

**Economy and Enterprise  
Overview and Scrutiny Committee**

**18 December 2024**

**Council House Delivery Programme  
Update**



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**Report of Amy Harhoff, Corporate Director of Regeneration,  
Economy and Growth**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 This report provides an update on the council house delivery programme.
- 2 The report also provides an update on activities since the January 2024 report to Economy and Enterprise Overview and Scrutiny Committee (E&EOSC) and, in particular, provides an update on the delivery pipeline for new build development and an overview of the acquisitions scheme.

**Executive summary**

- 3 In October 2020, the council agreed to begin a council house building programme. On 12 July 2023, Cabinet approved an updated business case for the council house delivery programme, which responded to challenges within the programme including:
  - (a) macro-economic changes had seen both inflation and interest rates rise significantly since the first business case was prepared;
  - (b) the opportunity to revisit both the delivery approach and assumptions, to support viability considerations within the programme; and
  - (c) to understand how the programme could support a reduction in the cost of using temporary accommodation.
- 4 In response to the changed delivery environment, the timeline for delivery of the programme has been revised. On this basis, the council will deliver 500 new build council houses and associated infrastructure as part of the council house delivery programme by 2029. If building

council houses proves a viable proposition, it is likely that the programme will extend beyond 2029 and the number of new houses built will exceed 500.

- 5 Since the update in January 2024 to E&EOSC, the procurement exercise to appoint a main contractor to deliver the programme has concluded. T Manners are in place as the appointed main contractor to deliver the programme.
- 6 The council house delivery programme development pipeline is detailed at Appendix 2 of this report. The council has been working with the main contractor to refine the pipeline.
- 7 The council has progressed the first three sites towards the planning application stage:
  - (a) Portland Avenue, Seaham;
  - (b) Greenwood Avenue, Burnhope; and
  - (c) Merrington View, Spennymoor.
- 8 Two further sites are at pre-application planning stage:
  - (a) South Parade, Thornley; and
  - (b) Grey Terrace Ferryhill.
- 9 Should these sites be granted planning permission, be viable and successful in attaining Homes England Grant and subject to all other contractual agreements and funding gateway approvals, they will start on site in 2025.
- 10 Alongside new build development, building conversions and property acquisitions form an important part of delivery. Both can supplement the new build element of the programme and provide a particular opportunity in locations where there are limited land opportunities, but an identified need for affordable housing.
- 11 A schedule of properties held by the council is detailed at Appendix 7. In order to protect the privacy of the occupiers, the properties are identified at settlement level. It is apparent that two bed properties are the largest component of the stock, with one bed accommodation the next largest element. This reflects prevailing housing needs.
- 12 Alongside the development and acquisition workstreams, the council is considering the requirements for the operational and management set-up of the service. This work will be presented to Cabinet for consideration in 2025.

## **Recommendation**

- 13 Members of the E&EOSC are asked to note and comment on the information provided within this report and the associated presentation.

## Background

- 14 In October 2020, the council agreed to begin a council house delivery programme of up to 500 homes by 2026. Subsequent reports in February 2021 and December 2021 agreed Phase 1 and Phase 2 sites for the programme.
- 15 Progression of the council house delivery programme has been impacted upon by the wider macro-economic environment, resulting from a series of global factors including:
  - (a) the impact of Covid 19;
  - (b) the war in Ukraine; and
  - (c) the global energy crisis.
- 16 These global events have occurred since the development of the original business plan and have resulted in high inflation and interest rates that have affected both the construction industry and the council's own budgetary position.
- 17 On 12 July 2023, Cabinet approved an updated business case for the council house delivery programme, including a revised financial model. This report revisited and updated the original business case for the council house delivery programme outlined in October 2020 for three main reasons:
  - (a) macro-economic changes resulting in both inflation and interest rates rise significantly since the first business case was prepared;
  - (b) the opportunity to revisit both the delivery approach and assumptions to support viability considerations within the programme; and
  - (c) to understand how the programme could support a reduction in the cost of using temporary accommodation.
- 18 The updated business case included a fundamental review of the assumptions and the approach to the delivery of the programme, undertaken by Savills Consultancy. The Savills Consultancy review determined that the council house delivery programme was viable and was deliverable without additional capital investment (other than land), which enabled a reduction of the capital requirement from the council.
- 19 The council's capital investment in the programme has therefore been reduced from £12,500,000 to £4,500,000. The £4,500,000 will be utilised to progress sites which are unviable, where there is a wider strategic

rationale to support the delivery of council homes and to fund the cost of pre-contract service agreements in the short term to allow for the viability of sites to be determined, site investigations and feasibility works. As the schemes are progressed to delivery stage the budget is replenished once the scheme finances are put in place.

## January 2024 Economy and Enterprise Overview and Scrutiny update

- 20 On 12 January 2024 E&EOSC received an update on the council house delivery programme. This report provided a recap on the origins of the programme in 2020 and the July 2023 Cabinet report.
- 21 The E&EOSC report in January 2024 reconfirmed that the justification for the council house delivery programme lies in the opportunity to deliver affordable homes and to provide an additional source of supply in response to a shortfall of delivery of affordable homes to meet housing needs and in response to the requirement to deliver homes for older people.
- 22 It was noted that the council house delivery programme also provides a means to reduce costs to the council associated with the provision of temporary accommodation, by providing ‘move on’ accommodation managed by the council. The council is also providing additional units of temporary accommodation both directly and with the support of funding from various targeted programmes of delivery such as Local Authority Housing Fund round two and round three and through directly delivered self-financing schemes. The objective of the programme is therefore to deliver homes to meet identified housing needs in County Durham.
- 23 The table detailed below summarises the next steps as outlined in the January 2024 report and provides a commentary on progress:

Action	Status	Comment
Concluding the procurement exercise to appoint a main contractor to build council homes.	Complete	T Manners appointed as main contractor.
Progressing of ‘first sites’, Portland Avenue, Seaham and Greenwood Avenue, Burnhope.	Complete	Planning applications submitted November 2024.

Work with the appointed main contractor to develop a delivery pipeline of sites.	Complete	Pipeline beyond first two sites in place.
Undertake a procurement process to appoint a Modern Methods of Construction (MMC) provider to deliver the Merrington View, Spennymoor site.	Complete	Procurement exercise completed and Core Haus appointed. Planning application submitted November 2024.
Prepare a report to Cabinet in 2024 to outline the operational and management considerations of the programme.	Pending	Reprofiled to 2025. This report will now also include a Financial Strategy for a Housing Revenue Account

### **Council House Delivery Programme – New Build Development**

- 24 The council will deliver 500 new build council houses and associated infrastructure as part of the council house delivery programme. The original intention was to deliver these 500 houses by 2026; however, the impact of Covid 19 and wider economic conditions including inflationary pressures and rising interest rates have presented delivery challenges for the programme. As a result, the programme will be delivered by 2029.
- 25 In reality, however, if building council houses proves a viable proposition, it is likely that the programme will extend beyond 2029 and the number of new houses built will exceed 500.
- 26 Since the January 2024 update, the procurement exercise to appoint a main contractor to deliver the programme has concluded. T Manners are in place as the appointed main contractor to deliver the programme.
- 27 The council house delivery programme development pipeline is detailed at Appendix 2. The council has been working with the main contractor to refine the pipeline, including assessing the suitability for sites for development.
- 28 Sites are to be delivered in phases, progressing two or three at a time across a rolling programme. Where sites are considered to be unsuitable for development, they will be removed from the pipeline. Site suitability will consider such factors including (but not limited to):
- (a) the site topography (including elevation);

- (b) the size of the site; and
  - (c) the scope of the developable area.
- 29 The Cabinet report in July 2023 identified three sites for the initial stage of the programme. An overview of these schemes is detailed at Appendix 2; however, additional information is detailed below.

### **Portland Avenue, Seaham**

- 30 The scheme at Portland Avenue in Seaham is part of a wider local plan allocation and a joint venture agreement between the council (as landowner) and Homes England to deliver a housing led regeneration scheme for Seaham. Parties are working together to resolve that the Joint Venture Agreement can facilitate the development of Site C in isolation.
- 31 The council house proposals are to the south western corner of the site and take an access from Malvern Crescent. The proposed layout is detailed at Appendix 4. The scheme, to be delivered by T Manners, comprises of 33 units, consisting of a mix of two bedroom bungalows along with two and three bedroom houses. All homes benefit from two car parking spaces and there are nine visitor parking bays across the site.
- 32 The scheme was submitted for planning permission in November 2024 and is scheduled to commence on site in Spring 2025, dependent on the outcome of the planning application and the receipt of Homes England grant.

### **Greenwood Avenue, Burnhope**

- 33 The scheme at Greenwood Avenue in Burnhope benefits from funding for remediation and service diversions via the Brownfield Land Release Fund. The proposed layout, detailed at Appendix 5, makes provision for 32 units, including a mix of two bedroom bungalows along with two, three and four bedroom houses. All properties have two parking spaces and there are eight visitor parking bays. The scheme is to be delivered by T Manners. The site has been configured to enable access to the adjacent portion of land to the east, should this be required.
- 34 The scheme was submitted for planning permission in November 2024 and is scheduled to commence on site in Spring 2025, dependent on the outcome of the planning application and the receipt of Homes England grant.

### **Merrington View, Spennymoor**

- 35 The Merrington View scheme at Spennymoor site is a smaller scale site within the programme and on this basis, it has been identified as being suitable for a Modern Method of Construction (MMC) scheme. MMC schemes support pace of delivery and enable the council to introduce innovative construction approaches to the programme.
- 36 The site is to be delivered by modular home manufacturer Core Haus, as part of the council house delivery programme and the single homeless accommodation programme. The proposed development will consist of eight one-bedroom properties arranged in two blocks, each two stories in height. A site plan is detailed at Appendix 6. A planning application for the scheme was submitted in November 2024. Should this be approved, the scheme would start on site in Spring 2025.

### **Wider Pipeline Commentary**

- 37 Appendix 2 sets out the wider pipeline for the council house delivery programme. This pipeline identifies sites that are considered likely to be suitable and viable for development. The pipeline has been developed through discussions with the main contractor.
- 38 The pipeline is set in three phases which denotes the relevant stages and prioritisation of schemes. Where it is known, information is provided on:
- (a) the number of units;
  - (b) the current stage of the project;
  - (c) the anticipated planning application date; and
  - (d) should the planning application be successful, the anticipated start on site and completion dates.
- 39 The pipeline is subject to change as schemes are developed. The sites each have a range of planning conditions, section agreements, site clearance activities / utility diversions and funding gateway approvals to navigate which may impact delivery and lead to a change in the indicative programmed dates. These risks and tasks are being managed by the project team.
- 40 At this stage, it is envisaged that the current pipeline will deliver 372 units. However, it has been evident from the first sites that site densities have increased through the initial design stage of the project. Therefore, the sites in the pipeline will be expected to deliver more units than originally envisaged.



- 41 Alongside the pipeline, the council will continue to consider other opportunities as they arise. In particular, the council is actively exploring opportunities to the west of the A68 in rural communities.
- 42 As part of the process of considering sites, it is identified that a number of sites originally allocated to the programme would likely be unsuitable for the council house delivery programme. These sites, along with the originally estimated yield, are detailed at Appendix 3. These sites have been considered as being unsuitable for reasons including:
- (a) the form of the site;
  - (b) topography of the site;
  - (c) the scale of the site; and
  - (d) the scope for the developable area.
- 43 It is possible that upon review, further sites may be identified as being unsuitable. Where this occurs, replacement site will be sought for the programme.

### **Conversion Programme**

- 44 The Council is also pursuing options to convert and re-purpose surplus properties within the Council's portfolio to provide accommodation to meet housing needs.
- 45 In this regard construction work is currently on site at the former Bishop Auckland Registry Office and the Former Children's Home at Tow Law to deliver a further 10 units of accommodation for single people.
- 46 It is anticipated that both of these units will be completed and ready for occupation at the end of March 2025 as part of the Single Homeless Accommodation Programme (SHAP).

### **Acquisitions Programme**

- 47 Alongside new build development, acquisitions of properties form an important part of delivery. Targeted acquisitions can supplement the new build element of the programme and provide a particular opportunity in locations where there are limited land opportunities, but an identified need for affordable housing.
- 48 The council has undertaken acquisitions in connection with the following schemes:
- (a) general needs affordable housing;

- (b) temporary accommodation;
  - (c) Local Authority Housing Fund; and
  - (d) Rough Sleepers.
- 49 A schedule of properties held by the council is detailed at Appendix 7. In order to protect the privacy of the occupiers, the properties are identified at settlement level. It is apparent that two bed properties are the largest component of the stock, with one bed accommodation the next largest element. This reflects prevailing housing needs linked to the schemes.
- 50 The council will continue acquisitions alongside its development programme. Acquisitions programmes are developed on a self-financing basis, with rental income over time covering the cost to buy the property and bring the property up to decent homes standard.
- 51 Current and ongoing acquisitions programmes include:
- (a) Temporary Accommodation – 40 properties by March 2025
  - (b) Local Authority Housing Fund round three – 12 properties over 2024-26
  - (c) SHAP - 32 properties by March 2025
  - (d) The use of Section 106 funds to acquire Temporary Accommodation.

## **Next Steps**

- 52 This report has confirmed that a series of sites in the pipeline are progressing to pre-application discussions or full planning stage. Scheme progression is subject to a number of factors including securing planning consent, discharging planning conditions, section agreements, site clearance activities / utility diversions and fulfilling funding gateway approvals. These risks and tasks are being managed by the project team.
- 53 The report sets out the wider pipeline for the programme. The approach to the pipeline is to progress two to three sites at any one time in phases, therefore, further sites will be progressed to the planning stages following design work.
- 54 The conversion and acquisition programmes are progressing in line with agreed parameters, and future schemes will be scoped in line with housing needs.

- 55 Alongside the development workstream, the council is considering the requirements for the operational and management set-up of the service. This includes the approach to repairs and maintenance of properties, tenant communications and wider communications associated with the programme. This work is in development and will be presented to Cabinet for consideration in 2025. This report will also set out the approach and timing of the opening of the housing revenue account.

## Conclusion

- 56 This report provides an update on the council house delivery programme.
- 57 The report also provides an update on activities since the report to E&EOSC in January 2024 and, in particular, provides an update on the delivery pipeline for new build development and an overview of the acquisitions scheme. The report demonstrates continued progress in the progression of the programme, with a series of sites expected to start on site in 2025.

## Background papers

- Cabinet - 12 July 2023: Council House Delivery Programme Update<sup>1</sup>
- Economy and Enterprise Overview and Scrutiny Committee - 12 January 2024: Council House Delivery Programme Update<sup>2</sup>

## Other useful documents

- None

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<https://democracy.durham.gov.uk/documents/s176654/Council%20House%20Delivery%20Programme%20Update.pdf>

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<https://democracy.durham.gov.uk/documents/s183863/OSC%20Council%20House%20Delivery%20Programme%20Update%20Report.pdf>

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## **Appendix 1: Implications**

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### **Legal Implications**

The council is a registered provider of social housing and has all the necessary powers to fulfil the recommendations. The council may hold 199 properties in the general fund under the direction from the Secretary of State. Once it holds 200 properties it will be required to re-establish its housing revenue account. The necessary direction is in place.

The council acquires properties in accordance with an established process facilitated by the Corporate Property and Land Team and Legal Services.

### **Finance**

The updated financial model was approved by Cabinet on 12 July 2023. Each site in the programme is subject to an individual assessment of scheme viability.

### **Consultation and Engagement**

Consultation is undertaken on sites at an appropriate time.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Climate Change**

The new council homes are designed in line with building regulations standards to ensure high standards of energy efficiency.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

## **Risk**

Detailed risk assessments will be undertaken at the project level and as part of delivering sites.

## **Procurement**

None.

## Appendix 2: Delivery Pipeline - December 2024

Site	No. of units	Current stage	Anticipated planning application date	Delivery timescale (anticipated start on site)	Anticipated Completion
Portland Ave, Seaham	33	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
Greenwood Ave, Burnhope	32	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer / Autumn 2026
Merrington View Spennymoor	8	Planning application submitted November 2024	Submitted November 2024	Spring 2025 start on site	Summer 2025
South Parade, Thornley	17	Pre-application submitted November 2024	Q2 25	Q3 25	Q4 26
Grey Terrace, Ferryhill	22	Pre-application submitted November 2024	Q2 25	Q3 25	Q4 26
Third Street, Fourth Street and Fifth Street, Horden	60	Design Development / Confirming Brief	Q3 25	Q1 26	TBC
St Agatha's Close, Brandon	45	Initial feasibility	Q3 25	Q2 26	Q2 28
Claude Terrace, Murton	10	Future scheme in pipeline			
Fishburn Hall Farm	30	Future scheme in pipeline			

Moorside School, Consett	20	Future scheme in pipeline			
Derwentside Crescent, Leadgate	40	Future scheme in pipeline			
Delves Lane, Consett	30	Future scheme in pipeline			
Barrington School, Dene Bank	10	Future scheme in pipeline			
Blackthorn Close, Brandon	15	Future scheme in pipeline			
<b>Total</b>	<b>372</b>				

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### Appendix 3: Sites to be Returned to Disposal Programme

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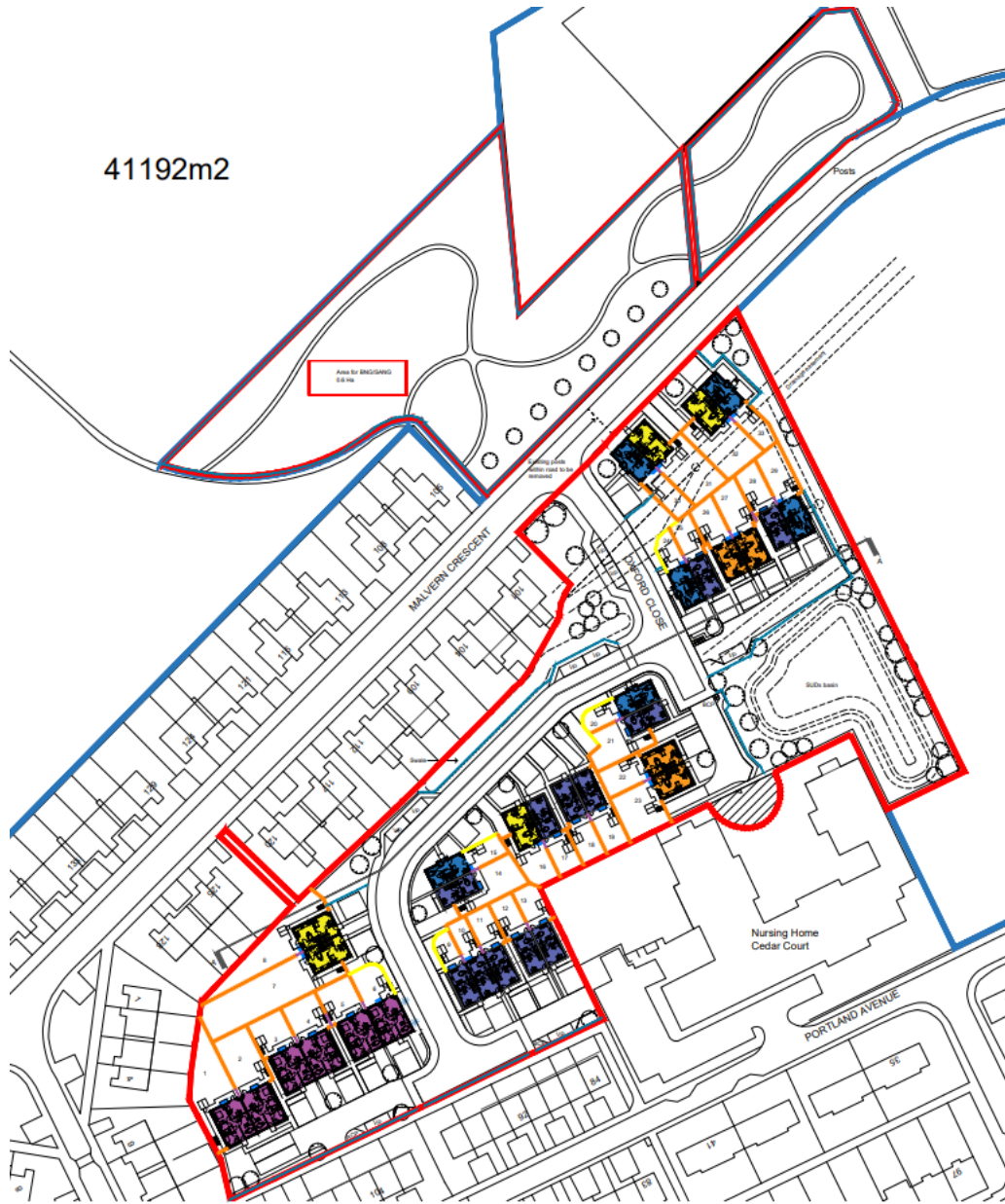
Site	Originally anticipated number of units	Comment
Deneside Depot, Seaham	15	Limited development opportunity
Chaytor Road, Bridgehill	35	Site topography
Eddison Street, Murton	10	Site topography
Murphy Crescent, Bishop Auckland	20	Access issues
Wheatley Hill School, Wheatley Hill	25	Alternative delivery approach
Shieldrow Lane, New Kyo	10	Residential amenity
Thornlaw South, Thornley	35	Requires further evaluation
Mafeking Tec, Sacriston	7	Site topography
Hill Top View Road, Langley Park	30	Site topography
Hamsterley Walk, Annfield Plain	10	Site topography
<b>Total</b>	<b>197</b>	



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## Appendix 4: Proposed Site Layout - Portland Avenue, Seaham

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## Appendix 5: Proposed Site Layout - Greenwood Avenue, Burnhope

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# Appendix 6: Proposed Site Layout - Merrington View, Spennymoor



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## Appendix 7: Property bed count by area

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### Appendix 7a: Properties Owned

Town	Studio	1 Bed	2 Bed	3 Bed	4 Bed	Total
Annfield Plain	0	0	1	0	0	1
Bishop Auckland	0	0	3	2	2	7
Bishop Middleham	0	2	0	0	0	2
Blackhill, Consett	0	1	0	0	0	1
Brandon	0	0	0	2	0	2
Catchgate	0	2	0	0	0	2
Chester-le-Street	0	1	0	1	0	2
Chilton	0	1	0	0	0	1
Consett	0	0	2	0	0	2
Coundon Grange	0	3	0	0	0	3
Coxhoe	0	0	1	0	0	1
Crook	0	0	3	3	2	8
Crossgate Moor	0	0	1	0	0	1
Darlington	0	0	0	1	0	1
Delves, Consett	0	1	0	0	0	1
Easington Colliery	0	0	1	0	0	1
Esh Winning	0	0	0	1	0	1
Evenwood	0	0	1	0	0	1
Ferryhill	0	0	2	0	0	2
Fishburn	0	0	0	0	1	1
Framwellgate Moor	0	0	1	0	0	1
Gilesgate	0	1	6	2	0	9
Horden	0	0	2	0	0	2
Howden le Wear	0	0	1	1	0	2
Lanchester	0	0	1	0	0	1
Langley Park	0	0	2	0	0	2
Middlestone Moor	0	0	0	1	0	1
Murton	0	0	1	0	0	1
Nevilles Cross	0	0	1	0	0	1

Newton Aycliffe	0	2	1	5	0	8
Newton Hall	0	0	1	0	0	1
Pelton	0	1	0	0	0	1
Peterlee	0	0	2	1	0	3
Roddymoor, Crook	0	2	0	0	0	2
Seaham	0	1	0	1	0	2
Sherburn Hill	0	0	1	0	0	1
Shildon	0	4	3	1	0	8
Spennymoor	0	1	6	3	0	10
Stanley	0	14	1	0	0	15
Station Town	0	0	0	1	0	1
Trimdon Colliery	0	0	1	0	0	1
Ushaw Moor	0	0	1	1	0	2
West Auckland	0	0	1	0	0	1
West Rainton	0	1	0	1	0	2
Wheatley Hill	0	5	0	1	0	6
Willington	0	0	0	3	0	3
<b>Total</b>						<b>128</b>

#### Appendix 7b: Properties Leased

Town	Studio	1 Bed	2 Bed	3 Bed	4 Bed	Total
Bishop Auckland	0	0	2	0	0	2
Bowburn	0	0	1	1	0	2
Brandon	0	0	1	1	0	2
Craghead	0	0	1	0	0	1
Crook	0	0	2	0	0	2
Easington	0	0	1	0	0	1
Evenwood	0	0	2	0	0	2
Grange Villa	0	0	1	0	0	1
Leadgate	0	0	1	0	0	1
Leeholme	0	0	1	0	0	1
Leeholme	0	0	1	0	0	1
Middlestone Moor	0	0	1	0	0	1
New Kyo	0	2	1	0	0	3
Newton Aycliffe	0	1	0	1	0	2
Peterlee	1	0	1	0	0	2
Sacrison	0	7	1	0	0	8
Shotton Colliery	0	0	0	1	0	1
South Hetton	0	0	0	1	0	1
St Helen Auckland	0	0	1	0	0	1

Stanley	0	1	2	2	0	5
Sunnybrow	0	0	1	0	0	1
West Auckland	0	0	1	0	0	1
Willington	0	1	0	0	0	1
Wingate	0	0	0	1	0	1
<b>Total</b>						<b>44</b>