stage 6 and on-site installation). This is supported by a combined Zed Pods and in-house team. Internal oversight of the project is provided the Corporate Management Team (Simon Newcombe, supported by Andrew Busby). Day-to-day project management lead for the Council will be Mike Lowman (Operations Lead for Building Services).

6.0 Conclusion

6.1 The Council has an urgent housing need for one, two and three bed social-rented homes within the boundary of Cullompton and Tiverton as part of its wider HRA stock. Bringing forward these schemes helps the Council to address a real housing crisis and meet its specific objectives as set out the Housing Strategy 2021-25 to provide more affordable housing.

6.2 The development has been identified in the 5-year 1-4-1 programme with the balance of the development being funded by the Housing Maintenance Fund regeneration budget.

6.3 These are exemplar sustainable build schemes meeting zero-carbon standard and maximum adaptability for meet future needs, applying modern methods of construction through modular off-site build.

6.4 The award of the Phase 2 contracts is subject to grant planning permission in respect of the current, live planning applications as detailed above.

Contact for more Information: Simon Newcombe, Corporate Manager for Public Health, Regulation and Housing – snewcombe@middevon.gov.uk

Circulation of the Report:

Deputy Leader and Cabinet Member for Housing and Property Services
Leadership Team
Corporate Management Team including the Corporate Manager for Property, Leisure & Climate Change
Operational Leads for Housing and Building Services

List of Background Papers:

None

Part 2 Annex A – attached separately

Annex B - Background information

The sites

The present or previous use of the each site comprises redundant garaging with a limited area of unofficial off-road parking all of which is in the ownership of the Council's HRA fund. The Cullompton site is adjacent to No. 107 St Andrews Estate and includes a small parcel of land to the rear. The garages at this location were demolished in the summer 2021. The Tiverton site is adjacent to 13 and 16 Shapland Place. Access to each site is via St Andrews Estate and Shapland Place respectively.

Both sites are therefore backfill, brownfield regeneration sites located at the end of and adjacent to existing residential development.

Each site is relatively level from front to rear with limited cross fall and are positioned as logical extensions of current residential estates which include existing and former HRA Council housing.

The St Andrews site has dwellings along St Andrews Estate on two sides, with a grassed area, footpath/highway along St Andrews Road and the Cullompton Town Council St Andrews car park along the remaining boundaries. Vehicle access will be from St Andrews Estate. A public footpath leading across the front of the boundary makes a connection to St Andrews Road.

The Shapland Place site has dwellings on three sides comprising the existing Shapland Place properties to the north and The Walronds to the east and south. The western boundary comprises Woodward Road and Howden Industrial Estate beyond that. Vehicle access will be from Shapland Place and not Woodward Road in order to retain Shapland Place as a cul-de-sac.

Design

The final form of design for each site was formulated following analysis of the surrounding area, discussions with the Planning department including a pre-application service and other statutory consultees. The scheme therefore incorporates design details put forward to ensure that they fit within the vernacular of the surrounding area and local housing precedents whilst being a distinct, contemporary but complimentary design.

The proposed massing, angle of orientation and set back of each site have been carefully considered to maximise daylight/solar gain and key distances to nearby neighbours and allow for strategic views where possible.

The St Andrews scheme provides for 3x1-bed units and 3x2-bed units together with a secure cycle store, bin store, 7 car parking spaces for residents, a private, communal green to the rear together with decking and balconies.

The Shapland Place scheme provides for 4x1-bed units, 3x2-bed units and 1x3-bed unit with a secure cycle store, bin store, a private, communal green and play area to the rear and balconies. 8 under-croft car parking spaces are provided for residents in addition to 2 disabled spaces, 18 additional car parking spaces (including 3 electric vehicle (EV) charging points with provision for 3 more in future) and 1 motorbike space across the remainder of the site. The additional, non-EV car parking spaces will be available to other local residents on a permit basis.

The main form of the St Andrews building is a single rectangular building with a 1-bed and 2-bed unit on each of the three floors. Residents entry is via a communal entrance/lobby and stairway with level access on the ground floor. The proposed massing is angled 10 degrees from the road with the front building line sloping towards the adjacent step backed massing of 107 St. Andrews Estate. There is a minimum distance of 9m to the nearest building which is faced by the proposals gable wall, and over 23m to the parallel bungalows. The massing has been designed to act as a continuation and entrance to the crescent of housing of St. Andrews Estate.

The main form of the Shapland Place building is also a single rectangular shape with a different combination of 1, 2 and 3-bed units on each of the first and second floors as shown in Annex C. Here, the building is on stilts with the under-croft parking and has two communal access points. Access and egress is designed for safety reasons due the scheme being within Flood Zone 3a. The proposed massing is angled to run parallel with (and pushed forward towards) Woodward Road to reduce overlooking and maximise private amenity space to the rear. There is a minimum 9.7m distance to the nearest existing building at Shapland Place, again faced by a gable wall. It is more 14m to the nearest Walronds property.

The finishing of both the St. Andrews and Shapland Place buildings is a mix of render and plank cladding. The cladding has a 60-year lifespan and is made from non-combustible material achieving the highest possible safety rating. There is also provision for an optional public artwork scheme across the southerly gable wall of the St. Andrews building given its visibility at the entrance to the wider St. Andrews estate. It is proposed that this could be provided via a public competition, possibly in connection with the nearby St Andrews Primary School and cost of installation met from the project contingency (estimated at less than £10k).

Sustainable Development

Both schemes will be provided on a zero-carbon basis assessed under the UK independent SAP (Standard Assessment Procedure) for dwellings.

The schemes feature solar photovoltaic power with triple glazing and high levels of insulation, providing an overall an ultra-low energy consumption home (typically costing around one-third to heat compared to the equivalent non-modular, traditional build) and which consequently exceed conventional standards and building regulations.

The schemes also promote excellent daylighting for healthy living/sleep patterns, dual aspect cross-ventilation, low temperature fluctuations, minimal artificial light and quiet heat pumps/low electrical noise. The insulation, glazing and design

specification also provide above average sound attenuation. Finally, no toxic materials or urea based insulations systems are used and low VOC paints/adhesives and breathing wall construction further support health living. Alongside full adaptability for physical access needs, these design features make the properties particularly suited to those with neuro-diverse needs as well.

Water efficiency is built into the design with water saving facets and fixtures.

Both sites are either town-centre or edge of town-centre with the Cullompton site being 5mins walk and the Tiverton site 10-12mins walk from their main respective town-centres. All are close to existing bus-stops, medical, and education amenities as well as other services. Cycle stores and electric vehicle charging are included as noted for each scheme.

Full provision will be made within the bin storage areas for recyclable materials in suitable containers for collection and reuse by the Council.

Ecology – with the exception of a tree (retained) at the St Andrew site, the existing sites hold no current ecological value, as they are a combination short cut grass, concrete and tarmac surfacing. The creation of soft landscaping to the rear communal gardens and other areas will enhance the ecological value of these sites as well as improving water permeation and rainfall infiltration.

Planning application references 21/01956/FULL and 21/01957/FULL provide further information on the proposed schemes and are available via the planning portal <https://www.middevon.gov.uk/residents/planning/search-and-comment-on-planning-applications/>

South West Procurement Alliance Framework (SWPA)

As an approved procurement framework for these works (SWPA), all legal and standard contract matters were resolved as part of the original framework tendering exercise. These are vetted and approved by the Government and were Official Journal of the European Union (OJEU) compliant. This means individual Local Authorities and other public sector bodies can draw down specific contracts with an approved supplier on the framework without requiring additional legal procurement compliance advice or undertaking further tendering. The whole purpose is to facilitate cost-effective, quicker procurement decisions that are robust, legally valid and avoid each LA undertaking separate tenders for each contract.

The SWPA framework have existed for many years to support local government and are part of the LHC Group, a not-for-profit central purchasing body who develop legally compliant frameworks for public sector use nationally. Overall, in designing a compliant procurement process we specifically consulted our procurement team internally who identified and approved SWPA for this purpose and validated our submission to draw down on the specific NH2 framework. Zed Pods are one of the approved suppliers on the framework

More information on the SWPA NH2 off-site construction framework <https://www.swpa.org.uk/frameworks/construction-extension-and-refurbishment/offsite-construction-of-new-homes-nh2/>

Housing Need

Table 1

Cullompton

Band	Housing Type	Housing Needs Requirement Size					
		1BH	2BH	3BH	4BH	5BH	6BH
Total	General Needs	57	33	37	15	1	0
	Step Free	8	2	4	0	0	0
	Max 3 Steps	0	1	3	0	0	0
	Wheelchair	3	1	0	1	0	0
	Grand Total	68	37	44	16	1	0

A	General Needs	0	0	0	0	0	0
	Step Free	0	0	0	0	0	0
	Max 3 Steps	0	0	0	0	0	0
	Wheelchair	0	0	0	0	0	0
B	General Needs	6	4	11	4	1	0
	Step Free	1	2	2	0	0	0
	Max 3 Steps	0	1	0	0	0	0
	Wheelchair	0	0	0	1	0	0
C	General Needs	3	12	22	11	0	0
	Step Free	6	0	2	0	0	0
	Max 3 Steps	0	0	3	0	0	0
	Wheelchair	1	0	0	0	0	0
D	General Needs	48	17	4	0	0	0
	Step Free	1	0	0	0	0	0
	Max 3 Steps	0	0	0	0	0	0
	Wheelchair	2	1	0	0	0	0

Breakdowns of One Bedroom Need

Age	16-35	36-54	55+
1 Bedroom Need	36	12	20

Table 2

Tiverton

Band	Housing Type	Housing Needs Requirement Size					
		1BH	2BH	3BH	4BH	5BH	6BH
Total	General Needs	104	51	55	25	5	0
	Step Free	24	7	5	3	0	0
	Max 3 Steps	1	1	1	0	0	0
	Wheelchair	13	3	0	1	0	0
	Grand Total	142	62	61	29	5	0

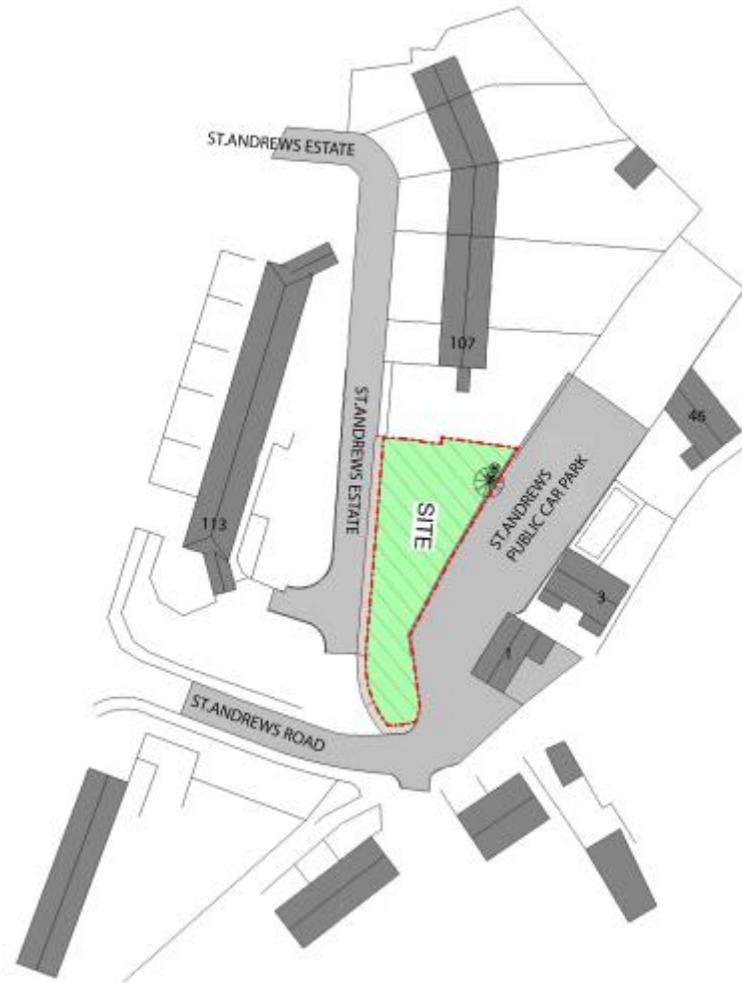
A	General Needs	0	0	0	0	0	0
	Step Free	0	0	0	0	0	0
	Max 3 Steps	0	0	0	0	0	0
	Wheelchair	0	0	0	0	0	0
B	General Needs	9	9	6	9	5	0
	Step Free	11	1	1	1	0	0
	Max 3 Steps	1	0	0	0	0	0
	Wheelchair	7	0	0	0	0	0
C	General Needs	15	24	46	14	0	0
	Step Free	10	5	4	2	0	0
	Max 3 Steps	0	1	1	0	0	0
	Wheelchair	4	0	0	1	0	0
D	General Needs	80	18	3	2	0	0
	Step Free	3	1	0	0	0	0
	Max 3 Steps	0	0	0	0	0	0
	Wheelchair	2	3	0	0	0	0

Breakdowns of One Bedroom Need

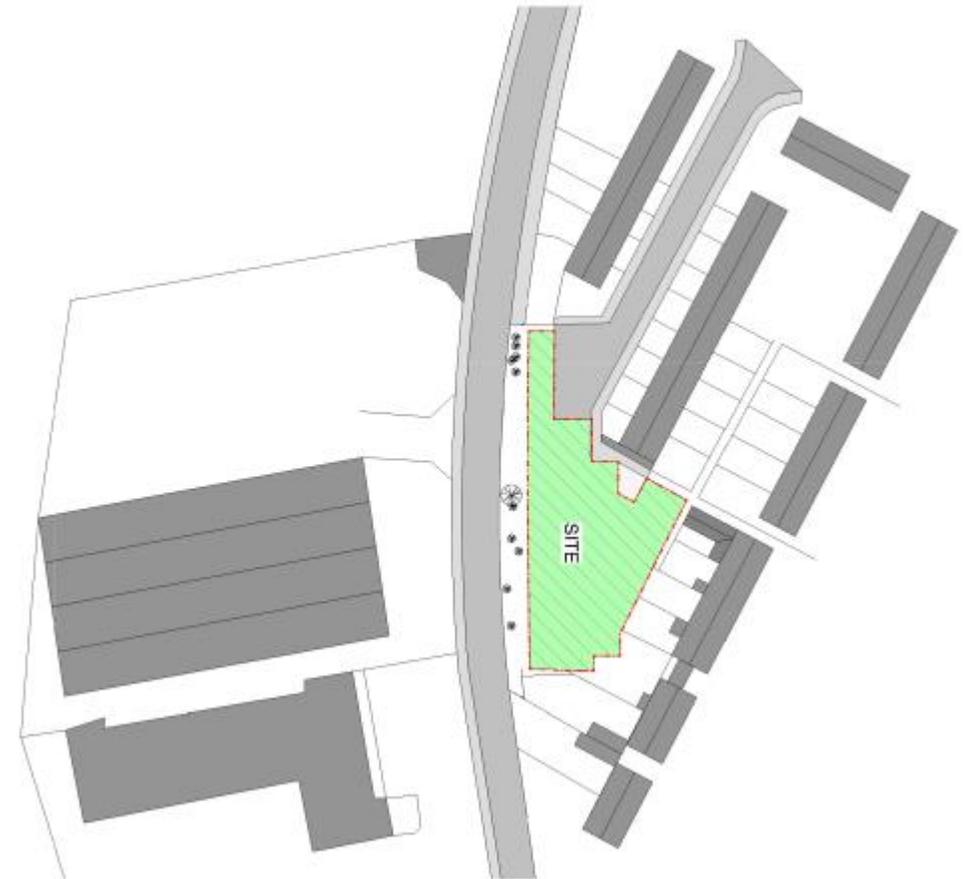
Age	16-35	36-54	55+
1 Bedroom Need	56	43	43

Annex C – Location Plans

St Andrews Estate, Cullompton



Shapland Place, Tiverton



Annex D – Block/layout and 3D Plans

St Andrews Estate, Cullompton – Ground and First/Second Floors



2 FIRST AND SECOND FLOOR PLAN
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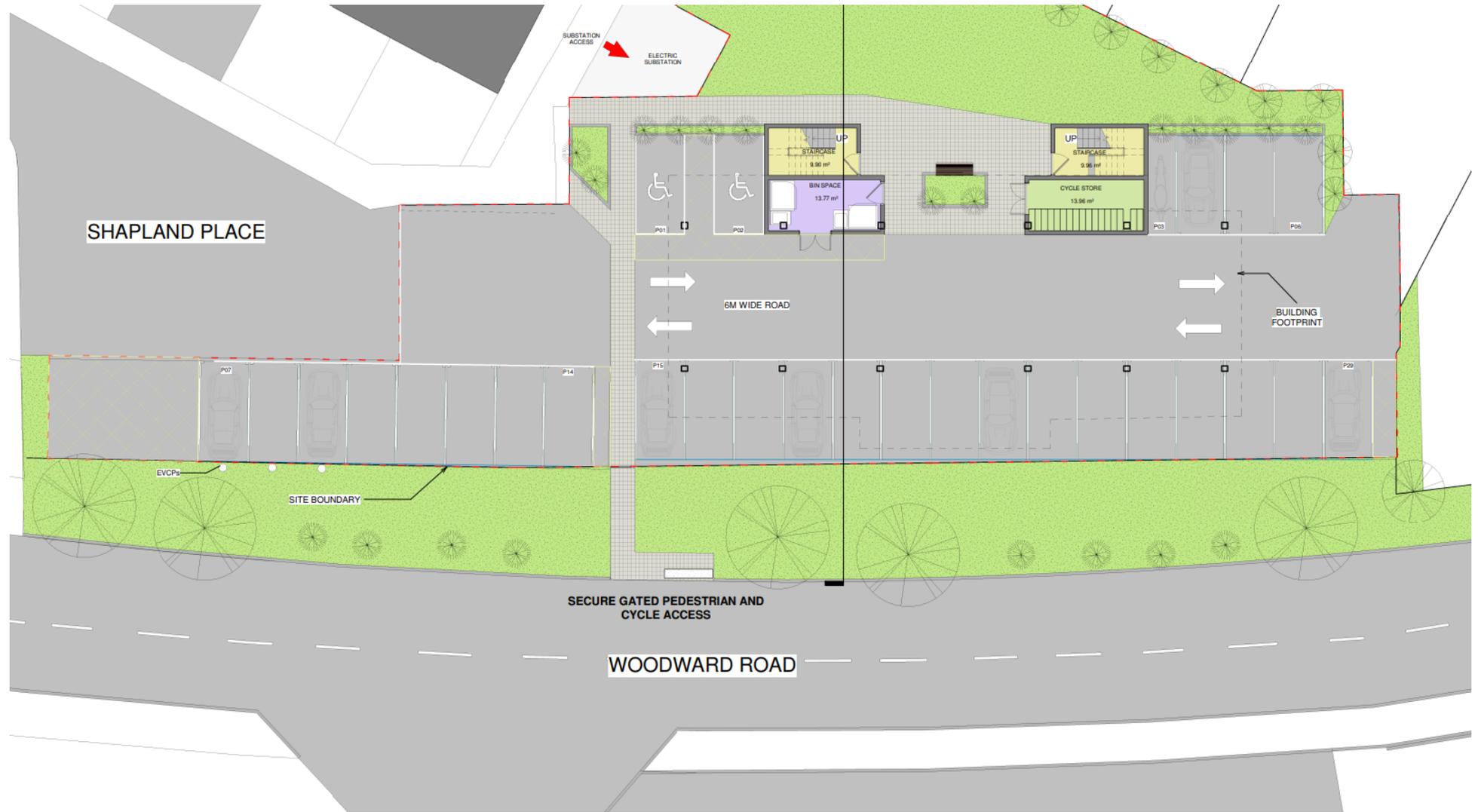


1 GROUND LEVEL
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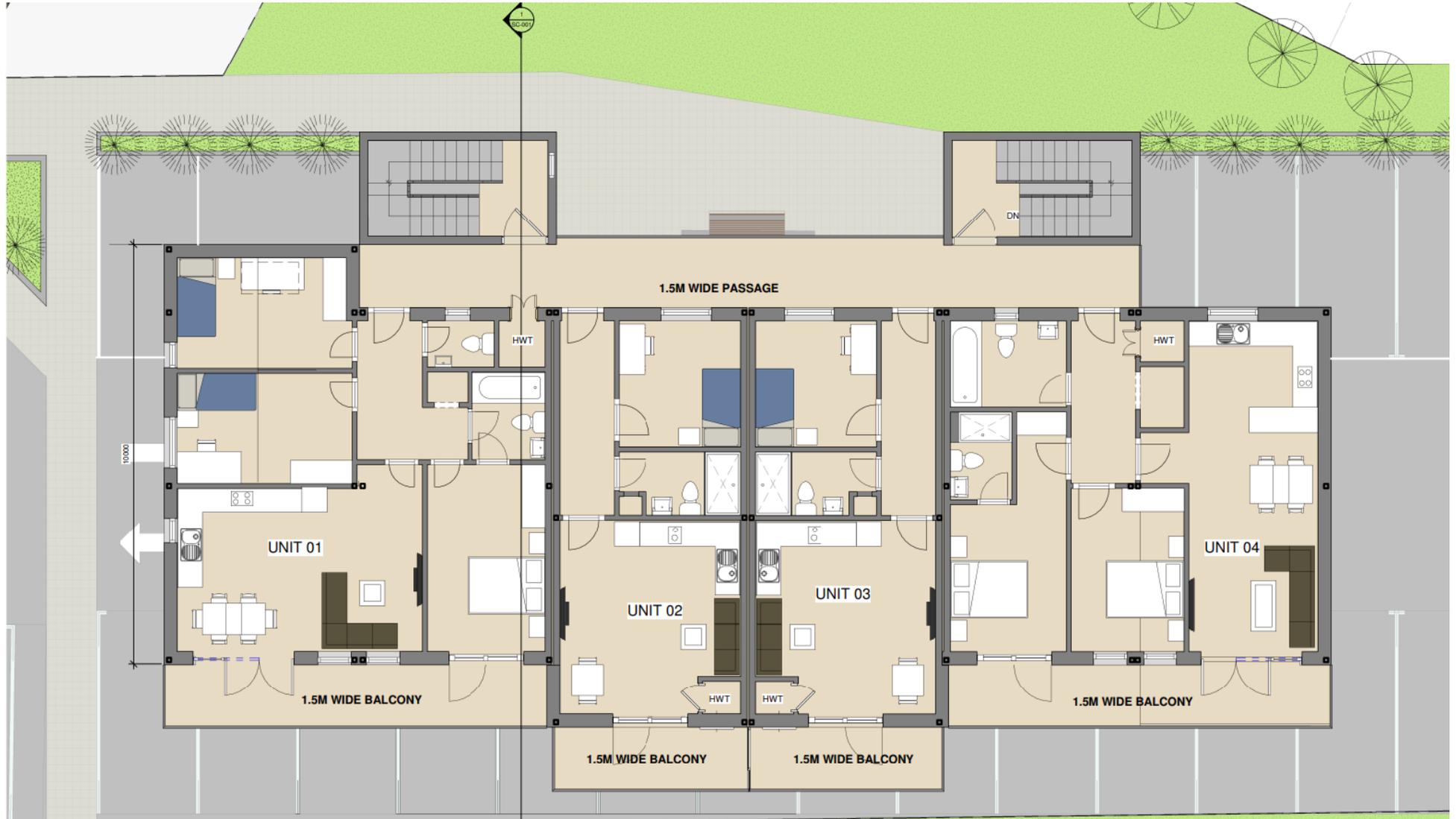


Note: Gable wall - example public art work only

Shapland Place, Tiverton – Ground Floor



First Floor



Second Floor

