

Housing, Health, and Community Committee	
Meeting Date	25 th March 2026
Report Title	Cockleshell Walk Social Homes
EMT Lead	Emma Wiggins, Director of Regeneration and Neighbourhoods
Head of Service	Charlotte Hudson, Head of Housing and Communities
Lead Officer	Charlotte Hudson, Head of Housing and Communities
Classification	Open
Recommendations	The committee is recommended: 1. To note the current update on the Cockleshell Walk Project 2. To recommend to Policy and Resources the closure of Swale Rainbow Homes, Local Housing Company. 3. To discuss the future governance arrangements to manage the project.

1 Purpose of Report and Executive Summary

- 1.1 This report provides the Housing, Health, and Community Committee with an update on the Cockleshell Walk Social Homes project and discusses the requirement for changes to the governance arrangements for the project.

2 Background

- 2.1 In [October 2020 Cabinet](#) resolved to set-up a Local Housing Company, Swale Rainbow Homes (SRH) and to loan the company up to £23m to fund the Capital development. This decision was called in by [Scrutiny in November 2020](#).

The principal aims of the Council in undertaking the LHC was to:

- Increase the supply of affordable housing;
- ensure that the solution is financially viable and doesn't place a financial burden on the Council;
- ensure the properties are energy efficient as possible within the financial constraints;
- ensure densities are appropriate for the location and management of any scheme;
- control and influence around what is delivered;
- quality and design standards; and
- acts as exemplar landlord in the rented sector.

- 2.2 This decision was based upon the model produced by Savills and provided a scheme that provided 139 properties of a mix of 1- and 2-bedroom properties, over three sites. The model was developed based upon build costs, provides

allowances to enable energy efficiency standards as well as factoring in whole lifecycle costs of developing, managing, and maintaining the properties.

- 2.3 The detailed modelling was presented to Cabinet and Scrutiny by Savills at the time, it demonstrated a financially viable scheme and based the financing of SRH entirely from the Council with a repayment period within the 50-year period (as per terms of the PWLB at a modelled rate of 3%).
- 2.4 Overall development costs were deemed to be between £20 million and £23 million for all three sites. Since the initial modelling in 2020, there has been significant changes to the UK economy and in particular the construction industry. With significant inflation in materials and labour market shortage, and significant increase in borrowing rates, this has led SRH to review the financial appraisal assumptions of the schemes.
- 2.5 A revised model was developed by the Director of Resources (s.151 Officer) taking into consideration modelled build costs, current interest rates and the intended operating models. Different tenures and therefore rent levels were also considered as part of the modelling. This identified the shortfall in funding for the scheme and levels of external funding that needed to be secured, to make the scheme viable and meet the objectives set out by Cabinet in 2020.

Scheme Design, Planning Permission and Appropriation

- 2.6 To pursue the development SRH appointed consultants Counties and Capital Consulting to take forward the scheme developments and act as Development Managers. The scheme on Cockleshell Walk delivers a policy compliant scheme which consists of 51 homes spread across three residential blocks on the site along with associated landscaping and car parking. The [Planning application](#), provides details of the full scheme. Planning Permission was granted at Planning Committee on the 23rd of May 2024 & Memorandum of Understanding (S106 equivalent) was signed on 18th March 2025.
- 2.7 The land was appropriated for planning purposes by [Policy and Resources on 17th December 2025](#), this effectively stated it was no longer required as a surface carpark and could be used for the development of homes.



Scheme Costs and Grant Funding

- 2.8 The total scheme costs are £12,673,533. This is funded by £6,604,500 Homes England, £943,000 Brownfields Release Fund (BLRF), £1m from S106 affordable housing commuted sums and £250,000 of SBC Reserves as well as £3,876,033 of borrowing, which will initially be funded from the Housing and Commercial Growth Business Rates Fund which was created to support the housing building project.
- 2.9 A funding application was submitted on the 31st March 2023 to the Brownfields Land Release fund (BLRF) for £943k. This fund is in place to deal with site-based infrastructure issues in bringing brownfield site back into use.
- 2.10 An allocation of £6,604,500 has been secured from Homes England Affordable Homes Programme with grant agreements signed on 27th February 2026.
- 2.11 To secure grant funding from Homes England, it was recommended by SRH and agreed by the SRH Shareholder Panel that the Council would be best placed to secure the funding and become an Investment Partner (IP). Therefore, IP status was applied for and in order to hold the homes, SBC is required to be a Registered Provider (RP) via the Regulator of Social Housing (RSH), a critical step allowing funding access
- 2.12 The model has also been updated to assume rental income at social rent levels, due to the grant level this could attract to make the scheme viable.

Build Contract

- 2.13 The Build Contract was considered at [Policy and Resources on 10th September 2025](#), it was agreed to appoint to Company A. However, on finalising the contract Company A noticed an error in their submission and withdrew. The committee decision enabled the Head of Housing and Communities to award to the next suitable alternative tenderer and therefore we have entered into contract with Regiis Holdings for them to build the scheme for SBC at a value of £11,400,818.

Council Governance

- 2.14 Up until now, SRH has taken the lead on the scheme; however, given changes in the financial landscape and the need to access grants, the Council is now better positioned than SRH to continue advancing the scheme. This therefore makes SRH and the associated Shareholder panel surplus to requirements. It is therefore recommended that this Committee recommends to Policy and Resources to disband the Company.
- 2.15 The homes will be held in the Council's general fund and there is no need for a Housing Revenue Account (HRA) to be established with this level of properties.

- 2.16 A revised governance structure will need to be put in place to manage both the construction project and to ensure all the appropriate policies are in place to manage the homes and ensure regulatory compliance.
- 2.17 At officer level a project board has been established and is chaired by the Director for Regeneration and Neighbourhoods. The Committee is asked to discuss how it would like oversight of this work stream, options include:
- Forms part of Housing, Health and Community Committee;
 - A sub-committee is established;
 - A member working group is established.

3 Proposals

- 3.1 To note the current update on the Cockleshell Walk Social Homes Project
- 3.2 To recommend to Policy and Resources the closure of Swale Rainbow Homes, Local Housing Company.
- 3.3 To discuss the future governance arrangements to manage the project.

4 Alternative Options

- 4.1 To continue to run the project through the Local Housing Company, due to the grant funding the Council is now the accountable body. The homes also need to be held by a Registered Provider and for the SRH to be compliant a significant amount of additional work would be needed to diversify the board and evidence competencies, whereas the Council already has a large amount of this in place. There is also administrative costs to running and administering the company.
- 4.2 To not continue with the project, this is not recommended due to the legally binding grant agreement and JCT contract in place to carry out the project.

5 Consultation Undertaken or Proposed

- 5.1 None.

6 Implications

Issue	Implications
Corporate Plan	Health & Housing - To aspire to be a borough where everyone has access to a decent home and improved health and wellbeing. Running the Council - Working within our resources to proactively engage with communities and outside bodies to deliver in a transparent and efficient way
Financial, Resource and Property	The funding for the project has been agreed as part of the capital programme and external funding has been obtained as detailed in the main body of the report.

Legal, Statutory and Procurement	JCT contract is in place for the build contract and legal agreements have been entered into for the grant conditions. Policy development is taking place to ensure compliance with the RSH for when the properties will be managed and occupied.
Crime and Disorder	This was considered as part of the design and planning decision.
Environment and Climate/Ecological Emergency	This was considered as part of the design and planning decision.
Health and Wellbeing	The homes that are being built are social homes and will be allocated through the housing register to go to households most in need, suitable and appropriate housing has a direct positive impact on tenants health and wellbeing.
Safeguarding of Children, Young People and Vulnerable Adults	This will form part of the policy framework for RSH.
Risk Management and Health and Safety	Health and Safety has been considered throughout the project and clear accountability for Health and Safety requirements are in place.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	None identified at this stage.
Local Government Reorganisation	The completion of the construction project will align with the proposed LGR merges, we will therefore work closely with the relevant Councils when the final options are known to ensure future management of the homes is effective.

7 Appendices

None

8 Background Papers

8.1 There are no background papers.