

**Teignbridge District Council
Council
23 October 2025
Part i**

**Sherborne House Car Park Project, Newton Abbot – Approval to
Award Construction Contract**

Purpose of Report

To seek Members' agreement to progress the Sherborne House car park affordable housing project into construction, and to request delegated authority to enter into a building contract provided that the financial condition is met.

Recommendation(s)

The Council RESOLVES to:

1. Approve the Sherborne House car park project for the design and construction of twenty-three Social Rented flats, associated infrastructure and external works.
2. Approve the update of this project within the Capital Programme and accordingly to increase the Capital Programme and allocation of expenditure for the project to £7,243,317.
3. Authorise the Director of Customer Experience & Transformation, in consultation with the Executive Member for Housing and Homelessness and the Chief Finance Officer, and following the determination of the grant applications set out in the report, to enter into the contract for the development with Nevada Construction provided that the project achieves a minimum 1% return on the Council borrowing.

Financial Implications

See section 3.1 for analysis of the financial implications of this report.

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Legal Implications

There are no significant legal implications arising from this report.

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Executive Member

Cllr Richard Buscombe, Executive Member for Housing and Homelessness

Appendices/Background Papers

Appendix 1 – Site Plan
Appendix 2 – Ground Floor Plan
Exempt Appendix 3 – Risk Log
Exempt Appendix 4 – Tender Report

EIA Attached: No

1. Introduction/Background

- 1.1. Sherborne House car park is a council-owned brownfield site, located in Newton Abbot town centre. Historically this was the location of a bus station. More recently the land has been used for private car parking. The site is now vacant awaiting redevelopment.
- 1.2. On 29 November 2022 Full Council agreed to progress the site to a submitted planning application as part of the Teignbridge 100 housing development programme. Planning permission (reference: 23/01897/MAJ) was granted, on 23 August 2024, to provide “23 dwellings including outside amenity space” on the Sherborne House car park site. On 4 November 2024 the Executive agreed to progress the project to a stage where the proposed development could be put out to tender.
- 1.3. Details of the proposed development are summarised in section 2 of this Part I report.
- 1.4. The building works have now been tendered. This report seeks approval to appoint Nevada Construction as the main contractor. Nevada is a local business that submitted a strong bid for the Sherborne House car park project. Details of the tender evaluation are set out in Part II of the report.
- 1.5. It is intended that the cost of the scheme will be met from a combination of funding sources including Homes England grant, Brownfield Land Release Fund grant, Housing capital receipts, s106 affordable housing contributions, revenue

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contributions to capital outlay (if required) and Council borrowing. Delegated authority is sought to award the building contract, following the determination of the grant applications, as detailed in Part II of the report.

- 1.6. This report is brought to Full Council for approval because the contract sum exceeds £500,000 capital spending, as required by the Financial Instructions.

2. Affordable housing proposals

- 2.1. The planning approved scheme will deliver a high-quality development comprising 13 x 1-bedroom flats and 10 x 2-bedroom flats. Of these, one 1-bedroom flat and one 2-bedroom flat will be fully wheelchair accessible dwellings. The site plan is attached as Appendix 1, together with the ground floor plan in Appendix 2.
- 2.2. The scheme has been designed to Passivhaus Plus standard meaning that, in addition to the homes being highly energy efficient, the development will generate enough renewable energy to operate the building throughout the whole year. This will contribute to the Council's net zero carbon ambitions. All residents will benefit from the health and wellbeing improvements associated with Passivhaus homes. Further, the building has been designed to be climate resilient from the outset, thus minimising future retrofit costs.
- 2.3. All 23 homes will be owned by the Council as part of our affordable housing stock. These homes will all be for Social Rent. On 12 September 2023 the Executive agreed that a Local Lettings Plan will be developed to include a percentage of allocations to downsizers, whilst balancing the high demand for 1-bedroom accommodation on Devon Home Choice.
- 2.4. The prospect of moving to a warm, modern home with very low energy bills would form an integral part of the offer to potential downsizers. Households moving from larger social homes will in turn free up family-size accommodation for other households on the housing register. The Local Lettings Plan can also support allocations to homeless households including those in temporary accommodation.
- 2.5. As of August 2025, there were 1,615 applicants registered on Devon Home Choice who needed affordable rented accommodation within the Teignbridge district, including Newton Abbot. The greatest need is for 1 and 2-bedroom homes, which account for 759 and 402 households respectively. The Sherborne House car park scheme will contribute to meeting this need.
- 2.6. We have an agreement in place for Teign Housing to manage the Council's existing affordable housing stock. Housing management plans for the Sherborne House car park scheme will be formalised during the construction period. The cost of managing and maintaining the homes, together with provision for void periods and bad debts, has been factored into the lifecycle costs of the project. The project will achieve a minimum 1% return on the Council borrowing as

required under the Council's investment approach, as set out in Part II of the report.

- 2.7. In summary the Sherborne House car park project will provide 23 well-designed, energy-efficient, Social Rented Council homes on a vacant brownfield site in a sustainable town centre location; and assist the Council in meeting its housing needs, both to homeless households and those requiring social housing on the housing register. The scheme is intended to set the standard for other affordable housing developments delivered by the Council and our partners.

3. Implications, Risk Management and Climate Change Impact

3.1 Financial

- 3.1.1 The anticipated scheme costs are detailed within Part II of the report. It also details the anticipated use of corporate funding and the likely aggregate funding position for the scheme. Corporate viability tests have been achieved, and a project contingency has been set.

3.2 Legal

- 3.2.1 There are no legal implications arising out of this report save that, given the value of the external funding sought to support the scheme, authority is requested for the acceptance of such grants subject to the conditions provided within the terms of the Brownfield Land Release Fund grant in order to support the development.

3.3 Risks

- 3.3.1 The Council has undertaken extensive due diligence in progressing the scheme to full planning and tender stages. Suitably experienced consultants have been engaged to support the internal project team, and the Employer's Agent will be retained through to completion of the project. Nevada Construction has offered a fixed price tender, and a number of commercial risks are transferred to them through the Design and Build contract.
- 3.3.2 The level of delivery risk and cost uncertainty should reduce as the project progresses further. The project risk log is provided at Appendix 3 to the Part II report. The following risks are brought to Members' attention:
- 3.3.3 That funding bids are delayed or unsuccessful, leading to increased costs. This risk is mitigated by officers liaising closely with Homes England and One Public Estate colleagues. The recommendations set out in the report allow for the use of other funds if necessary while requiring the project to achieve a satisfactory financial position as a prerequisite for entering into the building contract.
- 3.3.4 That unforeseen ground issues are discovered during construction, leading to additional costs. This is a possibility, given the site's previous uses. Initial ground condition surveys have been carried out to mitigate the risk and further

investigations will be completed before the building contract is signed. Contingency has been made for unforeseen project costs.

3.4 Environmental/Climate Change Impact

3.4.1 The scheme has been designed to Passivhaus Plus standard. A Carbon Reduction Plan was submitted as part of the planning application, confirming that the development will exceed the Local Plan requirement to reduce carbon emissions. In addition to significantly reducing energy use, the building will generate as much energy as the residents consume. This project will therefore contribute to meeting the Council's net zero carbon ambitions.

3.4.2 The new building will be located within Flood Zone 2 and, as such, the planning application was supported by a Flood Risk Assessment. The flood mitigation measures include raised floor levels and providing safe means of egress for residents.

4. Alternative Options

4.1 The price of the Most Advantageous Tender is very close to the pre-tender estimate, and the Council's cost consultant has confirmed that this provides value for money for the proposed scheme.

4.2 It would be possible to defer the decision to progress the project into construction to a future meeting of Full Council after the outcome of the grant funding bids is known. However, this would be likely to add cost to the project due to building cost inflation, risk the preferred tenderer withdrawing from the project, and delay the delivery of much needed new affordable homes.

4.3 It is therefore recommended that the Director of Customer & Transformation, in consultation with the Executive Member for Housing and Homelessness and the Chief Finance Officer, should be authorised to progress the project into construction provided that it achieves a satisfactory financial position.

5. Conclusion

5.1 The Sherborne House car park project provides a rare opportunity to build 23 new, much needed Council homes for Social Rent in the heart of Newton Abbot, with a local construction partner. If approved, the recommendations set out in the report will allow the project to proceed in a timely fashion, whilst safeguarding the Council's financial position.