

NORA 4 - Post Project Evaluation Nar Valley Park – King's Lynn

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Borough Council of
King's Lynn &
West Norfolk



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Background

- On 27th August 2018, Cabinet recommended to Council that the development of NORA 4 should be taken forward as part of the Major Housing contract with Lovell Partnerships Limited.
- The Cabinet proposal was for a modular development, in partnership with Legal & General (L&G) Modular Homes - subject to the scheme financial appraisals being equal to or better than a traditional development.
- This appraisal also considered funding from Homes England, which offered to accelerate the development, and subsidy from L&G, to demonstrate the advantages of this system. In the event that the modular scheme became unviable, officers were authorised to proceed, using more traditional methods of construction.
- In October 2019, Legal & General Modular Homes withdrew their support from the scheme due to financial viability. This was a direct consequence of the increase of ground works costs, following detailed ground investigations.
- Following discussions with the then Portfolio Holder, it was agreed that the scheme should be progressed as a traditional build project, in line with the Cabinet and Council approval in 2018.









Outputs & Outcomes

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Housing Outputs

Output Description	Evidence of delivery		
	Business Case (as per Cabinet Report February 2020)	Achieved	Notes
Private Rental Units	52	48	Delivery of additional LAHF units (Refugee Social Housing Scheme)
Open Market Sale Units	37	35	
Affordable Units	16	22	
Total	105		

Social Value Outcomes

Outcome Description	Evidence of realisation	
	Target	Achieved
Social: Apprenticeships/ Trainees created	5-6	11
Social: College & School engagements	3	6
Environment: Waste diverted from landfill	95%	99.87%
Environment: CCS (Considerate Constructors Scheme - Independent inspection score)	42	43:43
Economic: Supplier base location	Norfolk: 40%	Norfolk: 43.7%
Economic: Subcontractor classified as a SME (Small and medium-sized enterprise)	25%	97.6%

Lighthouse Club Visit
Nar Valley Phase 4, King's Lynn



Science and Technology Fair
College of West Anglia, November 2022



Financial Outputs

Description		Evidence of delivery				Date/ Notes	
		Business Case*	PPC Target	Achieved To-date (A)	Expected Future Income (B)		Total (A+B)
Revenue	Private	£6,560,000	£7,050,000	£7,467,500.00	£0	£7,467,500.00	As at 10/04/24
	Inspirations**	£0	£0	£140,245.07	£0	£140,245.07	
	Affordable (inc. Shared Ownership)	£1,590,000	£1,684,000	£1,142,124.25	£853,351.75	£1,995,476	
	Affordable (LAHF)	£0	£0	£0	£1,202,500***	£1,202,500	
	Private Rental (PRS)	£8,307,000	£8,892,000	£0	£8,936,150	£8,936,150	
	Homes England ACP Grant	£1,340,000	£1,340,000	£1,340,000	£0	£1,340,000	
Costs		£18,565,720	£18,502,000	£17,758,957.09	£157,110.74	£17,916,067.83	
Profit/ (Loss)		(£768,720)	£464,000			£3,165,803.24	
Profit Share Payment *****			£46,000			£316,580.32	
Nett Surplus / (Deficit)		£460,090 *****	£417,600			£2,849,222.92	

Creating Communities

“Creating Communities is a programme of interventions to help develop communities in areas where the Borough Council is building homes”



Key Risks & Issues

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Key Risks and Issues

Risk or issue	Outcome
Risk: Inflation impact on materials and labour	Inflation increased since the beginning of the project; the impact was mitigated by purchasing materials early, taking advantage of nearby storage.
Risk: Ground engineering solution being trialled on site	Weather and ground conditions impacted the works. This has been feedbacked to future schemes and mitigation processes included the trial of iHouse.
Risk: Unknown site composition included buried piles	Site Clearance works were conducted early, which mitigated the risks of hitting buried piles when piling for foundations.
Risk: Supply chain instability	Trades of subcontractors were impacted by the economic crisis. Additional procurement was conducted to appoint new firms, after previous ones being unable to cope with demand.
Risk: Housing market pressures	Cost of living increase could have impacted the sales on this scheme; however, flexibility to turn Open Market plots into PRS and Affordable (additional grant obtained) mitigated this risk.
Risk: ACP Funding	The Accelerated Construction Programme Funding from Homes England required the delivery pace of the units at 130% (in comparison to a traditional house building programme), the use of Modern Methods of Construction (MMC); and placed an administrative burden on the project. Failure to meet Homes England targets would have risked the availability of funding and impacted on the relationship between the two organisations, and their trust in the council to successfully deliver schemes.

Future Activities

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Future Tasks

Area	Description	Status
External Adoptions	Roads and sewers need to be adopted by NCC Highways and Anglian Water, respectively.	Sewers under monitoring period and roads to be inspected for monitoring period shortly.
Internal Adoptions	Open Space areas to be transferred to POS maintenance	Inspections have been conducted and remedial works in progress
Handover of Management Company Land and Responsibilities	Management Company areas need to be transferred to residents	Inspections have been conducted and paperwork being progressed with solicitors

Post Project Review

It is recommended that a major housing programme review should include:

- Programme Financial Return;
- Housing Delivery Outputs;
- Programme Social Value Outputs;
- Partnership Relationship and Structure;
- Outstanding actions; and,
- Programme Lessons Learnt.

Lessons Identified

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Lessons Identified

Area of work	Description of lesson learned	Recommendation / Action
Programme	Programme was under significant pressure to deliver, due to ACP constraints. There was a total of 6 weeks' delay in the project, which is disappointing. However, during the project, there were a number of significant and compounding events that led to these delays, which include: subcontractors going into administration and supply chain failures from multiple suppliers. These were well-recognised industry issues in 2022-2023, post-Brexit, post-pandemic and during the ongoing war in Ukraine, resulting in significant inflation, material availability, fuel prices and labour availability.	Supply-chain issues have now largely been overcome in the marketplace. The Team have implemented periodic programme review and supply risk-assessment processes to help monitor project progress and programme risk to enable us to intervene and support the contractor should the programme look to be under pressure.
Quality	Generally acceptable; however, subcontractors were not taking ownership of their defects before leaving the plots. Lovell's quality control system does not capture all the items that the council's Clerk of Works inspect and report on.	Consider the requirements of subcontractors having to provide supervision services when procuring key trades. Work with Lovell to improve the use of the digital defect monitoring and reporting systems to guarantee that issues are dealt with before the plot is subject to inspection.
Modern Methods of Construction	Use of i-House system (an example of Modern Methods of Construction - MMC) on first 24 units to speed up the delivery and, therefore reduce overhead costs, did not result in measurable benefits.	Continuously investigate the use of MMC in future schemes; being critical on their performance and cost benefits.
Commuted Sum	Future maintenance liabilities of open space created by housing developments.	Consideration is needed on future developments to ensure that a commuted sum is factored into project costs that supports the Public Open Space Team with future maintenance liabilities