

This Report will be made public on 8 October 2024

Report Number **C/24/41**

**To:** Cabinet  
**Date:** 16th October 2024  
**Status:** Key Decision  
**Responsible Officer:** Andy Blaszkowicz - Director of Housing and Operations  
**Lead Officer:** Samuel Aligbe - Chief Officer Corporate Estate and Development  
**Cabinet Member:** Cllr Rebecca Shoob – Cabinet Member for Housing & Homelessness

**SUBJECT:** Risborough Barracks, Shorncliffe, Folkestone - S106 Acquisition of 44 Affordable Homes

**SUMMARY:**

This report updates members on the proposal to acquire 44 units of affordable housing from Taylor Wimpey at Risborough Barracks Shorncliffe. These units are part of the s106 associated with the planning consent obtained in 2015 (*planning application reference number Y14/0300/SH*).

The acquisition will be funded by the Housing Revenue Account (HRA) where the new units will be held and administered. The scheme currently comprises 26 homes for affordable rent and 18 for shared ownership which reflects the 60:40 tenure split in the S106 agreement. The units will be all electric and delivered to EPC rating B with solar panels, storage heaters, inverters and optimisers.

**REASONS FOR RECOMMENDATIONS:**

This report requests that Cabinet approve a conditional offer to Taylor Wimpey for 44 units of affordable housing in order to enable and facilitate the commitment made in the HRA Business Plan, approved by Cabinet (C/23/57) in December 2023, to deliver a minimum of twenty affordable housing units year.

The acquisition of the affordable units will assist in tackling homelessness as the tenants will be from the council's housing waiting list, and help reduce the pressure on the general fund derived from temporary accommodation costs. The provision of shared ownership also promotes tenure diversity within the district and addresses wider housing need by facilitating affordable home ownership.

Approval is recommended as the acquisition of these units increases the Council's HRA housing stock providing much needed homes for residents in Folkestone & Hythe.

**RECOMMENDATIONS:**

- 1. To receive and note report C/24/41.**
- 2. To agree the acquisition of 44 affordable units.**
- 3. To provide delegated authority to the Director of Housing & Operations to progress with the acquisition based on the financial offer set out in this report and to agree the commercial terms to enable the acquisition to progress through to a successful completion.**
- 4. To provide delegated authority to the Director of Housing & Operations in consultation with the Cabinet Member for Housing & Homelessness to agree the optimum tenure mix between affordable rent and shared ownership ensuring that this is planning policy compliant.**

## **1. BACKGROUND**

- 1.1 This subject site is Phase 3 of the s106 element of a much wider project being delivered by Taylor Wimpey at Risborough Barracks, Shorncliffe, Folkestone, CT20 7DF.
- 1.2 The subject scheme comprises 44 units with 18 for shared ownership and 26 for affordable rent which to be acquired on a freehold basis. (See *appendix 1: Site Plan and Appendix 2: Site CGI Images*).
- 1.3 The scheme is comprised of 5 blocks. This includes 1 block of 6 one-bedroom flats, 2 blocks of nine 2-bedroom flats and one 2-bedroom Coach House and a further 2 blocks of nine 2-bedroom flats. Each block benefits from independent courtyard parking.
- 1.4 This reflects a 60:40 split which was compliant with planning policy at the time the planning consent was granted in 2015.
- 1.5 This site is part of a wider project being delivered by Taylor Wimpey and there may be the opportunity to acquire more affordable units in future phases.
- 1.6 The units were originally offered to F&HDC with a gas central heating system. Officers have negotiated amendments to the design to boost the schemes sustainability and energy efficiency credentials removing gas from the properties. The new design includes solar panels, electric storage heaters, inverters and optimisers.
- 1.7 These upgrades will enable the units to meet EPC rating B and will contribute towards reducing carbon emissions and end user cost in use.
- 1.8 The transaction structure has been agreed and will involve using a Taylor Wimpey standard development agreement and stage payments triggered by a Golden Brick payment.
- 1.9 Legal and procurement colleagues have reviewed the transaction structure and have approved this approach.

## **2 FINANCIAL IMPLICATIONS**

- 2.1 The Council has made a financial offer to Taylor Wimpey of [REDACTED] for the 44 units and £[REDACTED] for the energy efficiency upgrades. This offer is conditional upon formal council approvals.
- 2.2 As this opportunity is a s106 there is no eligibility for social housing grant.
- 2.3 The payment structure will be 30% of the contract value paid at Golden Brick with nine stage payments at key stages within the project from July 2025 to practical completion in November 2025.
- 2.4 The project performs well on all financial metrics with the F&HDC development appraisal tool kit. (Please see Appendix Three: CONFIDENTIAL Financial Appraisal Summary Schedule).
- 2.5 There is sufficient headroom in the viability assessment to change the tenure mix to 70:30 split which is compliant with current planning policy. This would change to 31 affordable rent and 13 shared ownership units subject to an amendment of the s106 agreement and the ability to organise the tenures into separate blocks although it may not be possible to do this due to the size and internal arrangements of the blocks.

2.6 Officers from the development team are working closely with housing team colleagues to define the optimum tenure mix. The report requests approval for the Director of Housing and Operations in consultation with the Cabinet Member for Housing and Homelessness to agree the optimum mix and seek the relevant planning approvals.

2.7 The scheme service charges have been reviewed and have been taken into account within the financial appraisal in the assumptions around affordable rent and the local housing allowance limits and this is reflected in the scheme viability outturns.

### 3. CONSULTATION

3.1 Housing colleagues were consulted on this scheme, and this informed the specification for the energy efficiency upgrades as well as the unit mix and typologies F&HDC will be acquiring. No other consultation has been undertaken other than those relating to planning consultations at the time of the planning application.

### 4. OPTIONS

4.1 To acquire the site for a total package price of [REDACTED] for the units and [REDACTED] for the energy efficient upgrades. This enables the delivery of 44 affordable units into the Council's HRA, supporting the Council's strategic objective of directly providing a minimum of 20 units a year as per the approved HRA Business Plan (Cabinet December 2023 C/23/57) as well as providing homes for local people on the housing register. The energy efficiency upgrades also support the Council's carbon emission reduction strategy and ensures that the homes are future proofed.

4.2 Not to acquire the site. This will result in the Council missing the opportunity to acquire a site that meets many of the Council's strategic and policy objectives, which provides much needed affordable housing. By not acquiring the site the Council will also lose the opportunity to grow its asset base and own more revenue producing assets. The Council will also lose the opportunity to increase its revenue surplus which can be used to support HRA reserves or to potentially cross subsidise other schemes within the HRA development pipeline.

### 5. RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Properties do not meet FHDC's design technical and space standards	Medium	Unlikely	Conduct design and technical review and audit of the current proposals. Any discrepancies will be picked up and raised with Taylor Wimpey for

			amendment to ensure compliance.
FHDC are not able to sell all the shared ownership units	High	Unlikely	Appoint a specialist sales agent as early in the process as possible and ensure early market engagement and preparation of sales particulars. Value the units and ensure they are priced appropriately to ensure they sell in the market. Subject to planning viability and the ability to keep the tenures separate FHDC can switch some of the shared ownership units to affordable rent subject to the relevant approvals.
Service charges costs	Medium	Unlikely	View the service charge schedule in advance and ensure its is in line with FHDC's and the local housing allowances service charge parameters. Review service charge schedule and scope and make amendments ensuring there is no compromise in the level of customer care and the customer experience.

## 6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 6.1 Legal Officer's Comments (Nicola Murton)

There are no legal implications arising directly from this report. Legal Services will assist in relation to the acquisition although external lawyers will probably be instructed to act on behalf of the Council”.

## 6.2 Finance Officer's Comments (Jonathan Smith)

The financial implications are predominantly contained in section 2 of this report. It is also important to highlight the financial appraisal at Appendix 3 to this report which shows a strongly positive net present value (in simple terms, a financial metric for performance appraisals that compares all future cashflows, both positive and negative, over the life of the scheme and attributes a present value to this – a positive NPV suggests that there will be a positive cashflow from the project over its life); in summary, this suggests a scheme that will be positive for the HRA overall.

Additionally, Members will be aware that the HRA Business Plan provided for £5m per annum in the HRA capital programme for new builds / acquisitions annually until 2038/39 to support delivery of at least 20 homes per year in this timeframe (equivalent to approximately £250k per property). This scheme offers 44 properties to efficiently support these aims from the business plan for approximately [REDACTED] per property, thus providing additional headroom to further increase stock within the same overall financial envelope approved in the HRA business plan.

Should Members approve the recommendations in this report, the acquisition will be factored into the annual update to the HRA MTCP which will be brought forward as part of budget setting for 2025/26, including phasing of the funding for the scheme.

## 6.3 Diversities and Equalities Implications (Gavin Edwards)

There are no equality and diversity implications directly arising from this report.

## 6.4 Climate Change Implications (Adrian Tofts)

The impact of the recommendations on climate change is likely to be positive, with reduced carbon emissions from the operation of the homes. As noted in the report, the homes will be all electric and delivered to EPC rating B with solar panels, storage heaters, inverters and optimisers. The Council has offered £[REDACTED] for the energy efficiency upgrades. The council's Housing Carbon Reduction Approach 2023-2030 sets out the policy for "all our council managed homes to meet a minimum EPC level 'C' by 2030" and the homes at Risborough Barracks would exceed the target. While the strategy aims for higher standards in new build homes, so that homes are Net Zero Carbon ready, it recognises that "Where the council purchases homes, including through S106 agreements, it will have less choice and control over the layout, and thermal value than in the standards it sets for its own developments."

## 7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Samuel Aligbe, Chief Officer for Corporate Estate and Development

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The following background documents have been relied upon in the preparation of this report: **None**

**Appendices:**

Appendix 1: Site Plan (Affordable housing blocks in red)

Appendix 2: Unit CGI Images

Appendix 3. CONFIDENTIAL Financial Appraisal Summary Schedule.

## Appendix 1. Site Plan



## Appendix 2. Site CGI Images

Shoncliffe Heights - Riborough Court



Apt Block B4 - Plots 51-59

EM - 22-01-2024

Shoncliffe Heights - Riborough Court



Endale (P122) - Plot 50

EM - 22-01-2024