



Cambridge City Council

Housing Scrutiny Committee

Date: Tuesday, 14 March 2023

Time: 5.30 pm

Venue: Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Agenda

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes (Pages 5 - 24)
- 4 Public Questions

Part 1: To be chaired by Vice Chair (Tenant/Leaseholder Representative)

Decisions for the Executive Councillor for Housing

- 5 E&F Compliance Update (Pages 25 - 30)
- 6 HRA Provisional Carry Forwards 2022/23 (Pages 31 - 36)

Part 2: To be taken by the Chair of the Committee

Decisions for the Executive Councillor for Housing

- 7 Report on Proposal to deliver modular (POD) Housing (Pages 37 - 48)
- 8 Update on Hanover and Princess Courts Options Appraisal (Pages 49 - 102)
- 9 Update on New Build Council Housing Delivery (Pages 103 - 118)

Housing Scrutiny Committee Members: Thittala Varkey (Chair), Robertson (Vice-Chair), S. Baigent, Gawthrop Wood, Holloway, Howard, Lee, Porrer and Pounds

Alternates: Bennett, Carling, Herbert, Levien and Page-Croft

Tenants and Leaseholders: Lulu Agate (Tenant Representative), Christabella Amiteye (Tenant Representative), Diane Best (Leaseholder Representative), Mandy Powell-Hardy (Tenant Representative), Diana Minns (Tenant Representative) and Colin Stevens (Tenant Representative)

Executive Councillors: Bird (Executive Councillor for Housing)

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Housing Scrutiny Committee

Terms of Reference

A. Overview and scrutiny of the strategic and other housing functions for which the Executive Councillor for Housing is responsible, including responsibility for the development of housing strategies and policies, tackling homelessness, the Council's housing responsibilities with regard to the private rented sector, bringing vacant homes back into use, the development of new homes and partnership working with other housing providers.

B. Overview and scrutiny of functions relating to the management of the Council's housing stock.
C. To be the main discussion forum between the Council, its tenants and its leaseholders for all matters relating to the landlord function of Cambridge City Council.
Membership
City Councillors (Such number as shall be decided by the Council from time to time)
Six elected tenants and leaseholders of Cambridge City Council of whom at least five shall be tenants of Cambridge City Council.
Appointment of tenant and leaseholder members
Tenant and leaseholder members shall be co-opted by the Scrutiny Committee following the procedure for election set out in the Overview and Scrutiny Procedure Rules in Part 4E.
Voting
Tenant and leaseholder members are voting members in respect of matters concerning the management of the Council's housing stock (Part 1 of the agenda.) Tenant and leaseholder members may contribute to discussion of other matters (Part 2 of the agenda) but shall not have a vote.
Appointment of Chair
The Chair of the Scrutiny Committee shall be appointed by the Council and be a councillor and shall chair Part 2. The Vice-chair shall be nominated by the elected tenants and leaseholders and shall chair Part 1 if present. If the Chair or Vice-chair is not present, a councillor shall be appointed as the Vice-chair for that meeting.
Other matters relating to elected tenants and leaseholders
These are set out in the Overview and Scrutiny Procedure Rules in Part 4E. They include information about the roles, responsibilities and training of tenant and leaseholder representatives, expenses and allowances, and the circumstances in which they may cease to be members of the Committee.

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HOUSING SCRUTINY COMMITTEE

24 January 2023

5.30 - 9.40 pm

Present: Councillors Thittala Varkey (Chair), Robertson (Vice-Chair), Gawthrop Wood, Holloway, Howard, Lee, Porrer, Pounds and Herbert

Executive Councillor: Bird

Tenant/Leaseholder Representatives: Diana Minns (Vice Chair), Lulu Agate, Christabella Amiteye (virtually), Diane Best, Mandy Powell-Hardy

Also present (virtually): Councillor Bennett

Officers present in person:

Director of Enterprise and Sustainable Development: Fiona Bryant

Director of Neighbourhoods and Communities: Jane Wilson

Assistant Head of Finance and Business Manager: Julia Hovells

Head of Housing Development Agency: Claire Flowers

Committee Manager: Sarah Steed

Meeting Producer: Boris Herzog

Officers present virtually:

Head of Housing: David Greening

Head of Housing Maintenance and Assets: Lynn Bradley

Housing Services Manager: James McWilliams

Acting Senior Development Manager: Natalie Bailey

Property Compliance and Risk Manager: Renier Barnard

FOR THE INFORMATION OF THE COUNCIL**23/1/HSC Apologies**

Apologies were received from Councillor Sarah Baigent and Councillor Herbert attended as alternate. Colin Stevens Tenant Representative also sent apologies.

Tenant Representative Christabella Amiteye attended the meeting virtually via Microsoft Teams and did not therefore vote on any of the items.

23/2/HSC Declarations of Interest

Name	Item	Interest
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Councillor Robertson	23/10/HSC	Trustee of Cambridge Cyrenians.
Councillor Herbert	23/10/HSC	Working on a homelessness project outside of the city which involved some of the organisations who had applied for homelessness grant funding ie: It takes a City.
Councillor Bird	23/10/HSC	Was a tenant of Cambridge Housing Society.
Diana Minns	23/10/HSC	Was a Co-ordinator for Women's Homeless Action Group.

23/3/HSC Minutes

The minutes of the meeting held on 22 September 2022 were approved as a correct record and signed by the Chair.

23/4/HSC Public Questions

There were no public questions.

23/5/HSC E&F Compliance Update

This item was chaired by Diana Minns (Vice-Chair Tenant Leaseholder Representative)

Matter for Decision

The report provides an update on the compliance related activities delivered within the Estates & Facilities Team, including a summary on gas servicing, electrical testing, and fire safety work.

Decision of Executive Councillor for Housing

- i. Noted the status of the compliance dashboard with reference to Electrical Inspection Condition Reports. The compliance team were currently reviewing and consolidating Electrical Installation Certificate (EIC) and Electrical Installation Condition Reports (EICR) data. The heating services and maintenance contract was to include the delivery of electrical inspections reporting from November 2022. The request related

to Electrical Inspection Condition Reporting as data was being reviewed and verified and had not been completed at the time of reporting.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Property Compliance and Risk Manager.

The Head of Housing Maintenance and Assets said the following in response to the Committee's questions:

- i. The cause for concern cards which were used by officers when undertaking inspections of properties had been updated to include damp, mould, condensation and fuel poverty concerns. It was noted that any officer within the council could refer concerns to the Condensation Team.
- ii. The high proportion of concerns raised regarding condensation came from people living in older solid wall properties. It was expected that the number of concerns raised about condensation would increase over the winter months.
- iii. The email address to report concerns about damp, mould and condensation to was condensation@cambridge.gov.uk.
- iv. EIC stood for Electrical Installation Certificate and EICR stood for Electrical Installation Condition Report. An EIC could be accepted for an upgrade to a whole system within a property and it could reset the timer on the condition report. An EIC could therefore act as a condition report for a new installation provided that it covered the whole system. The difference between an EICR and an EIC was that an EICR included observations which an EIC did not.
- v. It was noted that there were some delayed repairs and complaints arising from a change in the heating services contractor. Datasets could be provided on request. Officers were monitoring the performance of the new contractor to ensure that performance of repairs was back up to 98-100%.

The Committee unanimously resolved to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

23/6/HSC Housing Ombudsman determinations

This item was chaired by Diana Minns (Vice-Chair Tenant Leaseholder Representative).

Matter for Decision

The report provides elected members with brief details of the Housing Ombudsman's finding of fault in two cases. The report details why fault was found and outlines the actions the council has taken to remedy the matter for the customer and identifies areas for improvement in the future.

Decision of Executive Councillor for Housing

- i. Noted the information contained within the officer's report.
- ii. Approved the remedial actions outlined and measures established to reduce or eliminate the risk of repeat mistakes in future cases.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Head of Housing.

The Head of Housing said the following in response to the Committee's questions:

- i. Asked the Committee to note that it was standard procedure on a stage 2 complaint response to refer people to the Housing Ombudsman if they were not satisfied with the response provided by the Council. It was noted that not all Council's did this as standard practice.
- ii. Advised that the pilot hospital discharge scheme was ended for a number of reasons. This included the fact that the funding from Central Government had ceased, and that the Council already had other processes in place.

- iii. It was accepted that the complaints had arisen from officer errors. Training had been put in place to ensure that the issues did not arise again.

The Committee resolved by 12 votes to 0 with 1 abstention to endorse the recommendations.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

23/7/HSC HRA Budget-Setting Report (BSR) 2023/24

Recommendations (part 1) a-k were chaired by Diana Minns (Vice-Chair / Tenant Leaseholder Representative) and recommendations l–y were chaired by Councillor Thittala Varkey.

Matter for Decision

As part of the 2023/24 budget process, the range of assumptions upon which the HRA Business Plan and Medium Term Financial Strategy were based, have been reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.

The HRA Budget-Setting Report provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and final budget proposals and is the basis for the finalisation of the 2023/24 budgets.

Decision of Executive Councillor for Housing

- i. Approved that council dwellings rents for all social rented and social shared ownership properties be increased by 5%, recognising that inflation measured by the Consumer Price Index (CPI) at September 2022, plus 1% would result in an increase of 11.1%, that the government has introduced a cap on rent increases at 7% from April 2023, but that a local decision is made to implement a lower rent increase to mitigate the impact on tenants. Rent increases will take effect from 3 April 2023. This equates to an average rent increase of £5.36 per week.

- ii. Approved that affordable rents, inclusive of service charge, are also increased by 5% in line with the increase for social rents. This equates to an average rent increase of £7.81 per week.
- iii. Approved that rents for affordable shared ownership properties are increased by 7% or RPI at January 2023 plus 0.5% whichever is the lower, from April 2023, recognising that although the government rent cap does not apply to this tenure, an increase of in excess of 7% may put undue financial pressure on these households.
- iv. Approved that garage and parking space charges for 2023/24, are increased by inflation at 3%, recognising that although inflation is currently at a higher rate, there is a need to balance increases with the ability to let vacant garages, and that charges for parking permits are reviewed, with any resulting charges summarised in Section 3 of the HRA Budget Setting Report.
- v. Approved the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- vi. Approved the proposed leasehold administration charges for 2023/24, as detailed in Appendix B of the HRA Budget Setting Report.
- vii. Approved that caretaking, building cleaning, window cleaning, estate services, grounds maintenance, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, gas maintenance, door entry systems, lifts, electrical and mechanical maintenance, flat cleaning, third party services, specialist equipment and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2022 (10.1%) plus 1%, wherever possible.
- viii. Approved with any amendments, the Revised Budget identified in Section 4 and Appendix D (1) of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2022/23 of £16,521,190.
- ix. Approved with any amendments, any Non-Cash Limit items identified in Section 4 of the HRA Budget Setting Report or shown in Appendix D (2) of the HRA Budget Setting Report.

- x. Approved with any amendments, any Savings, Increased Income, Unavoidable Revenue Bids, Reduced Income Proposals and Bids, as shown in Appendix D (2) of the HRA Budget Setting Report.
- xi. Approved the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2022/23 to 2027/28 shown in Appendix J of the HRA Budget Setting Report.

The Executive Councillor recommended Council:

- i. Approve the revised need to borrow over the 30-year life of the business plan, with the first instance of this anticipated to be in 2023/24, to sustain the proposed level of investment, which includes ear-marking funding for delivery of the 10 Year New Homes Programme.
- ii. Recognise that the constitution delegates Treasury Management to the Head of Finance (Part 3, para 5.11), with Part 4F, C16 stating; 'All executive decisions on borrowing, investment or financing shall be delegated to the Head of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- iii. Recognise that the decision to borrow significantly to build new homes impacts the authority's ability to set-aside resource to redeem the HRA Self-Financing debt at the point at which the loan portfolio matures, with the need to re-finance debt in the latter stages of the business plan.
- iv. Approve capital bids, as detailed in Appendix D (3) and Appendix E of the HRA Budget Setting Report.
- v. Approve the latest Decent Homes and Other HRA Stock Investment Programme, to include re-phasing of elements of the programme into later years, as detailed in Appendix E of the HRA Budget Setting Report.
- vi. Approve the latest budget sums, profiling and associated financing for all new build schemes, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report.
- vii. Approve allocation of £10,964,000 of funds from the budget ear-marked for the delivery of new homes into a scheme specific budget for East Road, in line with the scheme specific report presented as part of the committee cycle.
- viii. Approve the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

- ix. Approve inclusion of Disabled Facilities Grant expenditure and associated grant income from 2022/23 onwards, based upon 2022/23 net grant awarded, with approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase or decrease in the budget for disabled facilities grants in any year, in direct relation to any increase or decrease in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund.
- x. Approve delegation to the Head of Finance, as Section 151 Officer, to determine the most appropriate use of any additional Disabled Facilities Grant funding, for the wider benefit of the Shared Home Improvement Agency.
- xi. Approve delegation to the Strategic Director to review and amend the level of fees charged by the Shared Home Improvement Agency for disabled facilities grants and repair assistance grants, in line with any recommendations made by the Shared Home Improvement Agency Board.
- xii. Approve delegation to the Strategic Director, in consultation with the Head of Finance, as Section 151 Officer, to draw down resource from the ear-marked reserves for potential debt redemption or re-investment, for the purpose of open market land or property acquisition or new build housing development, should the need arise, in order to meet deadlines for the use of retained right to buy receipts or to facilitate future site redevelopment.
- xiii. Approve delegation to the Head of Finance, as Section 151 Officer, to make any necessary technical amendments to detailed budgets in respect of recharges between the General Fund and the HRA, with any change in impact for the HRA to be reported and incorporated as part of the HRA Medium Term Financial Strategy in September 2023.
- xiv. Note the result of the Homes England Compliance Audit in respect of rough sleeper property acquisitions at confidential Appendix M, recognising there is no corrective action to be taken.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Assistant Head of Finance and Business Manager.

In response to a member question the Executive Councillor advised that rents were proposed to be increased by 5% as they felt this was the appropriate level of increase in the current economic climate. An increase of 7% would be too much.

The Head of Housing Maintenance and Assets noted that funding had been allocated within the budget to pay for works to bring council homes up to Energy Performance Rating (EPC) rating C. Works could include external wall insulation, ventilation upgrades and new windows. Each property would be surveyed and assessed to see what works would be suitable to bring the property up to an EPC C rating.

Councillor Howard introduced the Green and Independent Group's commentary on the Housing Revenue Account Budget Setting Report.

Councillor Porrer introduced the Liberal Democrat Amendment to the 2023/24 Housing Revenue Account Budget Setting Report.

Lulu Agate read out a comment on behalf of Tenant Representative Colin Stevens regarding the Liberal Democrat budget amendment papers. Colin felt it was possible to keep homes warm and have an airflow (by opening windows) and by educating people this may reduce the need for repairs and empower people to live in a property in a responsible fashion. The Housing Ombudsman had carried out research into how best to communicate with tenants about how tenants can better their own situation.

Mandy Powell-Hardy noted that if tenants did not report repairs to the Council this could create and exacerbate DMC issues.

The Assistant Head of Finance and Business Manager and the Head of Housing Maintenance and Assets said the following in response to Members' questions:

- i. Advised that there was not an existing backlog in response repairs. There had been a significant underspend during the financial years 2020/21 and 2021/22 during the Covid pandemic period for a variety of reasons. There was not a dedicated officer employed to deal with damp,

- mould and condensation (DMC) as per the Liberal Democrat Budget amendment. Officers [a surveyor, tenant liaison officer and multi-skilled officer] were currently seconded to deal with DMC issues. Reporting levels for responsive repairs were back to pre-covid levels, but it was noted that these appear to be lower value repairs. It was expected that reporting levels of DMC would reduce during the summer months even if a level of proactive works continued. DMC concerns were also expected to be picked up through the tenancy audits.
- ii. Advised that a surveyor had been seconded from the Void Inspections Team to respond to responsive repair issues and a surveyor from the Responsive Repair Team was covering DMC inspections. A tenant liaison officer was providing administrative support. There was no backlog of work created by the secondments.
 - iii. There was not an out of hours service for routine repairs but there was an out of hours service for emergency repairs (24 hours per day 365 days a year). Senior Officers were looking into whether appointments for tenant repairs could be offered outside officer's contracted working hours of 8-4pm. A discussion with officer's would be required as potentially changes to officer's contracts of employment (which specifies certain working hours) would be required.
 - iv. The only way to speed up the tenancy audits process would be to put more resource into it to deliver it more quickly. Tenancy audits were undertaken by a number of housing officers but the resource currently equated to one full-time post.

The Liberal Democrat Group amendments were voted on and recorded separately.

The following votes were chaired by Diana Minns.

1.3 a) A proposal to employ two full time equivalent additional Multi-Skilled Operatives for a fixed period of 2 years (£100,840 per annum), with a view to these posts working specifically to address any backlog in responsive repairs and to avoid future underspends in this budget by giving staff the additional resources required to catch up. These posts will be employed on contracts (full or part time) that support out of hours working to allow the backlog to be addressed in late afternoons, evenings and on Saturdays, thus reducing some of the persistent 'no access' issues that have been experienced by the service and which may often be caused by tenants being out at work and not able to allow access during standard working hours.

The amendment was lost by 4 votes in favour, 8 against and 1 abstention.

1.3 b) A proposal to pilot the potential for the existing workforce to volunteer to work additional hours as overtime in the late afternoons, evenings or on Saturdays to support catching up the backlog, should staff wish to undertake this work. This would supplement the work done by the two FTE additional posts above, and the opportunity to earn overtime pay would be entirely voluntary. A fund of £11,470 is set aside to allow this pilot to proceed. This is equivalent to 300 hours overtime including all on-costs.

The amendment was lost by 3 votes in favour, 7 against and 3 abstentions.

1.3 c) A proposal to include a revenue bid of £51,840 per annum to employ a dedicated Damp, Mould and Condensation (DMC) Officer. The post would work proactively with data on existing repair requests from tenants and from void inspections to future proof the housing stock across the city against case of damp, mould and condensation. They would deploy mitigation measures to ensure that if one house experiences a problem, the knowledge is rolled out to all similar stock types before future problems arise and ensure that operatives are empowered to treat the root cause and not just the effects of DMC. They would also work with environmental health to educate residents to help reduce risk.

The amendment was lost by 4 votes in favour, 6 against and 3 abstentions.

1.3 d) A proposal to invest £10,000 in additional consultancy input to complete the energy modelling assessment exercise across the entire portfolio of council housing stock. This would build upon an earlier exercise that was completed for a small proportion of the housing stock as part of submitting a current bid for Social Housing Decarbonisation Grant Funding in the autumn of 2022. Importantly, it would ensure that the data is readily available for future government bids.

The amendment was lost by 4 votes in favour to 9 against

1.4 a) Amendment to revenue bid B5038 for increased staffing capacity for Housing IT Development, to make the post a two year fixed term post, as opposed to a permanent post. This would reduce costs by £50,930 per annum from 2025/26 onwards, whilst still allowing IT development, improvement and enhancement to take place over the next two years. This fits within the Corporate Transformation timescales and with the proposed review of ICT

provision across the council and allows future HRA IT development to align with General Fund provision.

The amendment was lost by 2 votes in favour, 8 against and 2 abstentions.

b) Amendment to revenue bid B5083 for increased staffing capacity for Service Improvement, to make the post a two year fixed term post, as opposed to a permanent post. This would reduce costs by £59,550 per annum from 2025/26 onwards, whilst still allowing service improvement to be delivered over the next two years. This then fits within the Corporate Transformation timescales and allows for review once the impact of the additional resources from Bids LDB1 and LDB2 has been assessed alongside this post in two years.

The amendment was lost by 2 votes in favour, 8 against and 2 abstentions.

1.4 c) An increase in garage rents of 5%, as opposed to the 3% currently incorporated into Budget, recognising that this will still impose an increase at a rate far lower than inflation. This will generate additional income of £16,060 per annum and is in line with the current proposals to raise rental income to 5%.

The amendment was lost by 5 votes in favour, 6 against and 1 abstention.

The Committee resolved:

- i. by 9 votes in favour to 0 against and 3 abstentions to endorse the recommendations a-d
- ii. unanimously to endorse recommendations e-g.
- iii. by 9 votes in favour to 0 against and 3 abstentions to endorse the recommendations h-k

The following vote was chaired by Councillor Thittala Varkey.

The Committee resolved by 7 votes in favour to 0 against and 1 abstention to endorse recommendations L - y.

The Executive Councillor approved the recommendations.

Post meeting note

An amended version of the Housing Revenue Account (HRA) Budget Setting Report (BSR) was presented to Council on the 23 February 2023 following a number of key changes which arose since Housing Scrutiny Committee had met on the 24 January 2023. The changes are set out in the Housing Revenue

Account Budget Setting Report (BSR) 2023/24 to Council. [Agenda for Council on Thursday, 23rd February, 2023, 6.00 pm - Cambridge Council](#). The report amended some of the Executive Councillor for Housing decisions which had previously been taken on 24 January 2023 and the Executive Councillor for Housing recommendations to Council on 23 February 2023. Please refer to the 23 February 2023 Council minutes for the final decisions.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

23/8/HSC Void Management Policy (item to be considered under Part 1 of the agenda)

This item was chaired by Diana Minns (Vice-Chair Tenant Leaseholder Representative).

Matter for Decision

The report detailed a review of current council voids repair processes which had been undertaken, with a programme of communication with tenants and prospective tenants scheduled from January 2023.

Decision of Executive Councillor for Housing

- i. Approved the Council's Void Management Policy and the revised re-let standard, recognising the factors influencing the Policy that has resulted in the prioritised works to be undertaken in the stock whilst vacant.
- ii. Agreed the revised Cambridge Re-Let Standard and note how the Standard will be communicated to current tenants looking to transfer and those on the Housing Register, via the Council's website and in the Sign-up pack.
- iii. Recognised that this Policy will need to be reviewed again within 2 years, as the Government White Paper for Social Housing Regulation was not yet passed as formal legislation at the time of writing this report and we believe this will have implications on this Policy, once in place.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Head of Housing Maintenance and Assets.

The Head of Housing Maintenance and Assets said the following in response to Members' questions:

- i. Factors which contributed to the increased void management workload included properties earmarked for specific initiatives ie: rough sleeper accommodation which needed to be turned around quickly and properties required for decanting tenants from blocks earmarked for redevelopment, unauthorised alterations by tenants which necessitated remedial works by the council.
- ii. Tenancy audits would assist in picking up concerns about property conditions. Sub-contractors had been used to assist in-house officer's workloads.
- iii. Tenancy agreements contained a clause requiring tenants to maintain and leave a property in a certain condition. Costs spent by the Council to undertake any remedial works that are considered rechargeable repairs would be added onto a Tenant's Arrears Account.
- vi. Statutory provisions were available to gain access to properties when tenants refused access, however this was an un-tested area.

In response to concerns raised by the Committee, the Director of Neighbourhoods and Communities advised that an update report would be brought back to Committee in a years' time. It was also noted within recommendation 2.3 that the Void Management Policy may need to be updated in any event when legislation arising from the Government's White Paper for Social Housing Regulation was passed.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

23/9/HSC Regular Update on the Development and Delivery of New Council Homes

This item was chaired by Councillor Thittala Varkey.

Matter for Decision

This report provides an update on the housing development programme.

Decision of Executive Councillor for Housing

- i. Noted the continued progress on the delivery of the approved housing programme.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Head of the Housing Development Agency.

The Head of the Housing Development Agency said the following in response to Members' questions:

- i. Reports for housing redevelopment schemes usually contained an external grant funding option and an option funded without grant funding for viability. Currently grant is from Homes England or Right to Buy receipts. Neither of these funding sources would fund replacement dwellings (i.e.: development had to be for new housing).
- ii. ERDF stood for European Regional Development Fund.
- iii. ERDF funding had been sought for the development of housing at St Thomas and Paget Road unfortunately due to criteria the scheme was ineligible for the funding. The cost for delivering the development as a net zero carbon development was however still built into the budget.

The Committee unanimously resolved to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

23/10/HSC Homelessness Prevention Grants to Agencies 2023-24

This item was chaired by Councillor Thittala Varkey.

Matter for Decision

The report detailed the annual bid round for grants made to organisations providing homelessness prevention services.

Decision of Executive Councillor for Housing

- i. Approved the award of homelessness prevention grants to voluntary and community organisations for 2023-24, as set out in Appendix 1 of the officer's report.
- ii. Approve that funding from this grant programme is set aside so that a procurement exercise can be opened for a three-year contract for winter accommodation for rough sleepers, beginning from the winter of 2023-24.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Housing Services Manager.

The Housing Services Manager said the following in response to the Committee's questions:

- i. There were two reasons why the grant award to Cambridge Women's Aid was lower compared to other organisations. The first was that the grant funding ideally needed to focus on preventing homelessness and the second was due to the introduction of the County wide domestic abuse service. It was felt there could be an element of double grant funding. This was a difficult decision to make.
- ii. The Council were fortunate as they had been able to use reasonably priced education accommodation for homeless people during the winter period. A longer-term accommodation solution was required, and the council was looking at carrying out a procurement process to have a 3-year contract with an organisation to provide such accommodation.
- iii. The length of time grant funding would cover would be looked at as it was noted that there were benefits to providing grant funding annually, but it also provided more certainty to organisations if funding was guaranteed for a longer period of time (for example over a 3-year period).

iv. A small amount of grant funding was not allocated at this stage so that it could be used for unforeseen events during the year. For example, during the extremely hot weather in July 2022 some severe weather emergency provision was required and was funded from the funding which was not allocated.

The Committee resolved by 7 votes in favour to 0 against and 1 abstention to endorse the recommendations.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

23/11/HSC Report on Proposed Development Scheme at Corner East Road and St Matthews Street

This item was chaired by Councillor Thittala Varkey.

Matter for Decision

The report sought approval to proceed with the redevelopment of the former East Road garage site to provide circa 40 new highly sustainable homes. These new homes would be developed in parallel with the delivery of associated improvements to the adjacent housing estate.

Decision of Executive Councillor for Housing

- i. Approved that the 100% affordable housing scheme (option A) be brought forward and be included in the Housing Capital Programme, with an indicative capital budget of £10,964,000. Budget will be drawn down from the sum already ear-marked and approved for investment in new homes.
- ii. Authorised the Strategic Director in consultation with the Executive Councillor for Housing to approve variations to the scheme including the affordable rent levels, number of units and mix of property types, sizes and tenure as outlined in this report.
- iii. Authorised the Strategic Director in consultation with the Executive Councillor for Housing to adopt option B; to deliver 40% affordable housing (16 homes), with rents set at 60% of Market rent or Current Local Housing Allowance, whichever is lowest, should this be necessary to ensure continued financial viability.

- iv. Approved delegation to the Head of Finance, as Section 151 Officer, to agree the terms in relation to the sale of land, should option B be adopted and market sale units be delivered upon which a capital receipt to the council would be due.
- v. Approved that delegated authority be given to the Executive Councillor for Housing in conjunction with the Strategic Director to enable the site to be developed through Cambridge Investment Partnership (CIP) subject to a value for money assessment to be carried out on behalf of the Council.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Head of the Housing Development Agency.

The Head of the Housing Development Agency and Director of Enterprise and Sustainable Development said the following in response to the Committee's questions:

- i. Concerns raised by resident's regarding the height, density and massing of the site would be looked at as part of the planning application process. Officers would engage with residents as part of this process.
- ii. Noted concerns raised about the style of questions asked during the public consultation. The questions asked were high level questions as it was not a consultation on a detailed scheme at that time.
- iii. It was an ambition for the proposed development to provide 20% biodiversity net gain within the site, further information could be provided outside of the meeting.

Councillor Robertson requested for it to be minuted that although he supported the recommendation, he may need to support local residents if plans remained unchanged and there was strong feeling from local residents against it.

Councillors Porrer, Gawthroe Wood and Howard advised that they were also members of the Planning Committee and wanted to note that by supporting the recommendations they were not fettering their discretion should a scheme be brought to a future Planning Committee.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

23/12/HSC To Note Decision Taken by the Executive Councillor for Housing

12a Acquisition of Property

The decision was noted.

The meeting ended at 9.40 pm

CHAIR

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Item

Compliance Update

To:

Housing Scrutiny Committee

27 March 2023

Report by:

Renier Barnard – Property Compliance and Risk Manager

Tel: 01223 457485 Email: renier.barnard@cambridge.gov.uk

Wards affected:

All Wards

This report is for information and not for decision.

1. Executive Summary

The report provides an update on the compliance related activities delivered within the Estates & Facilities Team, including a summary on gas servicing, electrical testing, and fire safety work.

2. Recommendations

The Executive Councillor is recommended to note the progress of the service review and compliance related work detailed within the report.

In addition, the Executive Councillor is recommended to note the status of the compliance dashboard with reference to Electrical Inspection Condition Reports. The compliance team are reviewing and consolidating Electrical Installation Certificate (EIC) and Electrical Installation Condition Reports (EICR) data. The heating services and maintenance contract includes the delivery of electrical inspections reporting from November 2022. The Electrical Inspection Condition Reporting data is being reviewed and verified and has not been completed at the time of reporting.

3. Compliance Update

The key compliance areas are Gas Safety, Fire Safety, Asbestos Management, Legionella & Water Hygiene, Passenger & Specialist Lifting Equipment and Electrical Safety.

3.1 Gas Safety

Currently we have 11 Properties without a valid Landlord Gas Safety Record (LGSR). The compliance team paused the Gas Gain Entry procedure for a period of 6-weeks in order to review the processes and procedures with TSG Building Services PLC. We continued with access attempts and kept logs during this review period as required. Following this review the Gas Entry Procedure has been reinstated and will commence on the 14th February 2023. We anticipate returning to 100% in the weeks to follow.

3.2 Fire Safety

The following table is the current planned and on-going fire safety works:

Task	Progress	Target Completion
Fire Door Inspection Program and Improvements to Maisonette's above 4.5 meters	General needs purpose-built block of flats inspections completed. Access rates less than 50% with a second and third attempts already scheduled. This work is ongoing.	October 2023
Fire Alarm - Kingsway	Testing has started to commence. Awaiting commissioning and training. Fire and Rescue service will be invited to attend once handed over.	March 2023
Compartmentation Works - Kingsway	Pilot properties completed. Next Phase of the project has started.	March 2023
Fire Risk Assessment Program	Program Completed. Total of 2366 Action identified.	March 2023

3.3 Legionella & Water Hygiene

No issues have been identified regarding the Councils ongoing management of Legionella Risks.

3.4 Electrical Safety

Electrical Inspection Condition Reporting to be delivered with the gas heating and maintenance contract. The Mechanical and Electrical surveyor are working with TSG Building Services PLC verifying a and consolidating reports for mobilisation onto the new contract. Contract commencement date 23rd November 2022. This work is still ongoing with a data migration date set for end of February. Re-inspection program to start no later than 1st of April 2023

3.5 Passenger Lifts & Specialist Lifting Equipment

No issues to report and all the Council's lifts are being serviced and inspected regularly.

3.6 Asbestos Management

This work is still ongoing. Multiple data exchanges appear successful in the testing environment. This work is still ongoing, and we anticipate a live dataset soon. We anticipate that this information to be available on the tenant's portal soon after this implementation.

4. Hanover Court, Princess Court & Kingsway

Risk reduction measures in place.

5. Compliance Dashboard

Please not request under item 2. Appendix

6. Condensation, Mould, and Damp work

The information contained in this report is to provide an update on the January 2023 Housing Scrutiny Report where we detailed how we collect data on condensation, mould and damp and the work that had taken place since June 2022 in the working group that had been formed.

Since the changes to reporting condensation, mould and damp concerns were made in the first week of December 2022, we have received 175 contacts and 151 surveys will have been completed at the time of writing the report (10th February 2023). A verbal update of numbers can be provided during the presentation of the report at Housing Scrutiny Committee.

Analysis has taken place on the addresses that have already made contact with the Condensation team, and we have developed a letter to send to our other properties within the same roads where we have had multiple contact to invite those tenants that haven't to do so if they are have condensation, mould

and damp concerns.

7. Implications

7.1 Financial Implications

There are no new financial implications directly relating to the content of this report.

7.2 Staffing Implications

There are no new staffing implications directly relating to this report.

7.3 Equality & Poverty Implications

There are no new equality and poverty implications associated with this report. An EQIA has been developed for the service restructure and is included within the formal implementation papers.

7.4 Environmental Implications

There are no new environmental implications directly relating to the content of this report.

7.5 Procurement Implications

There are no procurement implications directly relating to the content of this report.

7.6 Consultation and Communication

There are no new Consultation and Communication implications directly relating to the content of this report.

7.7 Community Safety

There are no new Community Safety implications directly relating to the content of this report.

8. Background Papers

If you have a query on the report, please contact Renier Barnard – Property Compliance and Risk Manager, Tel: 01223 457485, email: renier.barnard@cambrige.gov.uk

Compliance Area	No. of Properties Affected	No. Complying	Percentage Compliance	Percentage Compliance last reported	Trend since previous report	Servicing Frequency	Responsible	Comments
GAS								
Gas Safety Domestic	6618	6618	99.83%	100.00%	↓	Annually		
Gas Safety Communal	51	51	100.00%	100.00%	↔	Bi-annually		
ELECTRICAL								
	No. of Properties Affected Including Communal Areas							
Electrical Certification Domestic	7740		%		Data Review / Consolidation			Contract Commencement Date 23/11/2022 575 Communal 7165 Domestic
FIRE SAFETY								
	Properties / Actions							
Fire Risk Assessments (Communal)	432	432	100.00%	100.00%	↔			

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Item

2022/23 HOUSING REVENUE ACCOUNT PROVISIONAL REVENUE CARRY FORWARDS

To:

Councillor Gerri Bird, Executive Councillor for Housing

Report by:

Julia Hovells, Assistant Head of Finance and Business Manager

Tel: 01223 - 457248

Email: julia.hovells@cambridge.gov.uk

Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

- 1.1 This report presents details of any anticipated variances from budgets, where resources are requested to be carried forward into the 2023/24 financial year in order to undertake or complete activities anticipated to have taken place in 2022/23.
- 1.2 The position in relation to rephrasing of any investment as part of the Housing Capital Investment Plan will be reported to Housing Scrutiny Committee in the June 2023 committee cycle, alongside final revenue carry forward requests.

2. Recommendations

The Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

- a) To agree the provisional carry forward requests, totalling £440,840 as detailed in Appendix A, are approved, subject to the final outturn position.

3. Background

Revenue Outturn

- 3.1 Approval in principle is sought to carry forward unspent budget from 2022/23 into the next financial year, 2023/24. Provisional carry forward requests are being presented to the March 2023 Housing Scrutiny Committee, to ensure that officers have the appropriate authority to continue uninterrupted to deliver services and projects, from April 2023, that have been delayed for any reason.
- 3.2 Final carry forward requests will be presented in the June 2023 committee cycle, where the sums involved may differ from the estimates provided in March 2023, which have been provided for approval in principle.
- 3.3 Appendix A sets out the provisional list of items, for the Housing Revenue Account, for which approval is sought to carry forward unspent budget from 2022/23 to the next financial year, 2023/24.

4. Implications

(a) Financial Implications

- 4.1 The financial implications of approving the provisional carry forwards of £440,840 budget from the current year into 2023/24, will result in a reduced requirement in the use of Housing Revenue Account reserves for the current financial year, from £9,146,980 to £8,706,140, with a corresponding increase in the use of reserves in 2023/24.
- 4.2 A decision not to approve a carry forward request will impact on officers' ability to deliver the service or scheme in question and this

could have staffing, equal opportunities, environmental and / or community safety implications.

(b) Staffing Implications

Any direct staffing implications arising from the delay in delivery of workstreams, or the carry forward of resource, will be considered and addressed by officers as part of each individual carry forward approval.

(c) Equality and Poverty Implications

There are no direct equality and poverty implications associated with this report.

(d) Environmental Implications

There are no direct environmental implications associated with this report.

(e) Procurement Implications

Any procurement implications arising from the delay in delivery of workstreams will be considered and addressed by officers as part of each individual carry forward approval.

(f) Consultation and Communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process.

(g) Community Safety

There are no direct community safety implications associated with this report.

4. Background papers

Background papers used in the preparation of this report:

Background information is held in the Council's financial management system.

5. Appendices

- Appendix A – Provisional HRA Carry Forward Requests

6. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Julia Hovells, Assistant Head of Finance and Business Manager

Telephone: 01223 – 457248 or email: julia.hovells@cambridge.gov.uk.

Housing Committee - Housing Revenue Account
Revenue Budget 2022/23 - Carry Forward Requests

Provisional Request to Carry Forward Housing Revenue Account Revenue Budgets from 2022/23 into 2023/24

Item		Cost Centre	Contact	Forecast outturn variance position of cost centre (underspend) / overspend at year end prior to carry forward	March 2023 Carry Forward Request £
	Strategic Director - Jane Wilson				
	Supervision and Management General				
1	Housing Transformation - Housing Transformation activity has been delayed during 2022/23 as a result of the awaited detail surrounding the Housing White Paper and to ensure that activity is aligned with the corporate 'Our Cambridge' transformation programme. Further activity is anticipated in 2023/24, with the HRA also being required to contribute to the corporate cost of organisational change.	6008	Julia Hovells	(117,970)	117,970
2	City Homes - Welfare Reforms - One-off additional funding to support tenants through the transition from Housing Benefit to Universal Credit has not been required during 2022/23, as the bulk of tenants have not yet been 'passported through' to the new system. This is likely to be at some point during 2023/24, with all claimants to be moved across before the end of 2024.	6012	Anna Hill	(174,480)	55,370
	Supervision and Management Special				
3	Independent Living Service and Independent Living Service Management - CCTV Upgrade - A project to upgrade the CCTV in sheltered schemes, to connect the cameras to the CCTV monitoring systems at Huntingdonshire District Council has been delayed, and is not expected to complete until early in 2023/24.	6104/6105	Nathan Chapman	(22,180)	17,500
	Repairs and Maintenance				
4	Risk and Compliance - Electrical Testing - The 2022/23 electrical inspection programme, which incorporated resource carried forward from 2021/22 is not anticipated to be delivered in full in 2022/23 as a result of a contract change in November 2022. Carry forward of resource will allow the contractor to continue undertaking electrical hard wire tests, and to ensure that the backlog is addressed, and the authority is compliant with legislation.				100,000
5	Risk and Compliance - Fire Door Inspections - A contract for fire door inspections is now being delivered, but it took time to mobilise the new arrangements, and as a result the programme, which included resource carried forward from 2021/22, is not expected to be delivered in full this year. The programme as also been refined to recognise the level of repair work that it is prudent to complete before considering a full door replacement. A carry forward is requested to allow this work to continue in 2023/24.	6215	Renier Barnard	(199,130)	100,000
	Although the carry forward requests against cost centre 6215 will exceed the forecast underspend against the budget for the cost centre, approval can be given as the costs can be met within the forecast net underspend on both cost centres 6211 (Gas Servicing) and 6215 (Risk and Compliance), which are managed collectively.				
6	Asset Management - Water Conservation Project - Funding of £50,000 was approved in January 2021, to be split over two financial years, and to cover both research and pilot changes. Although work has been commissioned, delays have been experienced in delivery of the project meaning that the budget will be required as a carry forward to complete the project in 2023/24.	6203	Lynn Bradley	(89,100)	50,000
	Appropriations				
	No carry forward items				
	Total Revenue Carry Forward Requests for Housing Revenue Account / Housing Scrutiny Committee				
					440,840

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Item

Report on proposal to deliver pod housing – Hills Avenue, Queen Edith Ward

To:

Councillor Gerri Bird, Executive Councillor for Housing

Report by: Claire Flowers, Head of Housing Development Agency

Tel: 01223 – 457928 Email: claire.flowers@cambridge.gov.uk

Wards affected:

Queen Edith

Key Decision

1. Executive Summary

- 1.1 This proposal follows on from a prior delivery of modular (pod) homes to serve as rough sleeper housing, approved by this committee in January 2020.
- 1.2 Through this prior approval the council has successfully delivered 16 pod homes to date and has continued to consider potential further delivery opportunities.
- 1.3 This report now seeks approval for delivery of a further 4 pod homes at an identified site on Hills Avenue, Queen Edith Ward, to be delivered by the Council in partnership with It Takes A City (“ITAC”).

- 1.4 The delivery of pod homes presents an opportunity to meet the needs of people with a background of rough sleeping, and also provide net new housing within the City.
- 1.5 This paper seeks budgetary approval from the Housing Scrutiny Committee in the sum of £25,000 for the delivery of the Hills Avenue POD housing scheme.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve the use of the land at the corner of Hills Avenue and Baldock Way as a site for delivery of modular (pod) housing to serve former rough sleepers.
- 2.2 Approve that a budget of £25,000 be allocated out of the approved new build housing budget to support the delivery of the Hills Avenue Pod housing scheme.
- 2.3 Delegate authority to the Head of Property Services in consultation with the Assistant Head of Finance to approve the terms of lease to a third-party charitable organisation.

3. Background

- 3.1 Following a report Approved by this Committee in January 2020, The Council has to date successfully delivered 16 modular pod homes through Hills Foundation200 programme.
- 3.2 Building on the success met to date in accommodating former rough sleepers in these as well as similar pod housing in Cambridge and nationwide, It Takes a City have approached the Council to work collaboratively toward delivering additional homes on Council owned land.

3.2 ITAC is a charity established “to end rough sleeping in Cambridge due to homelessness, making sure everyone has somewhere to call home, with the support they need”. They have experience in delivering schemes tackling homelessness in the City and wider areas, working with a wide range of partners.

3.3 These pod development opportunities address two of the Council’s Key Corporate Objectives:

3.5 Priority 2 - Tackling poverty and inequality and helping people in the greatest need

Rough sleeping continues to be an issue in the city. In the calendar year 2022, 231 individuals were counted sleeping out on at least one occasion. Pods provide good, fully equipped homes for people leaving the streets and those ready to move on from hostel accommodation.

3.6 Priority 3 - Building a new generation of council and affordable homes and reducing homelessness

There is a recognised need for more council housing across the city. As of September 2022, there were 2,256 households on the housing needs register.

4. Letting and Tenancy

4.1 The details of the programme are currently being formalised with ITAC’s housing delivery partner, It Takes a City Community Land Trust (the CLT), a charitable community benefit society. CLT will be providing the modular homes and site infrastructure, with the land being provided and let from the Council. The CLT will be responsible for the management and maintenance of these homes.

4.2 The Heads of Terms have yet to be agreed, however it is expected that the land will be let to the CLT on similar terms to that of the previous pod schemes delivered with Jimmy’s. The site will be let on a Contracted-Out Lease basis and the tenancy will be excluded from the 1954 Landlord & Tenant act.

- 4.3 The leasehold value will be substantiated by a Red Book Valuation and approved by the Head of Property Services.
- 4.4 Decisions on tenant allocations would jointly sit with the Council, as part of our wider lettings policy. Homes would be used as move-on accommodation for single people who have experience of homelessness, i.e. people who want to move on from hostel accommodation, and who have low to medium support needs.
- 4.5 Previous experience from schemes developed with Hill and ITAC's experience suggest the small home sizes coupled with the support provided to residents promote successful adaption to a change in living situations.
- 4.6 The University of Cambridge's Cambridge Centre for Housing & Planning Research published a report in October 2021, highlighting the benefits of these schemes to individuals and the local community; beyond the immediate relief from homelessness, including:
“recovery from drug and alcohol misuse, better financial management, improved social relationships, fostering a sense of community, feeling a sense of safety and security, as well as a new enthusiasm and readiness for work.”
- 4.7 Following discussions with ITAC, it has been confirmed that the sites will be managed and maintained “in-house” (by ITAC) to ensure the residents have the appropriate level of support.

5. Design and Quality

5.1 The modular homes:

- Will be supplied by New Meaning Foundation and are branded SPACE© Microhomes.
- Are designed with a 60-year lifespan

- Are single self-contained properties. The plan at Figure 2 shows the layout of the homes.
- Are 25 sq. metres internal size (a 1-bedroom flat would normally be 50 sq. metres in size.)
- Will be Building Regulations compliant
- A Mechanical Ventilation with Heat Recovery system will be provided for each of the homes. These MVHR systems provide fresh filtered air into a building whilst retaining most of the energy that has already been used in heating the space.
- No specific further heating system is installed but electrical connections are provided for infra-red or similar heaters in living room and bedroom area.
- Connections to electricity and water will be provided.
- Will not be fully wheelchair accessible, however where possible ramps can be provided for level access to meet M4(2) access standard for ground floor. Internal dimensions and layouts will not be compliant due to space limitations.
- A planning permission will be required for the use of land to provide POD housing for homeless accommodation.



Figure 1: Example of delivered ITAC Modular homes

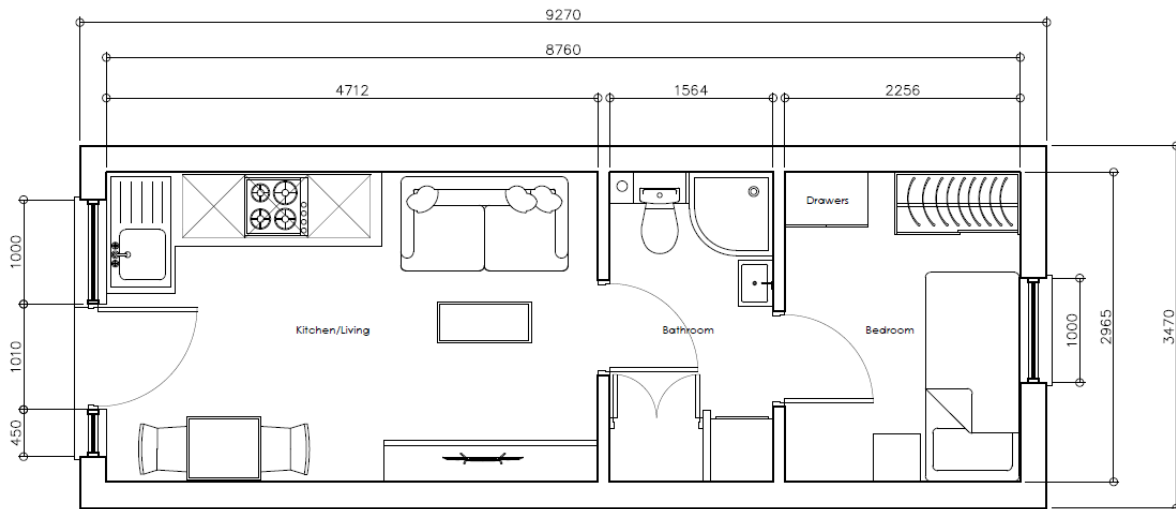


Figure 2: Plan of self-contained home

6. Site Details

- 6.1 The site was identified based on the pre-established criteria and considering its suitability for POD housing. The agreed criteria were that the sites must meet at least one of the following:
1. Evidence site cannot be developed in the next 5 years or more.
 2. The size of the site would prohibit a development of more than one home on the site.
 3. The site is constrained for traditional development. This would need to be demonstrated have restricted uses that would allow pod but not permanent homes
- 6.4 The Hills Avenue site is located in Queen Edith ward at the corner of Hills Avenue and Baldock Way. It is locally known as Joy's Garden and is currently being used as a community garden.
- 6.8 This small site of 0.03 ha previously formed the garden of the adjacent Council property and was parcelled off for redevelopment prior to 2017. This site has previously progressed to Housing Scrutiny Committee in June 2017, (Item 17/33/HSC Development options for Land at Hills Avenue).

- 6.9 The Approvals at the time within this report to committee were as below;
Decision of Executive Councillor for Housing:
- i. Approved the site to continue to be investigated to be developed for housing.
 - ii. Allocated the capital budget of £249,216 from existing new build budget.
 - iii. Approved that delegated authority be given to the Strategic Director to enable the site to be developed through Cambridge Investment Partnership (CIP)
- 6.10 This approved further investigation indicated that only a single traditional home might be accommodated, and work on a detailed redevelopment proposal was put on hold.
- 6.11 The council was subsequently approached by the community and in Summer 2019 gave a temporary approval for the use of the site as a community garden while the future redevelopment opportunities remained under review.
- 6.12 Ward Councillor consultation has been undertaken for Hills Avenue. They have voiced their support for the scheme subject to the necessary approvals being in place.
- 6.13 Current Design indicated that the site may accommodate 4 pod homes, subject to planning approval.
- 6.14 Public consultation for the site to be developed and used for single homeless people has been undertaken. A summary of the consultation responses is presented in section 10.3.

7. Programme

7.1 Hills Avenue Programme

- HSC Decision: 14th March 2023

- Submission of planning application: immediately after and subject to the HSC Decision.
- Agreement on lease: immediately after and subject to the HSC Decision.
- First start on site target: Q3 2023

8. Financial Implications

8.1 Budget / Funding

8.1.1 The CLT will cover all the costs associated with the pod construction, site preparation and securing planning permission.

8.1.2 There will be some cost implications for the Council in fees and officer time. Some project management will be needed by the Council to ensure the project is successful for the Council, including legal set up and oversight of the scheme's delivery to handover.

8.1.3 Some of the small sites developed historically have revealed issues with access ways and acquired rights therefore The City Council has commissioned a Legal Report on Title to confirm any potential constraints.

8.1.4 A budget of **£25,000** is therefore proposed to bring forward the Hills Avenue for development. Any initial work during 2023/24 could be funded through HDA budgets.

8.1.5 The lease of the site for housing use will provide a net positive cashflow to the council.

9. Implications

(a) Staffing Implications

The delivery of this scheme will be jointly coordinated by existing Housing Development Agency and Housing Services officers.

(b) Equality and Poverty Implications

A scheme specific EQIA will be completed.

(c) Environmental Implications

The pod homes will meet modern standards and be well insulated. Developing modular homes in a factory is quicker, allows for increased quality assurance, and reduces carbon impact during the development process.

(d) Procurement Implications

Legal advice will be obtained in relation to any procurement risks of this proposal.

(e) Community Safety Implications

Careful consideration is made on the location of these homes to ensure they can be integrated into existing communities.

10. Consultation and communication considerations

- 10.1 The HDA consider those affected in the area by the potential development of pod homes and work with those officers in the Council active in these communities to ensure that consultation is appropriate.
- 10.2 Consultation with the Ward Councillors about the Hills Avenue proposals has taken place prior to a planning application being submitted.
- 10.3 A public consultation was undertaken for the proposed Hills Avenue scheme, with flyers being distributed to local residents on Saturday 19th November 2022. 4no. comments were received from residents with regards to the proposed use of the site.

These are summarised below:

Comments Received	Response
<ul style="list-style-type: none"> The site would be better used for the construction of one or two family homes. The area that is unsuited to the proposal due to the lack facilities and the proximity to a school. The loss of the garden as play area for local children is a negative. One respondent fully supports the scheme 	<ul style="list-style-type: none"> The site could potentially house one family home however the costs involved to deliver this would mean that this could not be viable as an affordable property. The scheme is intended to support individuals with a history of homelessness into employment and housing. ITAC have experience in aiding individuals achieving that transition and careful consideration has been given to the scheme design to promote a positive outcome. The community garden was always intended as a “meanwhile garden” whilst a suitable redevelopment proposal could be drawn up.

11. Risks

11.1 Below is a table setting out key risks associated with the project:

Description of risk	Likelihood	Impact	Mitigation
Costs: A budget cost is to be approved by the Housing Scrutiny Committee to bring this site forward, however unforeseen costs may be incurred	Low – Significant cost certainty together with limited budget requirement	Med-. Delays to start on site	A small low risk vacant site is being proposed with no initial obvious constraints. Will need to ensure this is recovered to the HRA through income.
Legal: Legal constraints may need to be resolved prior to entering into any agreements with 3 rd parties (i.e., access, covenants, etc.)	Low – Site identified in council ownership with no obvious hindrances	High- Potential impact on scheme design, negotiations with adjacent owners or insurances may be required, delays to start on site.	A report on title has been undertaken to identify any potential constraints
Planning: The planning applications will be subject to the observations of consultees, the assessment of planning officers, and ultimately the decision of the Planning Committee.	Med- There is a need to balance planning policy and views of the local people and ward members.	Med- Potential change in proposals	Indicative schemes will be developed in response to the comments received from the pre-application discussions with the LPA prior to an application. Review and selection of this through experienced inputs

12. Background papers

17/33/HSC Development options for Land at Hills Avenue
20/12/HSC – Housing Development – Options for Homeless People.

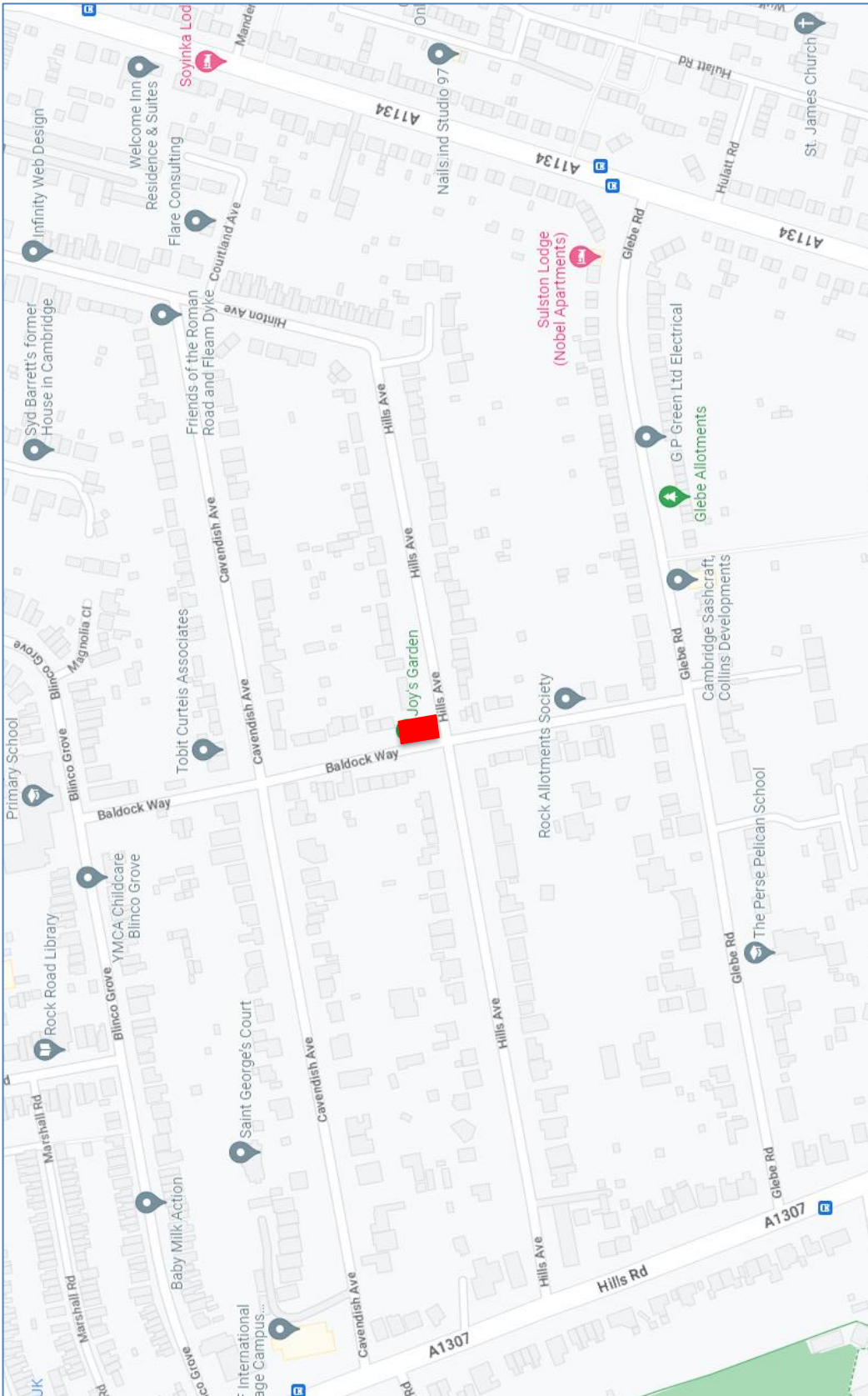
13. Appendices

Appendix 1 – Location Plan.

14. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Claire Flowers, Housing Development Agency, tel: 01223 457928, email: claire.flowers@cambridge.gov.uk

Appendix1 : Location Plan



Item

REPORT ON OPTIONS APPRAISAL AND NEW DEVELOPMENT PROPOSAL AT HANOVER COURT AND PRINCESS COURT

To:

Councillor Gerri Bird, Executive Councillor for Housing

Housing Scrutiny Committee 14/03/2023

Report by:

Jim Pollard, Senior Development Manager, Housing Development Agency

Tel: 01223 457924 e-mail: jim.pollard@cambridge.gov.uk

Wards affected:

Market

Key Decision

1. Executive Summary

- 1.1 This report presents the outcome of the options appraisal that has been carried out in accordance with the decision taken at HSC in January 2022 on the future of Hanover Court and Princess Court.
- 1.2 In accordance with the decision to carry out an options appraisal in January 2022 there was a process of data collection and analysis. Repair and refurbishment costs were analysed by Potter Raper Partnership.
- 1.3 The proposed development scheme was the subject of pre-application discussions with the LPA and costs were assessed through the Cambridge Investment Partnership
- 1.4 Following the further consultation event in August / September 2022, Jones Lang LaSalle were commissioned (appointment effective from November 2022). Their report is attached assessing the options in strategic, financial and economic terms and considering within that the carbon impact of the options.
- 1.5 The following four options have been considered for the site as part of this Options Analysis:
 - Option 1 – Do nothing

- Option 2 – Retain the building in existing form and undertake essential repairs
- Option 3 – Retain the building and retrofit to achieve enhanced energy standards
- Option 4 - Redevelop the blocks through the Cambridge Investment Partnership to provide 138 new homes, including 40%-60% affordable homes for rent.

- 1.6 The outcome of the options appraisal is that it is recommended to proceed with the redevelopment of Hanover Court and Princess Court. This is based on a scheme of 138 homes. This is a small increase in the number of total homes on the site. The scheme has been assessed on options of 40% affordable housing and 60% affordable housing. In the case of a 138-unit scheme 40% would meet planning policy and provide 55 flats; 60% would fully replace the 82 council rented homes existing at time of commencing the appraisal.
- 1.7 Provision was made in the Medium-Term Financial Strategy for a scheme of 82 homes. This will be reviewed when further discussions with the LPA have taken place and there is greater planning certainty.

2 Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve the redevelopment of Hanover Court and Princess Court (Option 4 in the Options Analysis).
- 2.2 Approve that delegated authority be given to the Executive Councillor for Housing in conjunction with the Strategic Director to enable the site to be developed through Cambridge Investment Partnership (CIP), subject to a value for money assessment to be carried out on behalf of the Council. Development will be through the transfer of the site to CIP and the purchase of completed affordable homes from CIP.
- 2.3 Delegate Authority to the Strategic Director acting on behalf of the Council as the landowner to enter into and complete any planning obligation under section 106 of the Town and Country Planning Act 1990 which is required by the Council in its capacity as the local planning authority, pursuant to the planning application for the development of the site.
- 2.4 Authorise the Strategic Director in consultation with the Executive Councillor for housing to approve variations to the affordable housing units to be

purchased including the number of units and mix of property types, sizes and tenure.

- 2.5 Delegate authority to the Strategic Director to commence Compulsory Purchase Order (CPO) proceedings on leasehold properties to be demolished to enable the development, should these be required.
- 2.6 Delegate authority to the Strategic Director to serve initial Demolition Notices under the Housing Act 1985.

3 Background

- 3.1 At the HSC in September 2021 a new homes development programme was agreed. The estates identified as under consideration included Hanover Court and Princess Court. The report noted that the capacity to increase the number of homes was limited and that the Council would need to do further work on options.
- 3.2 In January 2022 it was decided to approve a voluntary decant process including the option for tenants to move permanently and for leaseholders to sell their leasehold interest to the Council. It was also decided to carry out an options appraisal to consider the possible future of the estate including further consultation.
- 3.3 In September 2020 there were 82 Council rented homes. 55 tenants either have moved from the site or have moves agreed leaving 27 remaining. In September 2020 there were 45 leasehold flats. Of these flats 11 have been repurchased and a further 11 sales are in process. If all the sales in process complete 23 leaseholders will remain. Of these 23, 9 are resident and 14 non-resident.

4 Consultation and Engagement

- 4.1 Resident engagement was organised through:
 - Letters to residents
 - Drop-in sessions
 - Direct engagement with individuals has created contact with residents of 114 of the flats.
 - On-line feedback opportunities
 - Two steering group meetings
 - Further consultation events held in August / September 2022

- 4.2 In November 2021 a resident engagement event was held to gain feedback on future options for the estate. A webinar was arranged and was attended by 13 residents. Surveys were sent to all council tenants and leaseholders. 39 responses received. The surveys indicated a slight majority in favour of redevelopment with others either opposed to redevelopment or wanting further investigation of the options.
- 4.3 Letters were sent to tenants and leaseholders both to inform that the Council would be seeking approval from the HSC on 20th January and on 25th January to advise that the outcome of the HSC included the further consideration of options, further consultation and the option for tenants to move or for leaseholders to sell to the Council. An 'FAQ' document included with the letter provided further information and contact details were provided to residents. Details were provided of the consultation website including a website contact www.hanoverandprincess.co.uk On 3rd February 2022 a letter was sent to residents to provide detailed information on the process for those interested in moving from the estate
- 4.4 Two drop-in events were held on the estate. The first was attended by the estate Housing Officer and Officers from the HDA, alongside attendance by Ward Councillors. This provided all residents the opportunity to meet on a one-to-one basis to provide feedback and raise any concerns. The second event was attended by Officers from the HDA and was scheduled for more vulnerable residents to communicate in a less busy environment.
- 4.5 Two Liaison Group meetings have been held. Invitations to the group were based on expressions of interest received in November 2021. Membership of the group comprised of the Tenant Rep for the estate, 4 tenants and one leaseholder. Attendance at the second Liaison Group meeting was extended to include the three local Ward Councillors, following the approval of group members. A regular Consultation Working Group was established with the Tenant and Leaseholder Representatives on the HSC.
- 4.6 Letter and FAQ document issued to residents on 1st August 2022 to outline the options currently being investigated and the plan to hold two resident consultation events and a webinar in August / September. A flyer was sent to advertise the events and included residents in the immediate area around the estate, alongside those that had moved from the estate recently.
- 4.7 The events were held in the centre of the estate and were readily visible and accessible to residents and those in the local area. The event was attended by Council Officers and 75 people. Verbal and written feedback was collected on the day. A webinar was arranged and was attended by 12 people.

4.8 A total of 14 surveys were received following the events. These comprised of 6 tenants, 5 local residents, 2 resident leaseholders and one non-resident leaseholder. 11 respondents indicated that they would support the proposal to either renovate or redevelop the estate and one indicated that they were unsure. Respondents were asked which option they would prefer. 8 respondents indicated redevelopment and 4 indicated renovation.

5 Options Appraisal

5.1 In accordance with the decision to carry out an options appraisal in January 2022 there was a process of data collection and analysis. Repair and refurbishment costs were analysed by Potter Raper.

5.2 The proposed development scheme was the subject of pre-application discussions with the LPA and costs were assessed through the Cambridge Investment Partnership. The total of 138 is the lesser number from the schemes that were considered at the last of the pre-application meetings and were the subject of consultation in August/September 2022. There may be scope to improve on this total but there is also planning risk. For the purpose of the appraisal it was considered prudent to assess the scheme that delivered the lower number.

5.3 Following the further consultation event in August / September 2022, Jones Lang LaSalle were commissioned (appointment effective from November 2022). Their report is attached assessing the options in strategic, financial and economic terms and considering within that the carbon impact of the options.

5.4 The options appraisal has been carried out by Jones Lang Lasalle (JLL). The following four options have been considered for the site as part of this Options Analysis:

- Option 1 – Do nothing
- Option 2 – Retain the building in existing form and undertake essential repairs
- Option 3 – Retain the building and retrofit to achieve enhanced energy standards
- Option 4 - Redevelop the blocks through the Cambridge Investment Partnership to provide 138 new homes, including 40%-60% affordable homes for rent.

5.5 Options to dispose of the site were considered prior to the engagement of JLL. Options considered were Build to Rent, Student Housing and a Care Home. The estimated residual land value fell short of the land assembly cost in all three cases.

5.6 Additionally Council disposal would lead to the permanent loss of the freehold asset, delivery routes and partners are not in place and would have to be established and, if compulsory purchase powers were to be used to complete the land assembly the lack of a track record would be a negative factor. Conditions attached to a disposal to ensure that the buildings are not allowed to remain in its current state would also tend to depress the price achieved from a disposal.

6 Strategic Assessment

6.1 The strategic assessment set out the case for change and the strategic objectives for the Council. It identified 10 Critical Success Factors aligned to these strategic objectives and each of the four options were assessed on a qualitative basis against these Critical Success Factors.

#	Critical Success Factor	Option 1: Do Nothing	Option 2: Essential Repairs	Option 3: Full refurbish	Option 4: Redevelop
1	The buildings should positively contribute to increasing the delivery of homes, and in particular affordable housing	Yellow	Yellow	Yellow	Yellow
2	The buildings should contribute to diversifying the housing market and accelerating housing delivery	Yellow	Yellow	Yellow	Yellow
3	The buildings should achieve a high standard of design and quality of new homes and communities	Red	Red	Green	Green
4	The buildings should improve housing conditions and making best use of existing facility	Red	Yellow	Green	Green
5	Working with key partners to innovate and maximise available resources	Red	Red	Yellow	Green
6	The buildings should meet the required energy efficiency criteria that aligns with Cambridge's ambition to have net zero carbon housing stock by 2030 and reduce energy usage for residents	Red	Red	Yellow	Green
7	The buildings should result in a reduction of planned and preventative maintenance costs compared to the current level	Red	Yellow	Green	Green
8	The buildings should provide a safe and secure environment for all residents and visitors	Red	Red	Red	Green

#	Critical Success Factor	Option 1: Do Nothing	Option 2: Essential Repairs	Option 3: Full refurbish	Option 4: Redevelop
9	The building should be bought up to standard in terms of fire safety compliance				
10	The buildings should provide improved resident amenities and wider community benefits				

6.2 The below table showed that at a strategic level, option 4 is most aligned to meeting the CSFs, with option 3 seen as a possible fall-back position. Option 1 with 8 red flags should not be considered further and Option 2 will be used as the baseline for assessing the two remaining viable options.

Option	Red Flags	Amber Flags	Green Flags	Status
Option 1: Do nothing	8	2	0	Not viable
Option 2: Essential Repairs	5	4	1	Base Case
Option 3: Refurbish	1	5	4	Viable
Option 4: Redevelop	0	2	8	Viable (preferred)

6.3 The appraisal includes a specific analysis of carbon impacts. This was modelled on the assumption that Embodied Carbon would be insignificant for the essential repairs option, relatively low for refurbishment and in-line with RIBA standards for each of the development options. RIBA standards are evolving to become increasingly restrictive to carbon release, and different iterations have been modelled against 2020 and 2025 targets.

6.4 Operational energy (based on utility cost rather than carbon cost in Building Energy Carbon) over the 30-year period is also included in the below analysis and shows similar trends in the level of decrease across the different scenarios, with the following outcome.

	Essential Repairs	Sustainable Refurbishment	New Development	New Development 2020	New Development 2025
Building Energy Carbon	18,644	12,398	7,006	5,038	3,359
Development Carbon	-	766	2,377	1,545	1,070
Total Carbon (tCO2e)	18,644	13,164	9,383	6,583	4,429

7 Financial assessment

- 7.1 The Essential Repairs option was seen as the new base case as the “do nothing” option was not a viable option. The below summary shows that the full redevelopment with 40% affordable housing produces a marginally lower NPV, but a significantly improved IRR.

Option	NPV	IRR	Difference to base case
Option 2 - Essential repairs (Base Case)	-£13,225,447	-16.2581%	
Option 3 – Refurbishment	-£20,401,752	-19.0195%	-£7,176,305
Option 4a - Develop 138 units with 60% affordable	-£18,577,999	-2.9268%	-£5,352,552
Option 4b - Develop 138 units with 40% affordable	-£13,386,421	-2.7752%	-£160,975

8 Economic assessment

- 8.1 The purpose of the Economic Case is to assess the wider economic and social benefits arising from each option. Under this case we identify the critical success factors against which each of the options will be evaluated. This case also explores the quantitative social and economic benefits on the basis of additionality as well as the broader sustainability impact.
- 8.2 The economic appraisal includes determining the Net Social Value and undertaking a Benefits Cost Ratio calculation. This is usually based on the principle of additionality – what are the additional benefits over and above what are currently being achieved.
- 8.3 An indicative Benefits Cost Ratio calculation showed a positive outcome of 1.96 over the 30-year time frame for Option 4. This effectively means that for every £1 spent on the development, an expected £1.96 in broader benefits will be derived. Public purse benefits are also positive at 1.33 on the base case.

9 Recommendation from Options appraisal

- 9.1 The Options Analysis recommends that the redevelopment option (Option 4) should be the preferred option.
- 9.2 This is consistent with the outcomes from the extended resident engagement process.

- 9.3 Within Option 4 two possibilities have been considered based on a scheme of 138 dwellings: 40% affordable housing (55 affordable homes) and 60% (82 affordable homes). 82 homes would match the level of affordable housing at the commencement of the project. The level of affordable housing within the scheme will be determined following further discussions with planning and the development of a firm scheme. It will also be open to the Council to consider increased investment to secure more homes within a new scheme. This will include considering opportunities for external financial support. At present none has been assumed. If possible, in the context of the overall programme and consistent with the broader objectives of the programme the target will be to achieve a reprovision of affordable housing as close to the pre-existing provision as feasible.
- 9.4 The challenge for the Council is to address the problems of two failing blocks of flats. A priority for the Council is to consider the best interests of residents and to ensure that the Council can provide high quality, safe accommodation. Providing sustainable housing that responds to the climate change emergency is a high priority. The analysis indicates that providing additional housing is only possible on a limited basis due to planning constraints and that financial constraints will limit the delivery of affordable housing unless other sources of funding are identified.
- 9.5 While considering these options a high proportion of tenants and a significant number of leaseholders have taken the opportunity to move or sell their interest to the Council. Overall, approaching two-thirds of the residents have left. There is a need to progress as, although where possible the Council is using properties for Temporary Accommodation, there is a mounting rent loss. Conditions on the estate are also likely to deteriorate if it remains partially vacant and with a significant transient population for any length of time.
- 9.6 The timescales assumed for the analysis is four years in all cases. The analysis assumes that the remaining decants will be carried out over the next year in the event of redevelopment and one-two years if refurbishment is phased block by block.
- 9.7 Delivery of essential repairs and redevelopment options would be through a tender process. Delivery of redevelopment would be through the Cambridge Investment Partnership. The track record of CIP demonstrates the ability to deliver at pace and this is reflected in the programme.
- 9.8 The delivery route and the programme are important considerations but the fundamental analysis rests on the strategic, economic, and financial assessments set out in the Jones Lang LaSalle report.

10 Tenant decant

- 10.1 Approval was given at the HSC in January 2022 for tenants to be offered the option of moving. This was specifically so that they could take advantage of the opportunity to move to one of the new developments at Mill Road and Cromwell Road. Tenants could move on a direct let basis or bid on existing Council properties. Leaseholders were offered the option of surrendering their lease back to the Council. Compensation and disturbance payments were applicable to both tenants and leaseholders.
- 10.2 There has been further progress since the position recorded in the JLL options appraisal. To date, 63 tenants have registered on Home-link and 60 of these have decanted from the estate. A further 2 tenants have provided notice and have moves agreed in principle.
- 10.3 Tenants required to decant are given highest priority on the Council's Home-link housing system, where they can bid for like-for-like Council properties. The Council has dedicated staff to help tenants in the moving process.
- 10.4 Tenants will receive £7,800 Home loss payment when they move, in addition to up to £1,250 to cover moving costs or the amount as guided by updates in legislation.
- 10.5 Tenants have the right to return to a property in the new estate if a suitable property is available.
- 10.6 Rents will be higher whatever basis they are set on. If social rents are retained for returning tenants, the rents will be higher because the quality of the property is a factor in the setting of social rents. These typically fall at about 40-50% median market rents. The Council's current rent policy for new builds is for rents to be set at 60% median market rent. All these rents are within the Local Housing Allowance. Tenants should however benefit from significantly lower energy bills due to the high sustainability standards of a new development and also benefit from higher levels of thermal comfort with the associated health and well-being benefits.

11 Leaseholder buy-backs

- 11.1 There has been further progress since the position recorded in the JLL options appraisal. We have received instruction from 22 leaseholders to organise a valuation of their property with a view to surrendering their lease. We have completed 11 surrenders and 11 are currently in process.
- 11.2 Of the remaining leaseholders, 9 are resident and 14 are non-resident

- 11.3 Leaseholders will be offered market rate for their homes plus 10% if they live in the property, or 7.5% if they live elsewhere. The Council has dedicated staff to help leaseholders in the moving process.
- 11.4 Resident leaseholders could have first refusal on properties. However, it is recognised that the sale prices of new properties will be beyond the means of many leaseholders. If it is not possible to offer a leasehold interest in the newly developed scheme, the Council will provide advice and assistance on option for purchasing a property in the private housing market in line with the Council's Regeneration Policy.
- 11.5 The Council will need to buy back all the leasehold properties to redevelop the site. This will be done through negotiations however if these are unsuccessful the only route available to the Council would be to instigate a CPO.

12 Demolition notices

- 12.1 Service of Initial Demolition Notices under the Housing Act 1985 suspends the Right to Buy. Should a tenant make an application to buy their home (a leasehold interest in a flat) they would normally be sold at a discount. To allow the regeneration scheme to progress the council would then have to buy back these properties at market value plus 10% of the owner's interest and a disturbance allowance and none of the discount granted would be repayable. Should many additional homes be sold under the Right to Buy this would add significantly to the costs of the scheme and compromise its financial viability.
- 12.2 By serving the Initial Demolition Notice the council sets out its intention to proceed with the regeneration and this removes the obligation to complete Right to Buy sales for a maximum period of 7 years while the notice is in place. At the end of the notice period if the council has not completed the demolition of the property a tenant could ask for compensation arising from not being able to exercise their right to buy.

13 Financial Implications

- 13.1 The financial assessment section of the JLL report sets out the financial outcomes of the options and the summary is reported above
- 13.2 Provision was made in the MTFs for redevelopment to be funded to deliver 82 affordable homes. This provision will be reviewed following further scheme development.

14 Implications

(a) Staffing Implications

The scheme will be developed by the Cambridge Investment Partnership (CIP) which is a 50-50 partnership. The Council will deliver its role in the development through the Housing Development Agency which will provide the Council's staffing contribution to the development of the scheme.

The management of the scheme including engagement with tenants and leaseholders is very time-consuming across this and other schemes and needs to be properly resourced. To ensure this, the tenant engagement team has been expanded with an additional officer appointment, and an additional project management resource is being accounted for to ensure team capacity.

(b) Equality and Poverty Implications

A scheme specific EQIA has been completed.

(c) Environmental Implications

The options appraisal considers carbon issues for each of the options. A redevelopment scheme will be considered against the Cambridge Sustainable Housing Design Guide.

A council Climate Change Rating Assessment has also been completed.

(d) Procurement Implications

The scheme will be delivered by the Cambridge Investment Partnership (CIP). This will be a mixed tenure scheme. The land will be transferred to CIP with the affordable housing being purchased from CIP by the HRA. The process will be as set out in 19/42/HSC Approval for CIP scheme delivery routes.

(e) Community Safety Implications

The scheme will be built in accordance to Secure by Design guidelines as set out within the City Councils Design Brief.

(f) Consultation and communication considerations

There has been communication with residents prior to this report being presented. There has been consultation through events and on an individual basis since the autumn of 2021 as set out in this report. This engagement will continue.

There has been consultation with Ward Councillors about the proposals, this consultation will continue through the scheme and Ward Councillors will be updated on changes to the proposals.

Consultation and communication with existing tenants and leaseholders will continue in accordance with the City Council's Home Loss Policy This policy along with National Policy sets out the Council's commitment to those affected by regeneration and the compensation and support available.

The HDA continues to liaise closely with colleagues in City Homes, to ensure timely and accurate information is made available to all parties affected by the proposal. Neighbouring streets were included in publicity for the consultation events in July / August 2022. Further information about the HSC meeting will be circulated to neighbouring streets as well as to the estate.

There will be formal consultation through the planning process

15 Risks

15.1 Below is a table setting out key risks associated with the project

index	Risk area	Risk in detail	Risk Mitigation	Probability	Impact	Risk Rating
1	Planning Risk	The planning authority may reject plans because of other impacts.	Mitigation: pre-application discussions. Account taken of per-application discussions to date. Further pre-application discussions.	3	4	12

2	Decant	Remaining leaseholders and tenants could prevent or delay delivery of the project.	Engagement with tenants and leaseholders. Assistance with relocation and payment of compensation. Use of CPO powers	3	4	12
3	Vacant units during decant	Vacation of flats creates vulnerability to anti-social behaviour	Use flats for temporary accommodation where possible. CCTV installed. Keep management under review.	4	3	12
4	Development risks	Risks inc. sales values and build costs carried by CIP. Council has 50% exposure	Negotiation of transfer agreement with CIP. CIP management processes	4	3	12
5	Rent Levels	Application of Council rent policy in absence of Homes England or Right to Buy funding requires regulatory approval	Assess options based on social rent. Seek regulatory approval at an early stage.	3	3	9

16 Background papers

19/42/HSC Approval for CIP scheme delivery routes

21/48/HSC: Report on progress toward HRA estate regeneration programme.

17 Appendices

Appendix 1 – Site Location plan and red line of proposed transfer

Appendix 2 – Jones Lang Lasalle Options Appraisal

18 Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jim Pollard, Housing Development Agency, tel: 01223 457924, email:

jim.pollard@cambridge.gov.uk

Appendix 1 – Site Location plan and red line of proposed transfer



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Options Analysis

Cambridge City Council

Hanover and Princess Court

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2 EXECUTIVE SUMMARY

2.1 Introduction and project background

Hanover Court and Princess Court are situated within a Cambridge municipal area, with residential, office, educational and retail uses all within proximity of the site. The two blocks comprise 127 units and in their current form are no longer fit for purpose.

In January 2022 the City Council decided to conduct an options appraisal regarding the future of Hanover Court and Princess Court and to offer Council tenants the opportunity to transfer away from the estate and to offer leaseholders the opportunity to sell to the Council. This offer included compensation for home loss, basic loss and disturbance in line with provisions for compensation in the event of compulsory purchase. The offers were made because all of the options (other than do nothing) would involve disruption to anyone living within Hanover Court and Princes Court, and as such all such options would be best carried out with vacant possession.

2.2 The Case for Change

The buildings are no longer seen as fit for purpose with fire safety concerns, anti-social behaviour and sustainability issues all necessitating a need for change.

2.3 The Options Assessed

The following four options have been considered for the site as part of this Options Analysis:

- Option 1 – Do nothing
- Option 2 – Retain the building in existing form and undertake essential repairs
- Option 3 – Retain the building and retrofit to achieve enhanced energy standards
- Option 4 - Redevelop the blocks through the Cambridge Investment Partnership to provide 138 new homes, including 40-60% affordable homes for rent.

2.4 Options appraisal methodology

Four long-listed options were presented for appraisal and the following methodology used to evaluate these options to identify the optimum solution:

- **Strategic Alignment** sets out the key Council policies specifically related to residential property and incorporates these into a set of Critical Success Factors (“CSF”). The CSFs for each option were qualitatively assessed and provided with a rating of either Green (Good), Amber (Acceptable) or Red (Unacceptable).

- **Financial Performance** evaluates the Net Present Value (“NPV”) and Internal Rate of Return (“IRR”) for all the Options identified.
- **Economic Evaluation** evaluates the broader social and economic benefits of the short-listed option/s using a Benefits Cost Ratio.

2.5 Evaluation outcomes

2.5.1 Strategic Alignment

Sets out the case for change and aligns the project to the Council’s strategic vision by creating Critical Success Factors (“CSF”) against which to evaluate the options. When analysing alignment to the CSFs, it is clear that the number of red flags is too significant for the “do nothing” option to be considered viable and as such Option 1 was discounted. Option 2 (the new base case) does not appear a viable option with 5 of the CSFs being classified as red and only one green flag. Option 3 – major refurbishment with 5 green flags, and only one red flag relating to the safety and security of residents is considered a viable option. However, Option 4 for the full development ticks most boxes out of the CSF’s with no potential red flags.

2.5.2 Financial Performance

The Financial Performance evaluation shows that there is a negative NPV for all options. However, against the base case (option 2), a full development with 40% social housing was seen as the most favourable option from a financial perspective.

2.6 Economic Evaluation

The outcome of the Benefits Cost Ratio reflects a 1.96 base case result over the 30-year period for Option 4 at the All Economy level and 1.33 at the Public Purse level, both favourable returns.

2.7 Conclusion

Considering the options against the Strategic Alignment, the Financial Performance and the Economic Evaluation analysis, the recommendation is to proceed with exploring Option 4, being a full development of the site.

3 STRATEGIC ALIGNMENT

3.1 Strategic context

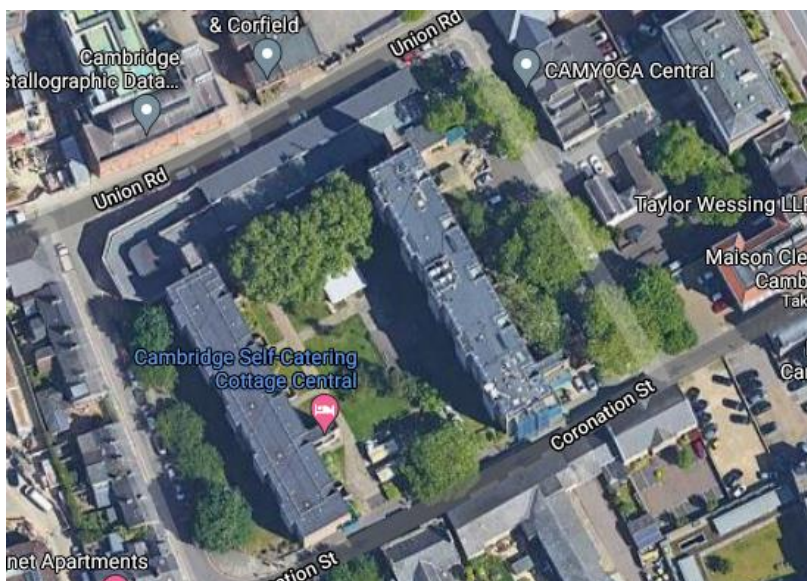
3.1.1 The property

The property is located in Cambridge, a major regional centre with good road and rail access into London and the Midlands and the North and is within proximity of Stansted Airport. Cambridge is best known for its university and colleges with approximately 25,000 students forming part of the 125,000 population. Cambridge is continuing to grow rapidly and housing is in high demand.

Hanover Court and Princess Court are situated within a municipal area, with residential, office, educational and retail uses all within proximity of the site. The site comprises two rectangular blocks of large scale mid twentieth century flats of a brutalist style, made from concrete and brick, with a parking block forming the northern part of the U-shaped block. There is a central communal amenities space and garden between the two blocks and the site has a number of established trees. The site covers approximately 3.1 acres with building coverage of approximately 30%.

One block fronts George IV Street and the other Bentinck Street. Coronation Street forms the site's immediate southern boundary with St George's Court Care Home, residential dwellings and a primary school adjacent to the site.

A key feature of the site is the presence of large mature trees that predominantly align Bentinck Street and George IV Street as well as the central landscape space. These tall landscape features help filter views of the existing buildings and assist with the visual transition to the lower properties located on the edges of the site.



The site does not fall within any direct planning policy designations. However, the site is located adjacent to the Cambridge Railway Station/ Hills Road Corridor to the City Centre Opportunity Area. The associated policy for this area outlines that development proposals within this area will be supported if “they help promote and coordinate the use of sustainable

transport modes, and deliver and reinforce a sense of place and local shops and services”

The site is well located and the city centre is within walking, or cycling distance. The area is popular with students due to its proximity to local colleges.

In its current form, the 2 blocks comprise 127 units:

	Total units	Tenant		Leasehold	
		1 bed	2 bed	1 bed	2 bed
Hanover Court	78	27	24	16	11
Princess Court	49	20	11	14	4
Total units	127	47	35	30	15

3.1.2 The case for change

The two blocks comprise 127 units and in their current form are no longer fit for purpose. There are a number of key factors which are driving the case for change. These are outlined below. In January 2022 the City Council decided to conduct an options appraisal regarding the future of Hanover Court and Princess Court and to offer Council tenants the opportunity to transfer away from the estate and to offer leaseholders the opportunity to sell to the Council. This offer included compensation for home loss, basic loss and disturbance in line with provisions for compensation in the event of compulsory purchase.

As at 15th November 2022 the movement of tenants and leaseholders was as follows:

	Hanover	Princess	Total
Tenants at commencement	50	32	82
Void	17	13	30
TA	9	5	14
Under notice	3	3	6
New build 'direct let' interest	11	3	14
Remaining if all moves occur	10	8	18
Leaseholders	27	18	45
Sold	5	3	8
Surrender instruction rec'd	2	4	6
Valuation requested	4	1	5
Remaining if all purchases occur	16	10	26

The scale of the response could be seen as indicative of the residents' experience of the estate. Further investigations and a detailed assessment of both essential repairs and full refurbishment is required. The scale of the works and the established decant mean that a full decant strategy is the logical approach to delivering the works safely and effectively.

The assumption for leaseholders in the refurbishment options is that 50% will sell back to the Council and 50% will remain and only decant temporarily. The Council has had experience of difficulties of securing compliance from leaseholders even for relatively minor works. The Council may find that it has to make compulsory purchase orders to ensure that the refurbishment is comprehensive.

The assumption for the refurbishment options is that all the remaining tenants will decant on a building by building basis. A report from Millward Consulting Engineers dated 29 June 2022 states that the following the completion of further identified remedial work, the building is likely to remain stable for another 30 to 40 years. However, the report also mentions that this is subject to the building being surveyed and that maintenance issues are addressed appropriately.

Since the remedial work programme started in 2011, the Council have spent approximately £2.5million on a range of works including re-roofing, concrete and brickwork repairs, lift refurbishment and balcony refurbishments and fire safety issues. The buildings should be structurally sound following the essential works, but there is a concern that there will continue to be a disproportionately high cost of maintenance going forward related to potential future movement and deterioration.

Furthermore, asbestos surveys of the buildings indicated the presence of asbestos that will need to be taken into account.

3.1.2.1 Fire safety concerns

In addition to the maintenance concerns, there are fire safety concerns as the vertical risers have been punctured over the years and need to be repaired or redesigned. A fire risk assessment was undertaken in July 2021 and identified the following concerns:

- **Hanover Court** – “Means of Escape”, “Means of Giving Warning in Case of Fire”, “Measures to Limit Fire Spread and Development” and “Procedures and Arrangements” were all flagged as being Substantial Risk items that require action.
- **Princess Court** – “Means of Escape” and “Procedures and Arrangements” were flagged as Substantial Risk items that require action.

3.1.2.2 Sustainability concerns

The current buildings were developed in 1968 and are not aligned with the Council's vision of being a net zero carbon council by 2030 and delivering sustainable housing solutions. The EPC ratings of these buildings are below the desired standard and this is impacting on operating carbon of the buildings and the energy costs that are being incurred by the residents.

An audit of the EPC ratings of the current units reflected 12 units at EPC C, 10 at EPC D and 5 at EPC E, with 100 units not yet rated. Anecdotally, the external facing units typically perform worse due to lack of insulation.

For the sustainability analysis we assumed an average rating of a blend between C and D.

3.1.2.3 Anti-social behaviour

The current layout of the building, its staircases and circulation routes mean the property is prone to antisocial behaviour which directly impacts the safety and enjoyment of the property by its residents and their visitors.

Over the past two years there have been numerous incidents reported to the local police, detailed in the table below.

Crime	Incidents
5 x public order offences	16 x rowdy nuisance
4 x cycle theft	7 x drug related
1 x criminal damage	6 x street drinking/homeless related
1 x personal robbery	
1 x offensive weapon	

3.2 Options to be considered to address the case for change

Four options are being considered:

- **Option 1 – Do nothing**
Under this option, no further capital work will be done, with none of the concerns addressed.
- **Option 2 – Retain the building in existing form and undertake essential repairs**
The essential repairs include both structural and fire related works, ventilation, rain-water pipe diversions and lifetime maintenance costs to both blocks.
- **Option 3 – Retain the building and retrofit to achieve enhanced energy standards**

Significant refurbishment of the property to primarily address the energy performance whilst also addressing anti-social behaviour concerns and enhancing amenities. The retrofit will include cavity wall insulation, EWI, solar panels and ground source heat pumps.

- **Option 4 - Redevelop**

Under this option the blocks will be demolished and redeveloped through the Cambridge Investment Partnership to provide 138 new homes, including 40-60% (55-82) affordable homes for rent.

3.3 Council Key Objectives

3.3.1 Cambridge's Vision

The Cambridge City Council has a clear vision to lead a united city, 'One Cambridge - Fair for All', in which economic dynamism and prosperity are combined with social justice and equality.

In line with this vision, the Council has developed its Corporate Plan for 2022-2027 which sets out 4 key priorities over the next 5 years. These four key priorities for 2022 to 2027 are:

- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

3.3.2 Cambridge's Core Requirements

The Greater Cambridge Housing Strategy identifies the following strategic objectives related to housing:

- Increasing the delivery of homes, and in particular affordable housing, including Council homes, to meet housing need
- Diversifying the housing market and accelerating housing delivery
- Achieving a high standard of design and quality of new homes and communities
- Improving housing conditions and making best use of existing homes
- Preventing and Tackling Homelessness and Rough Sleeping
- Working with key partners to innovate and maximise available resources

When assessing the options for Hanover Court and Princess Court, consideration must be given to ensuring that these strategic objectives are met.

3.3.3 Sustainability and social value

Cambridge has a clear vision to create a Cambridge that cares for the planet. This vision statement states they will take robust action to tackle the local and global threat of climate change, both internally and in partnership with local organisations and residents, and to minimise its environmental impact by cutting carbon, waste and pollution.

3.4 Planning

The site itself is the subject of very few allocations/designations, the key one being the site's inclusion within the Conservation Area. The site is however located in a tight knit network of streets and has a number of mature landscaped features present within and around its edges.

Given the relative lack of space, any redevelopment proposal will require very careful design evolution. As with any site, the site's characteristics will mean there are limits on where buildings can be located and how tall they might be.

There are however many significant and wide-ranging opportunities presented by the redevelopment of the site. The existing buildings do not make a positive contribution to the conservation area and key elements of their design detract. The existing buildings also have their flaws and the quality of the accommodation provided is poor.

3.5 Engagement with stakeholders

4-hour public consultation events were held on site on 20 August 2022 and 1 September 2022. This resulted in 75 people attending in person, 12 watching the webinar and 52 survey responses. Key findings from the consultation included:

- 57% rated current condition of buildings less than 5 (1-10, 10 being the best)
- 78% support renovate or redevelop the existing buildings
- 67% preferred redevelop approach
- 73% answered above 5 for new tree planting along Union Road and 38% answered 10 (1-10, 10 being the best)
- 64% agreed or strongly agreed that trees around edge of the existing buildings are important
- 67% think providing at least 82 affordable homes is more important than retaining 3 trees

As part of the feedback, the following improvements to the open space were identified:

- Play equipment and park;
- Dog toilet;
- Exercise equipment; and

- Sense of open space.

3.6 Constraints

- Economic context

The current conflict in Ukraine has disrupted global markets and has resulted in a destabilised economic environment governed by higher inflation and increasing interest rates. This is coupled with higher energy costs, and supply chain issues related to building materials.

- Viability

A key component of this paper is to determine the viable options in terms of delivery, achievability and financial returns in line with the critical success factors.

- Affordability

The affordability component is focused on determining if the costs related to the different options are affordable to the Council in terms of capital outflows and operating costs.

- Funding

Aligned to Affordability, this constraint looks at the sources of public and private funding that the Council may access to fund any development.

3.7 Critical success factors (CSF)

The critical success factors are the key elements that need to be achieved in order for the project to be considered a success in light of the key issues driving the case for change at the Estate, and the wider strategic objectives of the Council. The critical success factors for this project are tied to the broader Cambridge vision, namely:

#	Critical Success Factors	Source
1	The buildings should positively contribute to increasing the delivery of homes, and in particular affordable housing	Greater Cambridge Housing Strategy
2	The buildings should contribute to diversifying the housing market and accelerating housing delivery	Greater Cambridge Housing Strategy
3	The buildings should achieve a high standard of design and quality of new homes and communities	Greater Cambridge Housing Strategy
4	The buildings should improve housing conditions and making best use of existing facility	Greater Cambridge Housing Strategy
5	Working with key partners to innovate and maximise available resources	Greater Cambridge Housing Strategy
6	The buildings should meet the required energy efficiency criteria that aligns with Cambridge's ambition to have net zero carbon housing stock by 2030 and reduce energy usage for residents	Cambridge Housing requirement
7	The buildings should result in a reduction of planned and preventative maintenance costs compared to the current level	Cambridge Housing requirement
8	The buildings should provide a safe and secure environment for all residents and visitors	Cambridge Housing requirement

9	The building should be bought up to standard in terms of fire safety compliance	Cambridge Housing requirement
10	The buildings should provide improved resident amenities and wider community benefits	Cambridge Housing requirement

3.8 Environmental impact appraisal – carbon assessment



CSF 6 relates to delivering energy efficiency criteria, new zero housing stock and reducing energy usage. This section provides a deeper dive into how the different options are able to deliver on this CSF.

When assessing the environmental impact of the different options, an analysis was prepared using JLL’s Carbon Twin Track methodology which considers all aspects of embodied carbon and operational carbon and attaches a financial number to this carbon to indicate not only the absolute carbon impact, but also the financial impact.

Only options 2-4 have been modelled, with Option 4 including 3 scenarios depending on the building benchmarks applied. These are described as follows in the graphs and tables included in this section:

- Option 2 – Essential Repairs
- Option 3 – Sustainable Refurbishment
- Option 4 – New Development
 - Scenario 1 – Current Benchmark
 - Scenario 2 – 2020 Target
 - Scenario 3 – 2025 Target

RIBA 2030 Climate Challenge target metrics for domestic buildings

RIBA Sustainable Outcome Metrics	Current Benchmarks	2020 Targets	2025 Targets	2030 Targets	Notes
Operational Energy kWh/m ² /y 	146 kWh/m ² /y (Ofgem benchmark)	< 105 kWh/m ² /y	< 70 kWh/m ² /y	< 0 to 35 kWh/m ² /y	UKGBC Net Zero Framework 1. Fabric First 2. Efficient services, and low-carbon heat 3. Maximise onsite renewables 4. Minimum offsetting using UK schemes (CCC)
Embodied Carbon kgCO ₂ e/m ² 	1000 kgCO ₂ e/m ² (M4i benchmark)	< 600 kgCO ₂ e/m ²	< 450 kgCO ₂ e/m ²	< 300 kgCO ₂ e/m ²	RICS Whole Life Carbon (A-C) 1. Whole Life Carbon Analysis 2. Using circular economy Strategies 3. Minimum offsetting using UK schemes (CCC)
Potable Water Use Litres/person/day 	125 l/p/day (Building Regulations England and Wales)	< 110 l/p/day	< 95 l/p/day	< 75 l/p/day	CIBSE Guide G

3.8.1.1 Assumptions

The below table documents the key assumptions that were used in preparing the carbon analysis:

Scenario	Option 2	Option 3	Option 4			Source
			Current	2020	2025	
Units	127	127	138			
Area (sqm)	6,563	6,563	7,131			Floor area proportional to number of units
Energy Intensity (kWh/m ²)	422	281	146	105	70	Option 2: EPC C/D – average EPC on site Option 3: data from National Energy Efficiency Data-Framework (NEED) -9.5% for cavity wall insulation; -14% for external wall insulation; -10% for solar PV Option 4: RIBA 2030 Climate Challenge
Embodied Carbon (kgCO ₂ e/m ²)	0	350	1,000	650	450	Option 3: assumed to be marginally below a full sustainable development Option 4: RIBA 2030 Climate Challenge
Electricity Price (p/kWh)	34					Average UK Electricity 34p and Gas Price 10p. As there is no gas in the current development, we have used electricity rate only and not a blended rate.
Carbon Price Low (£/tonne)	95					GLA London Plan
Carbon Price High (£/tonne)	121					HM Treasury Green Book

The 3 different scenarios under Option 4 (New Development) reflect the current benchmarks for domestic building per the table below:

3.8.1.2 Environmental analysis

When calculating the cost of carbon, we could not find published data on what the Council's cost of carbon is, so we used two comparative rates. The first is the Greater London Authority rate of £95/tonne and the second is the HM Treasury Green Book rate of £121/tonne.

Embodied Carbon was assumed to be insignificant for the essential repairs, relatively low for a limited refurbishment and in-line with RIBA standards for each of the development options. Keeping embodied carbon low during the development phase is difficult and all of this carbon would need to be offset for a Net Zero construction. In contrast, operational carbon can be eliminated by using exclusively renewable sources of electricity.

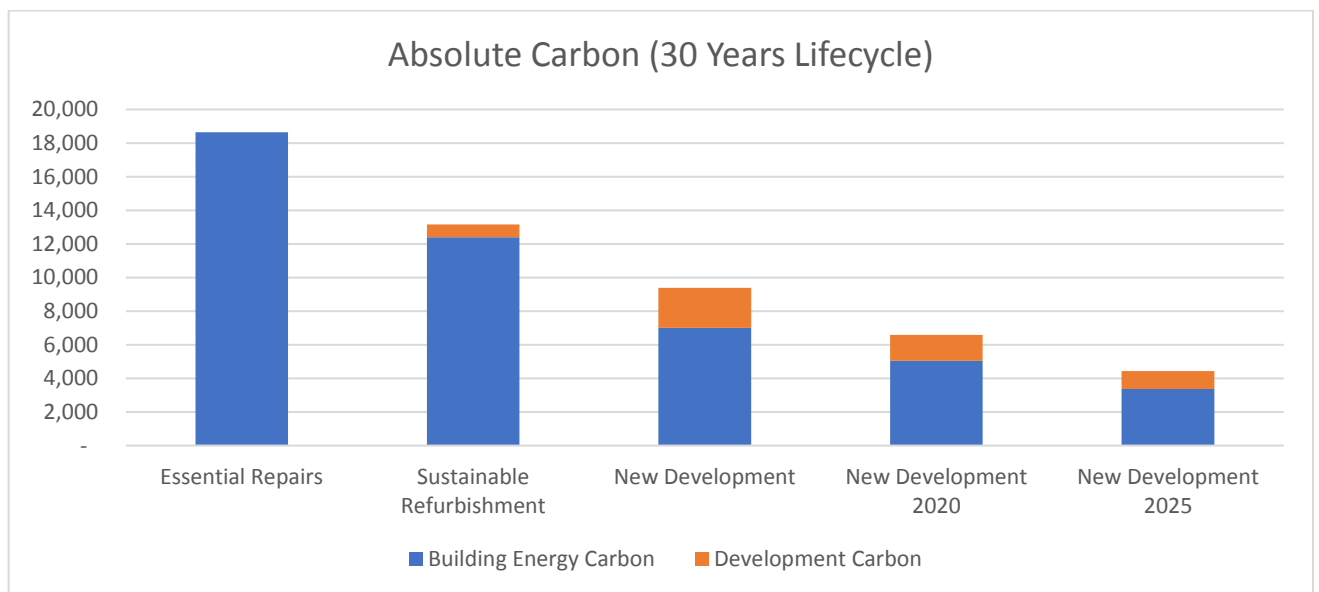
Operational energy (based on utility cost rather than carbon cost in Building Energy Carbon) over the 30-year period is also included in the below analysis and shows similar trends in the level of decrease across the different scenarios.

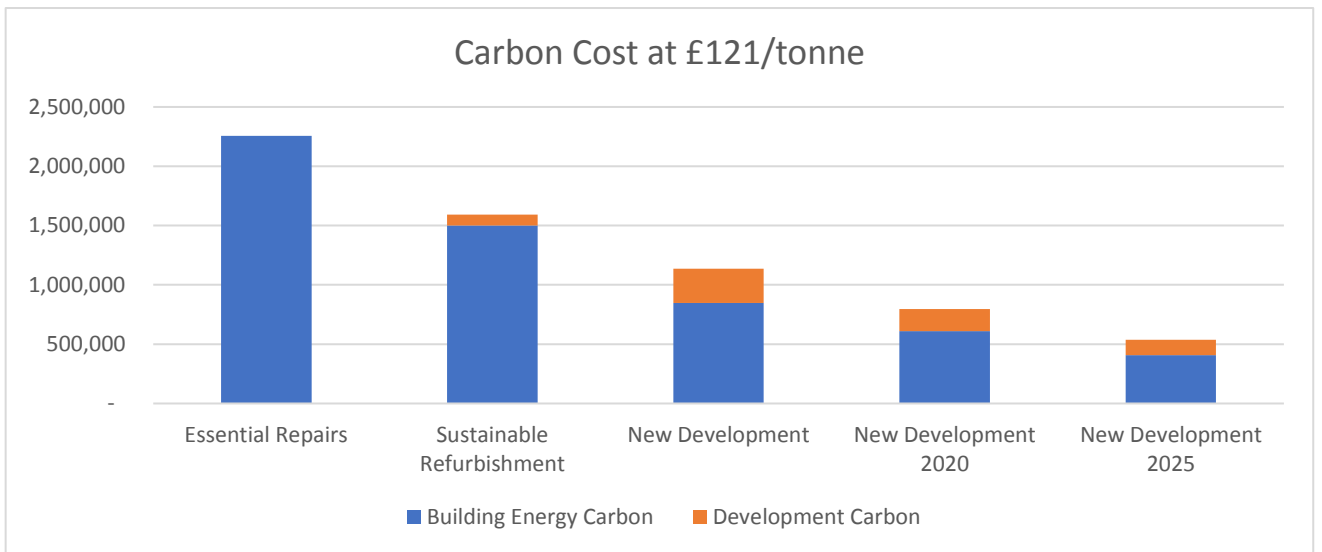
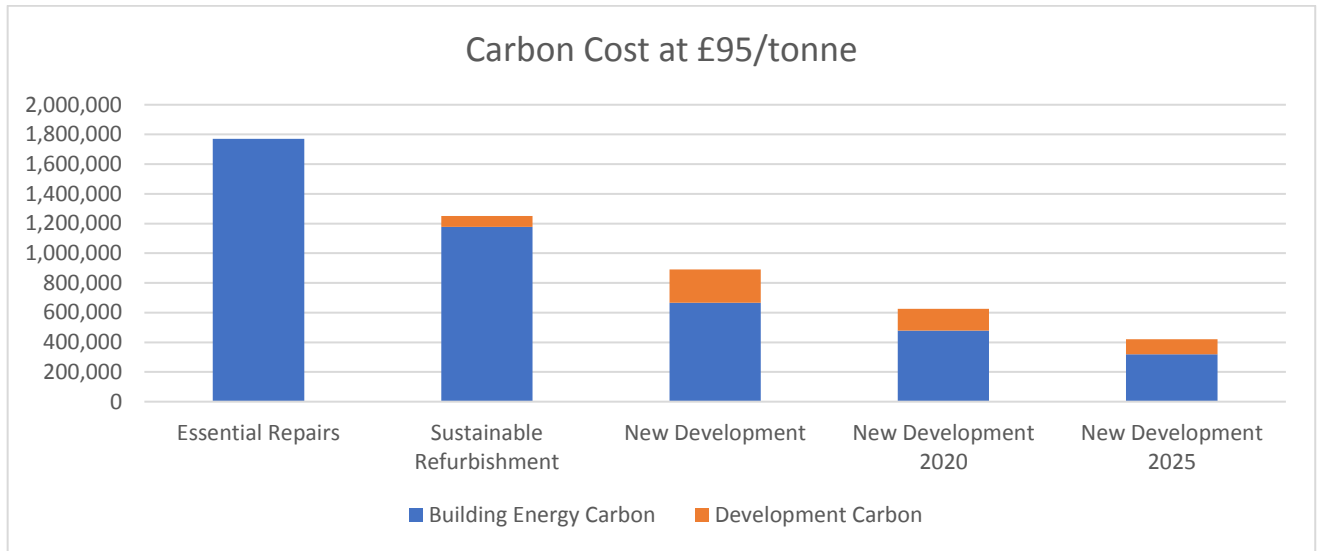
This is an illustrative estimate based on the EPC expected kWh usage for EPC C/D (Essential repairs) rated buildings based on 422kWh per m² per annum and applying the latest blended electricity rate of 34p per kWh. We have assumed that all energy usage is electricity based as the building does not have piped gas.

- **30-year model**

A 30-year model was also run for the 3 options to determine the carbon impact of the options:

Absolute Carbon (tCO2e)	Essential Repairs	Sustainable Refurbishment	New Development	New Development 2020	New Development 2025
Building Energy Carbon	18,644	12,398	7,006	5,038	3,359
Development Carbon	-	766	2,377	1,545	1,070
Total Carbon (tCO2e)	18,644	13,164	9,383	6,583	4,429





	Essential Repairs £'000	Sustainable Refurbishment £'000	New Development Current £'000	New Development 2020 £'000	New Development 2025 £'000
Operational Energy	28,261	18,794	10,620	7,638	5,092
Savings over Base Case	-	9,467	17,641	20,623	23,169

Conclusion

Option 2: Essential repairs - Assumed to perform the same as the current building with poor EPC ratings (an average of C/D). This building will be expensive to operate and will negatively contribute towards Net Zero goals.

Option 3: Sustainable refurbishment - Should result in a 30% improvement in energy performance and bring significant operational savings but would be far from what a Net Zero building should be performing like.

Option 4: New Development – Three scenarios have been considered, aligned to RIBA current (Ofgem benchmark), RIBA 2020 and RIBA 2025 targets. All of these options would bring about large carbon and operational cost savings (50% - 75%). RIBA specifies aspirational targets for new residential buildings and this redevelopment should aim to align itself with the 2025 targets.

Embodied Carbon was assumed to be insignificant for the essential repairs, relatively low for a limited refurbishment and in-line with RIBA standards for each of the development options. Keeping embodied carbon low during the development phase is difficult and all of this carbon would need to be offset for a Net Zero construction. In contrast, operational carbon can be eliminated by using exclusively renewable sources of electricity.

Note: the longer lifecycle makes the embodied carbon less significant to the overall lifecycle carbon and a higher emphasis should be placed on operational carbon reduction.

3.9 Appraisal of Options

Each of the options has been assessed against the above CSFs using a qualitative assessment on a RAG basis:

- R = Red – Indicates that under this scenario, the CSF will not be met and that it falls materially short of meeting this requirement
- A = Amber – Indicates that the CSF meets, or falls just below the requirement, but that it does not materially impact the overall decision
- G = Green – Indicates that the CSF requirement has been met or exceeded.

The individual CSFs have not been weighted, with the number of flags being used as the primary assessment of whether the option meets the required standard.

3.9.1 Critical Success Factors appraisal

3.9.1.1 Option 1: Do nothing

#	Critical Success Factor	Options Response
1	The buildings should positively contribute to increasing the delivery of homes, and in particular affordable housing	The “do nothing” option maintains the status quo, so does not positively or negatively contribute to this CSF

#	Critical Success Factor	Options Response
2	The buildings should contribute to diversifying the housing market and accelerating housing delivery	The “do nothing” option maintains the status quo, so does not positively or negatively contribute to this CSF
3	The buildings should achieve a high standard of design and quality of new homes and communities	The current buildings do not deliver a high standard of design and quality, so does not positively contribute to this CSF
4	The buildings should improve housing conditions and making best use of existing facility	The current buildings are not aligned with the expected level of housing condition and the facility is not optimally used.
5	Working with key partners to innovate and maximise available resources	There is no innovation or maximising of resources through the do nothing option
6	The buildings should meet the required energy efficiency criteria that aligns with Cambridge’s ambition to have net zero carbon housing stock by 2030 and reduce energy usage for residents	The current buildings do not meet the required energy efficiency criteria and energy costs for residents are high.
7	The buildings should result in a reduction of planned and preventative maintenance costs compared to the current level	The ongoing maintenance costs of the current buildings are above benchmark and these are likely to escalate due to the age and condition of the buildings.
8	The buildings should provide a safe and secure environment for all residents and visitors	The current ongoing anti-social behaviour on site, which includes drug taking in the stairwells, will remain under this option as the layout is conducive to providing spaces where this type of behaviour prevails.
9	The building should be bought up to standard in terms of fire safety compliance	The fire safety issues with the building need to be addressed to ensure the continued safety of residents. In particular the vertical risers have been compromised which in the event of a fire may result in the fire spreading though the building rapidly.
10	The buildings should provide improved resident amenities and wider community benefits	The current amenities are limited in the benefits they provide to residents and the wider community.

It is clear from the above review of this option against the 10 critical success factors, that the “do nothing” option is not a viable option and should be discounted from any further analysis. Under this approach, Option 2: Retain the building in existing form and undertake essential repairs should be seen as the true baseline option.

3.9.1.2 Option 2: Retain the building in existing form and undertake essential repairs

#	Critical Success Factor	Options Response
1	The buildings should positively contribute to increasing the delivery of homes, and in particular affordable housing	The essential works option maintains the status quo, so does not positively or negatively contribute to this CSF
2	The buildings should contribute to diversifying the housing market and accelerating housing delivery	The essential works option maintains the status quo, so does not positively or negatively contribute to this CSF

#	Critical Success Factor	Options Response
3	The buildings should achieve a high standard of design and quality of new homes and communities	The current buildings do not deliver a high standard of design and quality, and undertaking only the essential repairs will not materially change this, so does not positively contribute to this CSF.
4	The buildings should improve housing conditions and making best use of existing facility	The current buildings are not aligned with the expected level of housing condition. The essential repairs will make a difference, but it certainly does not make best use of the buildings.
5	Working with key partners to innovate and maximise available resources	There is no innovation or maximising of resources through only making essential repairs.
6	The buildings should meet the required energy efficiency criteria that aligns with Cambridge's ambition to have net zero carbon housing stock by 2030 and reduce energy usage for residents	The current buildings do not meet the required energy efficiency criteria and energy costs for residents are high. The essential repairs will not address this.
7	The buildings should result in a reduction of planned and preventative maintenance costs compared to the current level	The essential repairs option only covers basic maintenance and fire safety works so unlikely to materially reduce ongoing maintenance.
8	The buildings should provide a safe and secure environment for all residents and visitors	The current ongoing anti-social behaviour on site, which includes drug taking in the stairwells, will remain under this option as the layout is conducive to providing spaces where this type of behaviour prevails.
9	The building should be brought up to standard in terms of fire safety compliance	The fire safety issues with the building will be addressed as part of the essential works.
10	The buildings should provide improved resident amenities and wider community benefits	The current amenities are limited in the benefits they provide to residents and the wider community.

3.9.1.3 Option 3: Retain the building and retrofit to achieve enhanced energy standards

#	Critical Success Factor	Options Response
1	The buildings should positively contribute to increasing the delivery of homes, and in particular affordable housing	The refurbishment option maintains the status quo, so does not positively or negatively contribute to this CSF
2	The buildings should contribute to diversifying the housing market and accelerating housing delivery	The refurbishment option maintains the status quo, so does not positively or negatively contribute to this CSF
3	The buildings should achieve a high standard of design and quality of new homes and communities	The refurbishment of the buildings will contribute to improving the standard of design and quality.
4	The buildings should improve housing conditions and making best use of existing facility	A refurbishment of an established building with positively contribute to improving housing conditions and making best use of the existing housing stock.
5	Working with key partners to innovate and maximise available resources	There will be limited innovation through the refurbishments and resources will not fully be maximised, but there will certainly be an uplift in both these areas.
6	The buildings should meet the required energy efficiency criteria that aligns with Cambridge's	The refurbishment will address a number of energy efficiency elements and will positively contribute to reducing energy usage for

#	Critical Success Factor	Options Response
	ambition to have net zero carbon housing stock by 2030 and reduce energy usage for residents	residents. However, there is uncertainty over whether the external cladding to insulate the building is able to be installed or that the walls will be able to carry the additional weight. If this does not prove possible it will impact the buildings energy efficiency.
7	The buildings should result in a reduction of planned and preventative maintenance costs compared to the current level	The full refurbishment should result in a reduction in ongoing maintenance costs.
8	The buildings should provide a safe and secure environment for all residents and visitors	The current ongoing anti-social behaviour on site, which includes drug taking in the stairwells, will remain under this option as the layout is conducive to providing spaces where this type of behaviour prevails.
9	The building should be brought up to standard in terms of fire safety compliance	The fire safety issues with the building will be addressed as part of the essential works.
10	The buildings should provide improved resident amenities and wider community benefits	The current amenities located between the two buildings do not meet expectations for the residents and also do not provide wider community benefits.

3.9.1.4 Option 4: Redevelop the blocks through the Cambridge Investment Partnership to provide 138 new homes, including 55/82 affordable homes to rent.

#	Critical Success Factor	Options Response
1	The buildings should positively contribute to increasing the delivery of homes, and in particular affordable housing	There is a marginal increase from 127 to 138 homes. However, the number of affordable houses will at best remain the same, or more likely decrease.
2	The buildings should contribute to diversifying the housing market and accelerating housing delivery	The newly developed homes will provide new stock to the housing market, but this will be more replacement than diversifying or accelerating.
3	The buildings should achieve a high standard of design and quality of new homes and communities	As a new build, it is likely that these will be of a high standard and quality.
4	The buildings should improve housing conditions and making best use of existing facility	Redevelopment on an existing site will improve housing conditions and will be making the best use of an existing facility.
5	Working with key partners to innovate and maximise available resources	A new development will provide opportunities for innovation and maximising available resources.
6	The buildings should meet the required energy efficiency criteria that aligns with Cambridge's ambition to have net zero carbon housing stock by 2030 and reduce energy usage for residents	The buildings will be built at a standard that align with Cambridge's ambition and in accordance with the recommended RIBA standards. It is challenging to have net zero carbon build costs other than through offsets, but there will be significant reduction in energy costs.
7	The buildings should result in a reduction of planned and preventative maintenance costs compared to the current level	A new build will require less ongoing preventative and planned maintenance costs.
8	The buildings should provide a safe and secure environment for all residents and visitors	The new development should meet this requirement as the proposed layout will meet design accreditation standards that should

#	Critical Success Factor	Options Response
		reduce the types of spaces that result in anti-social behaviour.
9	The building should be bought up to standard in terms of fire safety compliance	The new development will be built in accordance with the latest fire safety regulations so will meet this requirement fully.
10	The buildings should provide improved resident amenities and wider community benefits	A new development will incorporate feedback from the residents to ensure the amenities and community benefits are delivered.

3.10 Conclusion

The Strategic Case set out the case for change and the strategic objectives for the Council. It identified 10 Critical Success Factors aligned to these strategic objectives and each of the four options were assessed on a qualitative basis against these CSFs.

#	Critical Success Factor	Option 1: Do Nothing	Option 2: Essential Repairs	Option 3: Full refurbish	Option 4: Redevelop
1	The buildings should positively contribute to increasing the delivery of homes, and in particular affordable housing	Yellow	Yellow	Yellow	Yellow
2	The buildings should contribute to diversifying the housing market and accelerating housing delivery	Yellow	Yellow	Yellow	Yellow
3	The buildings should achieve a high standard of design and quality of new homes and communities	Red	Red	Green	Green
4	The buildings should improve housing conditions and making best use of existing facility	Red	Yellow	Green	Green
5	Working with key partners to innovate and maximise available resources	Red	Red	Yellow	Green
6	The buildings should meet the required energy efficiency criteria that aligns with Cambridge's ambition to have net zero carbon housing stock by 2030 and reduce energy usage for residents	Red	Red	Yellow	Green
7	The buildings should result in a reduction of planned and preventative maintenance costs compared to the current level	Red	Yellow	Green	Green
8	The buildings should provide a safe and secure environment for all residents and visitors	Red	Red	Red	Green
9	The building should be bought up to standard in terms of fire safety compliance	Red	Green	Green	Green

#	Critical Success Factor	Option 1: Do Nothing	Option 2: Essential Repairs	Option 3: Full refurbish	Option 4: Redevelop
10	The buildings should provide improved resident amenities and wider community benefits				

The below table clearly reflects that at a strategic level, option 4 that is most aligned to meeting the CSFs, with option 3 seen as a possible fall-back position. Option 1 with 8 red flags should not be considered further and Option 2 will be used as the baseline for assessing the two remaining viable options.

Option	Red Flags	Amber Flags	Green Flags	Status
Option 1: Do nothing	8	2	0	Not viable
Option 2: Essential Repairs	5	4	1	Base Case
Option 3: Refurbish	1	5	4	Viable
Option 4: Redevelop	0	2	8	Viable (preferred)

4 FINANCIAL PERFORMANCE

4.1 Introduction

The Financial Performance appraisal incorporates a detailed set of financial models that align with a set of agreed assumptions.

The Strategic Alignment assessment determined that Option 1 – Do Nothing is not a viable option, so this option has not been included in this analysis. Instead, Option 2 – Essential Repairs is seen as the true base case for comparative purposes.

The assumptions related to each option are included below, followed by the outcomes of the DCF calculation over a 30-year period. For financial modelling purposes, we have used January 2023 as the base period for determining values and costs. Although actual project commencement date will differ, we do not believe that any change in date will materially impact the outcomes as all cases will be affected equally.

4.2 Financial Performance and Evaluation

4.2.1 Option 2 – Essential Repairs

- Assumptions

Assumption	Commentary
Unit Mix	Social Rent units: 104 Right to Buy (RtB) units returned: 23
Timescales	<p>Within our model we have assumed an illustrative project start date and valuation date of January 2023 as detailed below:</p> <ul style="list-style-type: none"> • January 2023 - 2026 <ul style="list-style-type: none"> • Pre-construction / Decant of properties: 36 months • Construction: 24 months (development period phased with decant of blocks) • Total development period: 48 months. • We have assumed during the first 24 months whilst the blocks are being decanted the Council will receive 25% of the rental income. • We have assumed a life expectancy of the building of 30 years.
Estimated Rental Income (Social Units)	We have been provided with <i>Rental and charges for sharing – Hanover and Princess</i> . This outlines the current Social Rent to be £91 per week. We have been advised that there is an allowance for a 5% increase to the rent regime where justifiable improvements and quality standards can be evidenced. We have assumed in this case that the refurbishment works would justify an increase. Therefore, we have adopted a rent of £96 per week for all of the social rents.

Assumption	Commentary																																																																								
	<p>We have been advised that it is probable that at least 50% of the RtB units (23 units) will relocate back into the refurbished blocks. As a result, we have assumed that these units will not be income producing due to a like for like swap and have not been accounted for within the financial model.</p> <p>Having regard to the above we have assumed that the remaining RtB units will return as Social Rent units. Therefore, we have applied £96 per week to 104 Social Rent units.</p> <p>We have assumed a phased return to the blocks seeing 50% of the income being received in year 4 and full rental income in year 5.</p>																																																																								
Service Charge	We have assumed service charge at £20 per week as advised.																																																																								
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Assumption	Commentary
	<p>by 50% . We have still made an allowance for disturbance costs. Therefore, this provides a total decant cost for the blocks of £9,819,700.</p> <p>Following the above assumptions Option 2 will see an additional 22 Social Rent units.</p>
Construction Costs	<p>We have applied a total construction cost of £12,610,000 as per the Potter Raper cost plans for retain options.</p> <p>It should be noted that the total construction cost is exclusive of professional fees. We have modelled these as a separate allowance.</p>
Professional Fees	<p>We have modelled an allowance of £1,261,000 for professional fees during the development period. This is at 10% of the construction costs. We have assumed this will fall during the construction phase.</p>
Repairs and Maintenance Cost (Ongoing)	<p>At this stage we have assumed ongoing repairs cost of £1,180 per unit.</p>
Letting & Management Fees (Ongoing)	<p>We have modelled the ongoing letting fees at 10% of the annual ERV to cover the cost of letting and legal fees during the cashflow period. We have assumed growth of 2.5% per annum.</p>
Operating Contingency	<p>We have applied an operating contingency of 5% of all operating costs to account for unexpected expenditure during the cashflow period.</p>
Rental Growth	<p>As advised we have applied rental growth at 3% across the cashflow period in the base model.</p>
Net Present Value (NPV)	<p>Utilising a discount rate of 3.50% we have calculated the Present Value of the Net Cashflow to generate the Net Present Value.</p>
Internal Rate of Return (IRR)	<p>We have calculated the Internal Rate of Return (IRR) based on the NPV of the net cash flow.</p>

Net Present Value = -£13.2m

IRR = -16.0%

4.2.2 Option 3 - Refurbishment

Assumption	Commentary
Unit Mix	<p>Social Rent units: 104 Right to Buy (RtB) units returned: 23</p>
Timescales	<p>Within our model we have assumed a project start date of January 2023 as detailed below:</p> <ul style="list-style-type: none"> January 2023 - 2026

Assumption	Commentary																																																				
	<ul style="list-style-type: none"> • Pre-construction / Decant of properties: 36 months • Construction: 24 months (development period overlaps with decant of blocks) • Total development period: 48 months. • We have assumed during the first 24 months whilst the blocks are being decanted the Council will receive 25% of the rental income. • We have assumed a life expectancy of the building of 30 years. 																																																				
Estimated Rental Income (Social Units)	<p>We have been provided with <i>Rental and charges for sharing – Hanover and Princess</i>. This outlines the current Social Rent to be £91 per week. We have been advised that there is an allowance for a 5% increase to the rent regime where justifiable improvements and quality standards can be evidenced. We have assumed in this case that the refurbishment works would justify an increase. Therefore, we have adopted a rent of £96 per week for all of the social rents.</p> <p>We have been advised that it is probable that at least 50% of the RtB units (23 units) will relocate back into the refurbished blocks. As a result, we have assumed that these units will not be income producing due to a like for like swap and have not been accounted for within the financial model.</p> <p>Having regard to the above we have assumed that the remaining RtB units will return as Social Rent units. Therefore, we have applied £96 per week to 104 Social Rent units.</p> <p>We have assumed a phased return to the blocks seeing 50% of the income being received in year 4 and full rental income in year 5.</p>																																																				
Service Charge	We have assumed service charge at £20 per week as advised.																																																				
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Existing	1b	2b	3b	Total																																																	
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Homeloss (Tenant)	£7,100	82	£582,200																																																		
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Assumption	Commentary			
	Homeloss (Buyback)	10.00%	£15,150,000	£1,515,000
	Disturbance (Buyback)	5.00%	£15,150,000	£757,500
	Legal Fees (Buyback)	£2,000	45	£90,000
	Total decant cost			£18,197,200
	Total RtB decant cost (buy back homeloss & legal fees)			£16,755,000
	50% of RtB decant cost			£8,377,500
	50% RtB decant cost + Social Rent homeloss and disturbance)			£9,819,700
	<p>We have assumed that the Council will be responsible to pay homeloss and disturbance for all 92 Social Rent tenants.</p> <p>Due to assuming that half of the refurbished RtB units will be returned to leaseholders we have reduced the total decant costs (buy backs, homeloss and legal fees) for these units by 50% . We have still made an allowance for disturbance costs. Therefore, this provides a total decant cost for the blocks of £9,819,700.</p> <p>Following the above assumptions Option 3 will see an additional 22 Social Rent units.</p>			
Construction Costs	<p>We have applied a total construction cost of £18,818,302 as per the cost plan prepared by <i>Potter Raper</i> for retain options.</p> <p>It should be noted that the total construction cost is exclusive of professional fees. We have modelled these as a separate allowance.</p>			
Professional Fees	<p>We have modelled an allowance of £1,881,830 for professional fees during the development period. This is at 10% of the construction costs. We have assumed this will fall during the construction phase.</p>			
Repairs and Maintenance Cost (on going)	<p>At this stage we have assumed ongoing repairs cost of £1,180 per unit.</p>			
Letting & Management Fees (Ongoing)	<p>We have modelled the ongoing letting fees at 10% of the annual ERV to cover the cost of letting and legal fees during the cashflow period. We have assumed growth of 2.5% per annum.</p>			
Operating Contingency	<p>We have applied an operating contingency of 5% of all operating costs to account for unexpected expenditure during the cashflow period.</p>			
Rental Growth	<p>As advised by the Council we have applied rental growth at 2.5% across the cashflow period in the base model.</p>			
Net Present Value (NPV)	<p>Utilising a discount rate of 3.50% we have calculated the Present Value of the Net Cashflow to generate the Net Present Value.</p>			
Internal Rate of Return (IRR)	<p>We have calculated the Internal Rate of Return (IRR) based on the NPV of the net cash flow.</p>			

Net Present Value = - £20.4m

IRR = -19.0%

4.2.3 Option 4 – New Development of 138 homes

Assumption	Commentary
Unit Mix	<p>Option 4a – 60% affordable (retention of equivalent affordable provision)</p> <ul style="list-style-type: none"> • Social Rent Units: 82 • Market Units: 56 <p>Option 4b – 40% affordable (planning policy compliant affordable provision)</p> <ul style="list-style-type: none"> • Social Rent Units: 55 • Market Units: 83
Timescales	<p>Within our model we have assumed a project start date of January 2023 as detailed below:</p> <ul style="list-style-type: none"> • January 2023 - 2026 • Pre-construction / Decant of properties: 12 months • Construction: 36 months (development period phased with decant of blocks) • Total development period: 48 months. • We have assumed during the first 12 months whilst the blocks are being decanted the Council will receive 25% of the rental income. • We have assumed the scheme will complete in 2026.
Estimated Rental Income (Social Units)	<p>We have been provided with <i>Rental and charges for sharing – Hanover and Princess</i>. This outlines the current Social Rent to be £91 per week. We have been advised that there is an allowance for a 5% increase to the rent regime where justifiable improvements and quality standards can be evidenced. We have assumed in this case that the refurbishment works would justify an increase. Therefore, we have adopted a rent of £96 per week for all of the social rents.</p> <p>We have been advised that it is probable that at least 50% of the RtB units (23 units) will relocate back into the refurbished blocks. As a result, we have assumed that these units will not be income producing due to a like for like swap and have not been accounted for within the financial model.</p> <p>Having regard to the above we have assumed that the remaining RtB units will return as Social Rent units. Therefore, we have applied £96 per week to 104 Social Rent units.</p> <p>We have assumed a phased return to the blocks seeing 25% of the income being received in year 4 and full rental income in year 5.</p>
Estimated Market Sales	<p>We have assumed the GDV sale values for private from <i>Hanover Court - Appraisal summary spreadsheet</i>.</p> <p>4a. £25,545,000 4b. £36,701,000</p>

Assumption	Commentary
	We have assumed that 50% of Market Sales will be achieved in year 3 (2025), 35% in year 4 (2026) and 15% in year 5 (2027).
Service Charge	We have assumed service charge at £20 per week as advised
Decant Costs	We have assumed the full decant cost of £18,617,000. We have split these costs out over 36 month period.
Construction Costs	We have applied a total construction cost of £ £32,263,808 as per the <i>Hanover Court - Appraisal summary spreadsheet</i> . It should be noted that the total construction cost is exclusive of professional fees. We have modelled these as a separate allowance.
Professional Fees	We have modelled an allowance of £3,226,381 for professional fees during the development period. This is at 10% of the construction costs. We have assumed this will fall during the construction phase.
Repairs and Maintenance Cost (on going)	At this stage we have assumed ongoing repairs cost of £800 per unit.
Letting & Management Fees (Ongoing)	We have modelled the ongoing letting fees at 10% of the annual ERV to cover the cost of letting and legal fees during the cashflow period. We have assumed growth of 2.5% per annum.
Operating Contingency	We have applied an operating contingency of 5% of all operating costs to account for unexpected expenditure during the cashflow period.
Rental Growth	We have applied rental growth at 2.5% across the cashflow period in the base model.
Net Present Value (NPV)	Utilising a discount rate of 3.50% we have calculated the Present Value of the Net Cashflow to generate the Net Present Value.
Internal Rate of Return (IRR)	We have calculated the Internal Rate of Return (IRR) based on the NPV of the net cash flow.

Scenario A – 60% Affordable housing

- Net Present Value = -£18.6m
- IRR = -2.9%

Scenario B – 40% Affordable housing (Preferred Option 4 scenario)

- Net Present Value = -£13.3m
- IRR = -2.8%

4.3 Sensitivity Analysis – Build Costs and Sales Rate

We have carried out a sensitivity analysis on Option 4, analysing the NPV where the build costs and Gross Development Value has been increased and decreased in increments of 5%. The tables below outline the impact on the NPV (top line) and IRR (bottom line) where these factors have been altered.

Option 4a - Develop 138 units with 60% affordable					
Construction: Rate /ft ²					
Sales: Rate /ft ²	-10%	-5%	0%	5%	10%
-10%	-17,126,667 -2.59%	-18,953,868 -3.05%	-20,781,070 -3.50%	-22,608,272 -3.92%	-24,435,474 -4.32%
-5%	-16,025,131 -2.28%	-17,852,333 -2.76%	-19,679,534 -3.22%	-21,506,736 -3.65%	-23,333,938 -4.06%
0%	-14,923,595 -1.96%	-16,750,797 -2.45%	-18,577,999 -2.93%	-20,405,200 -3.37%	-22,232,402 -3.80%
5%	-13,822,059 -1.62%	-15,649,261 -2.14%	-17,476,463 -2.63%	-19,303,664 -3.09%	-21,130,866 -3.53%
10%	-12,720,523 -1.28%	-14,547,725 -1.82%	-16,374,927 -2.32%	-18,202,129 -2.80%	-20,029,330 -3.25%

Option 4b - Develop 138 units with 40% affordable					
Construction: Rate /ft ²					
Sales: Rate /ft ²	-10%	-5%	0%	5%	10%
-10%	-12,970,263 -2.69%	-14,767,457 -3.32%	-16,564,651 -3.91%	-18,361,845 -4.47%	-20,159,039 -4.99%
-5%	-11,381,148 -2.06%	-13,178,342 -2.73%	-14,975,536 -3.36%	-16,772,730 -3.94%	-18,569,924 -4.49%
0%	-9,792,033 -1.40%	-11,589,227 -2.11%	-13,386,421 -2.78%	-15,183,615 -3.39%	-16,980,809 -3.97%
5%	-8,202,918 -0.69%	-10,000,112 -1.45%	-11,797,306 -2.16%	-13,594,500 -2.82%	-15,391,694 -3.43%
10%	-6,613,803 0.05%	-8,410,997 -0.76%	-10,208,191 -1.51%	-12,005,385 -2.20%	-13,802,579 -2.85%

As outlined above even where the sales rate increase by 10% and the construction costs decrease by 10% both options still deliver a negative NPV even where no affordable housing is delivered.

4.4 Sensitivity Analysis

We have carried out a sensitivity analysis on Option 4, analysing the NPV where the affordable housing is reduced in increments of 10%. The scenarios we have carried out are outlined in the table below:

Sensitivity Analysis	Social Rent Units	Market Units
1. Develop 138 units with 30% affordable	41	97
2. Develop 138 units with 20% affordable	28	110
3. Develop 138 units with 10% affordable	14	124
4. Develop 138 units with 0% affordable	0	138

We have used the same assumptions outlined above for Option 4a and 4b. However, we have adopted the following assumptions that are amended within the sensitivity analysis:

Assumption	Commentary									
Estimated Market Sales	As outlined above we have been provided with the overall GDV sale values for private units from <i>Hanover Court - Appraisal summary spreadsheet</i> for Option 4a and 4b.									
	These differ per unit in both scenarios, as a result within the sensitivity analysis we have adopted the average price per unit, which provides us with the following breakdown:									
	<table border="1"> <thead> <tr> <th>Option</th> <th>GDV per Unit</th> <th>Average</th> </tr> </thead> <tbody> <tr> <td>4a</td> <td>£456,160</td> <td rowspan="2">£449,171</td> </tr> <tr> <td>4b</td> <td>£442,181</td> </tr> </tbody> </table>	Option	GDV per Unit	Average	4a	£456,160	£449,171	4b	£442,181	
	Option	GDV per Unit	Average							
	4a	£456,160	£449,171							
4b	£442,181									
This provides the following total GDV for each scenario:										
<table border="1"> <thead> <tr> <th>Sensitivity Analysis</th> <th>GDV</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>£43,569,560</td> </tr> <tr> <td>2</td> <td>£49,408,779</td> </tr> <tr> <td>3</td> <td>£55,697,169</td> </tr> <tr> <td>4</td> <td>£61,985,559</td> </tr> </tbody> </table>	Sensitivity Analysis	GDV	1	£43,569,560	2	£49,408,779	3	£55,697,169	4	£61,985,559
Sensitivity Analysis	GDV									
1	£43,569,560									
2	£49,408,779									
3	£55,697,169									
4	£61,985,559									
Construction Costs	As outlined above we have been provided with the total construction cost from <i>Hanover Court - Appraisal summary spreadsheet</i> for Option 4a and 4b.									
	These differ per unit in both scenarios, as a result within the sensitivity analysis we have adopted the average price per unit, which provides us with the following breakdown:									
	<table border="1"> <thead> <tr> <th>Option</th> <th>Construction Cost per Unit</th> <th>Average</th> </tr> </thead> <tbody> <tr> <td>4a</td> <td>£237,699</td> <td rowspan="2">£235,748</td> </tr> <tr> <td>4b</td> <td>£233,796</td> </tr> </tbody> </table>	Option	Construction Cost per Unit	Average	4a	£237,699	£235,748	4b	£233,796	
	Option	Construction Cost per Unit	Average							
4a	£237,699	£235,748								
4b	£233,796									
We have applied a total construction cost for each scenario of £32,533,162.										

Assumption	Commentary
	It should be noted that the total construction cost is exclusive of professional fees. We have modelled these as a separate allowance.

The table below outlines the sensitivity analysis where the number of affordable units are reduced in the 138 unit scheme:

Sensitivity Analysis		NPV	IRR
1. Develop 138 units with 30% affordable	-£	10,549,619	-2.6021%
2. Develop 138 units with 20% affordable	-£	7,507,456	-1.8095%
3. Develop 138 units with 10% affordable	-£	4,540,147	-0.6615%
4. Develop 138 units with 0% affordable	-£	1,710,414	1.5653%

As outlined above it is to be noted that all options still deliver a negative NPV even where no affordable housing is delivered.

4.5 Conclusion

The Essential Repairs option was seen as the new base case as the “do nothing” option was not a viable option.

The below summary shows that the full redevelopment with 40% affordable housing produces a marginally lower NPV, but a significantly improved IRR

Option	NPV	IRR	Difference to base case
Option 2 - Essential repairs (Base Case)	-£13,225,447	-16.2581%	
Option 3 - Refurbishment	-£20,401,752	-19.0195%	-£7,176,305
Option 4a - Develop 138 units with 60% affordable	-£18,577,999	-2.9268%	-£5,352,552
Option 4b - Develop 138 units with 40% affordable	-£13,386,421	-2.7752%	-£160,975

5 ECONOMIC EVALUATION

5.1 Introduction

The purpose of the Economic Evaluation is to assess the wider economic and social benefits arising from each option. Under this case we identify the critical success factors against which each of the options will be evaluated. This case also explores the quantitative social and economic benefits on the basis of "additionality" as well as the broader sustainability impact.

Based on the outcomes of the Strategic Alignment and the Financial Performance assessments, the Economic Evaluation has been prepared for only Option 4 Redevelopment of the site to 138 units, with 40% affordable housing.

5.2 Benefits Cost Ratio Analysis

The Benefits Cost Ratio is a tool that has been adopted from HM Treasury's appraisal guidance and looks at Public Sector benefits and broader local economy benefits. Benefit themes relate to:

- Employment creation – construction worker benefit included
- Health and wellbeing - no quantifiable direct benefit
- Environmental impact – improved sustainability and reduction in energy usage included
- Transportation and public service accessibility – excluded as all options are on same site
- Improved safety or crime reduction – included as reduction in anti-social behaviour

We have selected those themes aligned to the redevelopment of social housing. When developing the BCR we look at additionality over what is currently being provided in the base case. It is only Options 4a and 4b which delivers additional housing units into the market.

Option 2: Essential Repairs is the base case against which the other options are assessed. As such there are no social or economic benefits accruing from undertaking this work and a BCR cannot be prepared.

There are some sustainability benefits which are derived from Option 3 Refurbishment, but there are no additional benefits from Option 2 Essential Repairs, so this option has been excluded as a BCR cannot be calculated.

5.2.1 Option 3 Essential Repairs

Benefit Theme	Hypothesis	Assumptions	Benefit Type	30 Y Benefit £'000
1 Reduction in Total Carbon	The Essential repairs include elements that will improve the building efficiency and reduce operating carbon	Development will be inline with RIBA 2025 targets	All Economy	890
2 Reduction in resident energy consumption	A new development built in line with 2025 standards will significantly reduce energy requirements for all residents	RIBA 2025 consumption target x current electricity price less current consumption EPC C/D level	All Economy	11,160
Total value of benefits				12,050
Present value of All Economy benefits				6,684
Present value of Public Purse benefits				0
Present value of Costs				7,113
BCR for All Economy				0.94
BCR for Public Purse				0.00

As can be seen from the above table, the BCR for Essential Repairs is below 1, indicating that the value in social and economic benefits would not exceed the cost of these repairs, resulting in an erosion of value delivered.

5.2.2 Options 4a and 4b New Development with 40% or 60% affordable housing

The initial development proposal of 165 residential units would have resulted in an additional 38 residential units and this would have allowed for a viable BCR analysis. However, the revised scheme allows for an immaterial increase in unit numbers, so in this instance, only an indicative BCR has been included that covers the option 4 scenario.

The benefits and costs remain the same for both Options 4a and 4b as there is no difference in development benefits generated or costs.

Benefit Theme	Hypothesis	Assumptions	Benefit Type	30 Y Benefit £'000
1 Reduction in Total Carbon	A new development will reduce absolute carbon over the life of the building compared to the existing state	Development will be inline with RIBA 2025 targets	All Economy	2,180
2 Reduction in resident energy consumption	A new development built in line with 2025 standards will significantly reduce	RIBA 2025 consumption target x current electricity price less current	All Economy	27,310

Benefit Theme	Hypothesis	Assumptions	Benefit Type	30 Y Benefit £'000
	energy requirements for all residents	consumption EPC C/D level		
3 Increase in Council Tax receipts	Assumed that the increase in unit numbers will result in additional units that have to pay Council Tax	50% of additional units pay CT. ie. 138-127 x 50% x £2014.66	Public Purse	395
4 Reduction in anti-social behaviour	The antisocial behaviour is resulting in additional cleaning costs which will be reduced in the new development.	Current cost per unit per annum x 5% £1196 x 5% x 127 units	Public Purse	2,685
5 Employment generation from construction	Job creation related to contractors appointed for the site development	Assumed 50% of net salary of £30k will be spent locally	All Economy	2,595
		Income Tax and NI Contributions based on under 65-year-old employee	Public Purse	3,445
6 Proceeds on disposal of sale units	Proceeds from the sale of the developed units will result in a cash receipt into the public purse	83 sales to private owners at an average fee of £442k per unit	Public Purse	39,455
Total value of benefits				78,065
Present value of All Economy benefits				58,175
Present value of Public Purse benefits				39,520
Present value of Costs				29,750
BCR for All Economy				1.96
BCR for Public Purse				1.33

	Base	Low	Medium	High
All Economy 30 year	1.96	1.86	1.69	1.61
Public Purse 30 year	1.33	1.26	1.13	1.11

When determining the BCR, any number above 1 represents the additional benefit that will be delivered, and a number below 1 indicates that the broader benefits are outweighed by the costs.

The outcome reflects an All Economy return of £1.96 for every £1 invested, which is a favourable position. Even when accounting for a high level of optimism bias, the BCR remains favourable at 1.33, indicating resilience in the Economic Evaluation.

At a Public Purse level the BCR is also favourable with a return of £1.33 for every £1 spent. The majority of the benefits relate to the disposal proceeds from the private units and the sustainability benefits. Even in the high optimism case, Public Purse BCR remains favourable at 1.11.

5.3 Conclusion

Although the BCR was only indicative, it does show a positive outcome of 1.96 over the 30-year time frame for both Option 4a and 4b. This effectively means that for every £1 spent on the development, an expected £1.96 in broader benefits will be derived. Public Purse benefits are also positive at 1.33 on this scenario.

Option 3: Essential Repairs delivers a value eroding BCR of 0.94 at an All Economy Level and there would be no Public Purse benefits.

6 CONCLUSION

This report has explored the Strategic Alignment, Financial Performance and Economic Evaluation appraisals for the four primary options identified for Hanover Court and Princess Court in Cambridge.

The Strategic Alignment assessment unpacked the current state of the buildings and outlined the Cambridge Council's strategic objectives for the city and in particular the provision of housing. When analysing each of the options against the 10 Critical Success Factors, it was clear that a "do nothing" option was not a viable option and option 2 - essential repairs was used as the revised baseline. When assessing the options against the CSFs, option 4 – full redevelopment was seen as most favourable, with option 3 - full refurbishment also potentially viable.

When considering the Financial Performance assessment, all options effectively deliver a negative NPV, however there has already been significant investment into the properties and many of the residents have already decanted. This property should be seen as an opportunity to materially improve the standard of housing stock and as such is a regeneration opportunity where the primary focus should not be on generating a positive financial return. Option 4 – full development was the option which resulted in a negative NPV but the most favourable IRR of the options.

The indicative BCR analysis in the Economic Evaluation assessment looked at the broader economic benefits that could flow from a redevelopment on site – the only case where there would be additional units added. This showed a positive BCR of 1.96, which equates to £1.96 of benefit for every £1 spent on the development over a 30-year period. This is a favourable position and enforces the decision that Option 4 is seen as a viable option.

Taking into account all three of the above assessments, Option 4 is the preferred option.

7 APPENDIX A – SOURCES OF INFORMATION

Assumption	Document	Source
Option 2		
Estimated Rental Income	Council database of current rents and service charges	
Decant Costs	Compensation including Home Loss, Basic Loss and Disturbance payments estimated in accordance with Land Compensation Act 1973. Values based on desktop review of market sales from online resources, and valuations of flats at Hanover and Princess through current repurchase programme.	
Construction costs	Potter Raper Cost Planning Feasibility Estimate	
Repairs and Maintenance Cost	Average maintenance cost of a residential unit for the Cambridge Council HRA Business Plan	
Option 3		
Estimated Rental Income	Council database of current rents and service charges	
Decant costs	Compensation including Home Loss, Basic Loss and Disturbance payments estimated in accordance with Land Compensation Act 1973. Values based on desktop review of market sales from online resources, and valuations of flats at Hanover and Princess through current repurchase programme.	
Construction costs	Potter Raper Cost Planning Feasibility Estimate	
Repairs and Maintenance Cost	Average maintenance cost of a residential unit for the Cambridge Council HRA Business Plan	
Option 4a / 4b		
Estimated Rental Income	Council database of current rents and service charges Social rent levels are likely to be higher than modelled to reflect the improved quality of newly developed stock, but that will not materially impact the outcomes of the financial analysis.	
Estimated Market Sales	Estimated values provided by Cambridge Investment Partnership.	
Decant costs	Compensation including Home Loss, Basic Loss and Disturbance payments estimated in accordance with Land Compensation Act 1973. Values based on desktop review of market sales from online resources, and valuations of flats at Hanover and Princess through current repurchase programme.	
Construction costs	Estimated construction costs provided by Cambridge Investment Partnership.	
Repairs and Maintenance Cost	Based on market survey of average maintenance costs (including new builds) for 2 bed residential units across the UK in 2021.	



Item

Update on new build council housing delivery

To:

Councillor Gerri Bird, Executive Councillor for Housing
Housing Scrutiny Committee 14/03/2023

Report by:

Claire Flowers, Head of Housing Development Agency
Tel: 01223 - 457928 Email: claire.flowers@cambridge.gov.uk

Wards affected:

All

1 Executive Summary

- 1.1. This report provides an update on the housing development programme.
- 1.2. 592 homes have been completed across 15 sites under the City Council programme, with 330 being net new Council homes
- 1.3. Approval to add a DLUHC-funded refugee housing delivery to the new build housing programme was given by the Executive Councillor in February 2023 through an out of cycle Executive Decision. The total budget for this scheme has been incorporated into the HRA Budget Setting Report approved in February 2023, alongside the assumed receipt of grant funding. Final confirmation of funding allocation from DLUHC has been received and the Council is reviewing prior to formally entering into a Memorandum of Understanding.
- 1.4. *In parallel with this committee report quarterly update statistics for the Councils Affordable housing delivery will be published to the Councils website to facilitate public perusal.*

2. Recommendations

The Executive Councillor is recommended to:

- 2.1. Note the continued progress on the delivery of the approved housing programme.
- 2.2. Note the inclusion into the new build delivery programme of housing to serve the needs of Afghan and Ukrainian Refugees, part funded through DLUHC, as per the out of cycle decision approved by the executive council in February 2023.

3. Reporting

- 3.1 This is a regular quarterly report showing progress on the City Council's new housing developments.

4 Homes for Ukrainian and Afghan Refugees

- 4.1. The Department of Levelling Up, Housing and Communities (DLUHC) have introduced a £500 million capital fund to support Local Authorities who have been assessed as facing the greatest challenges in providing move on and settled accommodation for recent humanitarian schemes (Afghan and Ukrainian refugees).
- 4.2. Cambridge has been identified as eligible for capital grant funding (under section 31 of the Local Government Act 2003), with the following indicative allocation:
 - A main element of £4,640,000 in funding to be used to provide a minimum of 29 homes.
 - A bridging element of £328,683 in additional funding to allow the provision of at minimum 1 larger 4+ bed home to be allocated to households currently residing in bridging accommodation.
- 4.3. Approval to add this refugee housing delivery to the new build housing programme was given by the Executive Councillor in February 2023 through an out of cycle Executive Decision. Delivery

is required to be part funded by the local authority, with top up funding of £6,090,000 in respect of the main element and £308,683 in respect of the bridging element required. The total budget of £11,387,366 for this scheme has been incorporated into the HRA Budget Setting Report approved in February 2023, alongside the assumed receipt of grant funding towards the cost.

- 4.4. Homes can be delivered either by the development of new homes or the acquisition of existing homes, with a proposed programme providing a mix of these, including re-purposing existing pipeline supply of new homes in order to meet the delivery deadline of the end-November 2023. Any re-purposed existing pipeline supply will be replaced in the later years of the new build programme.
- 4.5. Once the homes are no longer required for housing this cohort, the authority will be able to utilise them to meet their general affordable housing need, but with grant being repayable if the authority were to dispose of the dwellings.
- 4.6. Inclusion of refugee housing delivery into the new build programme aims make best use of funding opportunities to further overall council housing delivery, while pre-emptively addressing a priority need which will place significant strain on the stock once these eligible families enter into the Housing Register.
- 4.7. Delivery of this pipeline will be led through the HDA with support from Property Services, Finance, and guidance on allocation and housing suitability from Community Services.

5 Delivery Programme

5.1 The current delivery programme confirms

- the 500 devolution programme consisting 930 (including market sale) homes in total and 538 net affordable homes.
- the 10-year New Homes Programme consisting of 383 homes with scheme approval, delivering 133 net Council rented HRA homes at Social rent or 60% of Market rent.

The tables below show the breakdown of homes and the stage they are at:

500 Homes Programme	Completed	On site	Approved	Totals
Total Homes	592	336	2	930
Replacement homes	-51	-25	0	-76
Market Sale	-211	-105	0	-316
Net new Affordable HRA homes	330	206	2	538
% of target				108%

10yr new homes Programme	Completed	On site	Approved	Totals
Total Homes	0	154	229	383
Replacement homes	0	-16	-55	-71
Intermediate (80% of market rents)	0	-61	-118	-179
Market Sale	0	0	0	0
Net new Affordable HRA homes	0	77	56	133
% of target				13%

Modular Homes Project	Completed	On site	Approved	Totals
Total Homes	16	0	0	16
Replacement homes	0	0	0	0
Market Sale	0	0	0	0
Net new HRA homes	16	0	0	16

5.2 Appendix 1 shows the current programme, indicating total housing provided per scheme as well as the net gain of affordable rented Council homes. The HRA Account Report to this Committee includes all financial information for respective scheme budgets and net cost to the Council's Housing Revenue account.

6 Profile of Start on Sites

Table 1: Start on Site Forecast Profiles for Council rented affordable homes in HRA.

500 Programme (net of replacements)

Progress to 500 starts on site	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Starts by year	2	159	158	203	14	0	2
Cumulative total	2	161	319	522	536	536	538

10yr New Homes Programme (net of replacements and 80% market rents)

Forecast Progress	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Starts by year	10	67	26	30	0	0	0	0
Cumulative total	10	77	103	133	133	133	133	133

7 Scheme details

7.1 Schemes Completed:

Scheme Name	Net Affordable	Market Sale	Replacement	Delivery	Completion Date
Uphall Road	2	0	0	E&F	Jan-18
Nuns Way & Wiles Close	10	0	0	Tender	Aug-19
Ditchburn Place Community Rooms	2	0	0	Tender	Sep-19
Queens Meadow	2	0	0	CIP	Jun-20
Anstey Way	29	0	27	CIP	Jun-20
Colville Garages	3	0	0	CIP	Jul-20
Gunhild Way	2	0	0	CIP	Jul-20
Wulfstan Way	3	0	0	CIP	Sep-20
Markham Close	5	0	0	CIP	Sep-20
Ventress Close	13	0	2	CIP	Feb-21
Akeman Street	12	0	2	CIP	May-21
Mill Road	112	116	0	CIP	In progress
Cromwell Road	65	95	0	CIP	In progress
Colville Phase 2	43	0	20	CIP	In progress*1
Meadows and Buchan	22	0	0	CIP	In progress
Total	330	211	51		

*1 Remaining 4 completions to coincide with Colville Phase 3 completion

7.2 Schemes on Site:

Scheme Name	Social, LHA and 60% of Market rent	80% Market Rent	Market Sale	Replacement	Practical Completion	Programme status
Mill Road	1	0	56	0	Mar-23	Final completion reforecast but majority of affordable units now handed over and in defects period.
Cromwell Road	53	0	73	0	Jun-23	Delays to handover have required a rephasing into June for remaining completions.
Colville Phase 2	4	0	0	0	Jun-24	Remaining 4 completions to coincide with Colville Phase 3 completion.
Meadows and Buchan	84	0	0	0	Aug-24	Some delays due to materials shortages. 2nd Phase Start on Site at Buchan street reliant on opening of new community centre in March.
Campkin Road*	50	0	0	25	Jul-23	Scheme completion reforecast to Jul 2023 following subcontractor delays
Clerk Maxwell Road	14	0	25	0	May-23	Completion and handover reforecast for May 2023.
L2 Orchard Park	30	45	0	0	Nov-23	On programme.

The Mews, Histon Road	10	0	0	0	May-23	Theft-related delays have required reforecasting of Completion to May.
Fen Road	12	0	0	0	Nov-23	On programme.
Colville Road Phase 3*	32	16	0	16	May-24	On programme.
Ditton Fields	6	0	0	0	Sep-23	On programme.
Borrowdale	3	0	0	0	Sep-23	On programme.
Total	299	61	154	41		

Schemes marked * include replacement homes.

6.3 Approved schemes;

Scheme Name	Social, LHA and 60% of Market rent	80% Market Rent	Market Sale	Replacement	Start on Site	Programme status
Kendal Way	1	0	0	0	Jun-23	SoS revised due to delays in repricing and in process
Aragon Close	0	7	0	0	Jun-23	Planning requirement to undertake archaeological investigations have delayed SOS
Sackville Close	0	7	0	0	Jun-23	Planning requirement to undertake archaeological investigations have delayed SOS
Aylesborough Close Phase 2*	41	29	0	33	Jul-23	Planning requirement to undertake archaeological investigations have delayed SOS. Vacant Possession secured with site currently being hoarded to commence archaeological assessment and minor works.
Tedder Way	1	0	0	0	Jun-23	SoS revised due to delays in repricing and in process
Paget Rd	2	2	0	0	Mar-24	Planning submission reforecast to allow further scheme design
St thomas Rd	8	0	0	0	Apr-24	Planning submission reforecast to allow further scheme design
Fanshawe Road *	44	49	0	22	Apr-24	Decanting of tenants underway. Detailed design in process with planning submission forecast for May 2023
East Road garages	16	0	24	0	Mar-24	Approved at January HSC. Planning submission forecast for May 2023
Total	113	94	24	55		

Schemes marked * include replacement homes.

8 New Programme Funding

7.1 Funding is being provided for the following schemes through the Grant Agreement with Homes England as signed for the 21-26 HE Affordable Homes Programme for Continuous Market Engagement:

- L2 Orchard Park, Colville Road Phase 3, Fen Road, Ditton Fields, Borrowdale, Aragon Close, Sackville Close.
- 7.2 Further submissions for grant funding will be submitted to Homes England as additional schemes receive Resolution to Grant Planning. Outcomes of funding bids will be reported to this Committee as received.
 - 7.3 A Bid for infrastructure funding under the Brownfield Land Release Fund 2 (BLRF2), delivered by the One Public Estate (OPE) Programme, has been successful. Funding has been allocated to support demolition and infrastructure costs at the 100% affordable housing scheme at Aylesborough Close Phase 2
 - 7.4 Funding of £1,000,000 has been allocated through the CPCA to fund Capital Investment at the Fanshawe Road Redevelopment Scheme
 - 7.5 The Council has approved entering into an MOU with DLUHC, based on an indicative pre-allocation of funding for homes earmarked to serve Afghan and Ukrainian refugees as outlined in Part 4. Final confirmation of funding allocation from DLUHC has been received and the Council is reviewing prior to formally entering into a Memorandum of Understanding.

9 Delivering Accessible Housing

- 9.1 Cambridge City Council is committed to providing a range of housing options for residents with limited mobility. The Council adheres to the accessibility standards laid out in the Local Plan 2018. This requires 100% of new build Council homes to be M4(2) (accessible and adaptable dwellings), and 5% of new build affordable homes to be M4(3) (wheelchair user dwellings). Some of the developments attained planning on the pre-2018 local plan but the designs were changed to ensure M4(2) was adhered to and an enhanced M4(2) was also provided.
- 9.2 There are currently 34 fully adapted wheelchair user dwellings and 5 enhanced M4(2) adapted homes held within the HSC-approved delivery schemes as per below:

Table 2: Wheelchair user homes

	Total Council rented homes (at least 100% M4 (2) wheelchair adaptable)	Of which M4 (3) wheelchair user homes	Of which Enhanced (M4(2) 1 bed	Total 1 bed M4 (3)	Total 2 bed M4(3)	Total 3 bed M4(3)	Total 4 bed M4(3)
500 programme							
Mill Road phases 1 & 2	118	3	5	3	0		
Anstey Way	56	3		3	0		
Cromwell Road	118	6		4	2		
Colville Road Ph 2	69	4		0	4		
Campkin Road	75	4		1	3		
Meadows & Buchan	106	5		2	3		
Tedder Way	1	1					1
Kendal Way	1	1				1	
Clerk Maxwell*1	14	0					
10yr new homes programme							
L2 Orchard Park*2	73						
Colville Road Phase 3	48	2			2		
Histon Road*1	10						
Fen Road	12	2				1	1
Ditton Fields	6						
Aragon Close	7						
Sackville Close	7						
Borrowdale	3						
Aylesborough Close Phase 2	70	3		2	1		
Paget Rd	4	0					
St Thomas Rd	8	TBD	TBD	TBD	TBD	TBD	TBD
Fanshawe Road	93	TBD	TBD	TBD	TBD	TBD	TBD
East Road Garage	16	TBD	TBD	TBD	TBD	TBD	TBD
TOTAL	915	34	5	15	15	2	2

10 Sustainability

10.1 The Council's 2021 Sustainable Housing Design Guide continues to guide all new schemes and the table below confirms that all schemes apart from one significantly exceed current Local Plan

policy requirements. Histon Road which meets the Local Plan is an off the shelf s106 scheme not designed by the council.

10.2 The council now has 250 homes in development which are targeting Passivhaus or equivalent performance levels.

	Development targets									
	HSC target					Progress to date				
	Energy	Carbon	Water	Bio-diversity	Car park ratios	Energy	Carbon	Water	Bio-diversity	Car park ratios
<i>What is it?</i>	<i>Energy per m²</i>	<i>Carbon Emissions below 2013 building regs</i>	<i>Litres per person per day</i>	<i>% uplift</i>	<i>No. of car bays per home</i>	<i>Energy per m²</i>	<i>Carbon Emissions below 2013 building regs</i>	<i>Litres per person per day</i>	<i>% uplift</i>	<i>No. of car bays per home</i>
Scheme										
L2	45	35%-40%	110	0%	0.34	45	35%-40%	110	0%-10%	0.34
Colville Road Phase 3	45	35%-40%	100-110	10%	0.5	45	35%-40%	100-110	10%	0.5
Mews Histon Rd	65	19%	110	n/a	0.7	65	19%	110	n/a	0.7
Fen Road	28	35%-40%	100	10%	1	28	35%-40%	100	10%	0.9
Ditton Fields	28	35%-40%	100	10%	1	28	35%-40%	100	10%	1
Aragon Close	28	35%-40%	100	10%	1	28-35	35%-40%	100	20%	1
Sackville Close	28	35%-40%	100	10%	1	28-35	35%-40%	100	20%	1
Borrowdale	28	35%-40%	100	10%	0.66	28	35%-40%	100	10%	0.66
Aylesborough	28	35%-40%	90	20%	0.5 or less	28-35	35%-40%	90-100	20% some offsite	0.4
Paget Road (Net Zero)	15	100%	80	20%	0.5 or less	15-28	50%-100%	90	20% some offsite	0.5-0.6
St Thomas Road (Net Zero)	15	100%	80	20%	0.5 or less	15-28	50%-100%	90	20% some offsite	0.5-0.6
Fanshawe	28	35%-40%	90	20%	0.5 or less	TBD	TBD	TBD	TBD	TBD
East Rd Garage	28	35%-40%	90	20%	0.5 or less	TBD	TBD	TBD	TBD	TBD

Current 2018 Cambridge Local Plan minimum target	65	19%	110	10%	n/a
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10.Risks

Risk	Likelihood	Impact	Mitigation
Cost increases on approved projects	<p>5 - Certain</p> <p>Risk of increased budget requirements due to COVID-related delays/rescheduling, Brexit, Ukraine War and now inflation and supply chain cost increases.</p> <p>Staffing and materials shortage and delays on SOS due to funding uncertainties increase potential for this risk.</p>	<p>4- Significant disruption</p> <ol style="list-style-type: none"> 1. Committee approval needed for additional capital funding 2. Unplanned public expenditure 3. Loss of value for money 4. Reputation risk to Council 5. Reduction in overall delivery achievable 	<ol style="list-style-type: none"> 1. Cost plans are regularly reviewed and updated, and contracts are fixed price to the council. 2. Latest budgets consistently reviewed as part of BSR. 3. Regular updated risk management budgeting completed as part of risk reviews work across the Council. Supply chain and materials concerns under close monitoring. 4. Committee approval to progress schemes ahead of firm grant certainty mitigates cost increases ahead of entering into build contracts. 5. Depending on the extent of the additional cost this may be managed within scheme level contingencies approved in Budget Setting Report.
Securing Planning Permission on new schemes	<p>2 - Some possibility</p> <ol style="list-style-type: none"> 1. Failure in obtaining planning permission would cause delays and increase costs for a revised application. 2. Delays in receiving a planning decision lead to increased costs being incurred and delays in submission of Funding Bids. 3. Additional time and effort required to redraft plans 	<p>3 - Noticeable effect</p> <p>Schemes are developed with planners through the pre-application process. Lack of planning resource and Planning Department staff shortages or substitution would lead to delays in arranging for the pre app meetings, and subsequently planning submissions and approvals.</p>	<ol style="list-style-type: none"> 1. Pre-app process used effectively, and schemes aim to be policy compliant. 2. Build in of additional lead time where required to ensure schemes progressing within target schedules 3. Insuring officers and councillors are involved in decision making from project early stages
Sales risk – exposing Council cash flow forecast	<p>3- strong possibility</p> <ol style="list-style-type: none"> 1. deceleration of sales / purchase/ acquisition cycle while City Council is reliant on sales income to support programme currently, however bulk of sales now completed on committed sites. 2. Depreciation of assets 	<p>3 - Noticeable effect</p> <p>Housing market fluctuations are beyond council control and current circumstances may exacerbate such fluctuations or delay buyer activities in the short-medium term. Market sales have however performed well with all plots at Mill Rd now sold and over 80% of properties sold at Cromwell Rd.</p>	<ol style="list-style-type: none"> 1. Regular updates received in the market for sales of sites. All homes at Mill Road are now sold and Cromwell Road sales are progressing with reporting through CIP processes on sales. Currently values are being achieved in line with appraisal and sales rate in line with expectations. 2. Close engagement with market through private sector partners 3. Share risk with private sector partners 4. Financial and sensitivity analysis for the new project site selections, before project starts.

<p>Decanting residents / leaseholders</p>	<p>3 - Strong possibility 1.regeneration schemes will not be progressed if residents are not decanted. 2. complication in buybacks where Leaseholders face difficulties for obtaining new mortgages for their onward purchase, in non-portable cases 3. Redevelopment of estates with high % Leasehold ownership poses greater risk of CPO proceedings being required</p>	<p>3 - Noticeable effect Full decant of schemes within the 500 programme has now been reached. Decant of Schemes under the 1,000 programme is on-going and if this is not achieved on time there will be impact on the costs of the project</p>	<p>1.Decant and rehousing officer regularly liaising with residents requiring decanting to ensure successful rehoming. 2.Decanting and liaison with tenants started early on in the development process. CPO and NOSP process outlined to be proceeded as necessary on future schemes. 3.Additional resource to support this work allocated.</p>
<p>Not securing necessary grant for new schemes</p>	<p>2- some possibility In case the grant is not secured or at a lower level the business plan may need to be reviewed and the level of housing and tenure delivered may need to change.</p>	<p>3 - Noticeable effect HE Grant funding now secured on 7 of the 13 schemes approved under the new 10yr programme, with additional funding allocated from separate streams at Fanshawe Rd, Aylesborough, and for Refugee housing. Remaining grant across new programme schemes not yet secured, other than that committed by the Council. The business plan for the MTFs assumed grant.</p>	<p>1.Continual discussions with Homes England and other funding bodies are providing greater security on grant funding ability. Issues in securing the level required to support the costs of developing in Cambridge are an issue, and we will continue to review assumptions in the business plan as negotiations develop. 2.A recent report from DLUHC has additionally highlighted major risk to the governments Affordable housing programme if grant rates remain static against current inflation..</p>
<p>Labour market/materials/build prices increasing</p>	<p>5- Certain situation is being proactively managed and is currently seen as a short-term risk, which must be managed, but may impact programme if not price</p>	<p>4 - significant disruption services or materials shortages may lead to delays in project delivery and an overall increase on programme cashflow. Fixed price Contracts where utilised are minimizing cost risks which lie with CIP.</p>	<p>1.Fixed price contracts and liaising working closely with Hill to ensure all materials are placed and ordered as soon as reasonably possible and stock-piled on site or using additional storage as required. 2.Key packages are being procured as early as possible. Hills existing supply chain relationships are being used to ensure service.</p>
<p>Insufficient Project Management Resource to complete programme</p>	<p>1 - Little chance 1. Inability to properly manage projects 2. Council entering into contractual obligations without proper oversight</p>	<p>3 - noticeable effect Too many schemes brought forward to be managed by existing team and staff overworked. Also there are increased need in adding data and compliance and fire safety statutory requirements to the projects</p>	<p>1.Appointment of new consultants 2.Resourcing fund for new recruitments to ensure capacity</p>
<p>Future anti-development campaigns</p>	<p>4 - Probable 1.Potential for reputational damage for HDA and Cambridge City Council 2.unexpected extended time frame for the project 3. complications in submission of the scheme for planning consideration and funding approval</p>	<p>3 - Noticeable effect increase in number of leaseholders/ freeholders in new larger schemes increases risk of push back against potential redevelopment activities</p>	<p>1.Establishing focussed steering groups early where necessary 2.Focus on early public engagement via different events and consultations 3. potential development to be informed by detailed options appraisals</p>

11. New programme – Work in progress

- **Hanover and Princess Court** – Scheme specific report is being presented to this March 2023 Meeting of the Committee for decision.
- **East Barnwell local centre** – Stage 2 of the public consultation has recently concluded, and local stakeholder engagement is ongoing. The project is progressing well and the team are working towards planning submission in Spring/Summer 2023.
- **Ekin Road** - Engagement with the tenants and property owners is ongoing and Liaison Group meetings are currently taking place quarterly. Officers are working towards an options appraisal to review the stock condition and potential for refurbishment, partial redevelopment or comprehensive redevelopment.

12. Implications

(A) Financial Implications

The HRA Budget Setting Report approved in February 2023 includes all financial information for respective scheme budgets and net cost to the Council's Housing Revenue Account.

While the new build programme is managed by current council staff complement, there may be a requirement for funding of a further project management position within the HDA to meet both the rapid delivery timeframes set for DLUHC Funded refugee housing, as well as the priority progression of work at the Hanover and Princess Court Estate, being reported separately to this meeting of the Committee.

(B) Staffing Implications

All housing development schemes will be project managed by the Cambridge City Council Housing Development Agency in liaison with City Homes; Housing Maintenance & Assets; and the Council's corporate support teams. A large proportion of the schemes are being delivered through the Cambridge Investment Partnership which provides additional resources.

(C) Equality and Poverty Implications

The development framework for new housing by the Council, approved at the March 2017 Housing Scrutiny Committee was informed by an EQIA. Each scheme specific approval is now additionally informed by an EQIA as it proceeds for Committee approval.

(D) Net Zero Carbon, Climate Change and Environmental Implications

There are no environmental implications of this report. Each scheme specific approval will cover any specific implications.

(E) Procurement Implications

Advice specific to each project.

(F) Consultation and communication

The development framework for new housing by the Council approved at the March 2017 Housing Scrutiny Committee sets out the Council's commitment to involve residents in new housing schemes.

An updated Regeneration policy outlining procedure for resident engagement was approved by the September 2021 meeting of this Committee (21/48/HSC) and guides all resident involvement exercises.

(G) Community Safety

There are no community safety implications for this report. Each scheme specific approval will cover any community safety implications.

13. Background papers

Background papers used in the preparation of this report:

- January 2023 Regular Update on new Build Housing Delivery
- 23/URGENCY/HSC/2 – Approval to Deliver Longer Term Humanitarian Scheme Accommodation Through the 22-32 New Build Housing Programme, Partly Funded by Central Government.

14. Appendices

Appendix 1: Programme milestone summary

15. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Claire Flowers, Head of Housing Development Agency, tel: 01223 – 457 928, email: claire.flowers@cambridge.gov.uk.

HDA Delivery Programme		27/02/2023									
Scheme Name	Ward	Net Affordable	Market homes	Total homes	Delivery	Committee	Approval date	Planning Submitted	Planning Granted	Est. SOS	Practical Completion
BUILD COMPLETE											
Uphall Road	Romsey	2	0	2 E&F	HSC	Mar-15	Aug-16	Dec-16	Jun-17	Jan-18	Jan-18
Nuns Way & Wiles Close	Kings Hedges	10	0	10 Tender	HSC	Mar-15	Aug-16	Jul-17	Jan-19	Aug-19	Aug-19
Ditchburn Place Community Rooms	Petersfield	2	0	2 Tender	S & R	Sep-18	Aug-18	Nov-18	Jan-19	Sep-19	Sep-19
Queens Meadow	Cherry Hinton	2	0	2 CIP	HSC	Jun-17	Dec-17	Jul-18	May-19	Jun-20	Jun-20
Anstey Way	Trumpington	29	0	56 CIP	HSC	Mar-17	Jan-18	Jul-18	Oct-18	Jun-20	Jun-20
Colville Garages	Cherry Hinton	3	0	3 CIP	HSC	Sep-17	Sep-18	Nov-18	May-19	Jul-20	Jul-20
Gunhild Way	Queen Ediths	2	0	2 CIP	HSC	Jan-18	Jul-18	Oct-18	May-19	Jul-20	Jul-20
Wulfstan Way	Queen Ediths	3	0	3 CIP	HSC	Sep-17	Oct-18	Jan-19	May-19	Sep-20	Sep-20
Markham Close	Kings Hedges	5	0	5 CIP	HSC	Jan-18	May-18	Oct-18	May-19	Sep-20	Sep-20
Ventress Close	Queen Ediths	13	0	15 CIP	HSC	Mar-17	Sep-18	Mar-19	Oct-19	Feb-21	Feb-21
Akeman Street	Arbury	12	0	14 CIP	HSC	Jun-18	Apr-19	Jul-19	Oct-19	May-21	May-21
Mill Road	Petersfield	117	116	233 CIP	S & R	Nov-17	Dec-17	Jun-18	Aug-18	Mar-23	Mar-23
Cromwell Road	Romsey	65	95	160 CIP	S & R	Mar-18	Mar-19	Jul-19	Dec-19	Jun-23	Jun-23
Colville Phase 2	Cherry Hinton	43	0	63 CIP	HSC	Mar-18	Mar-19	Jun-19	Nov-20	Jun-24	Jun-24
Meadows and Buchan	Kings Hedges	22	0	22 CIP	HSC	Jan-19	Dec-19	Aug-20	Feb-21	Aug-24	Aug-24
Sub total		330	211	592							
ON SITE											
Mill Road	Petersfield	1	2	3 CIP	S & R	Nov-17	Dec-17	Jun-18	Aug-18	Mar-23	Mar-23
Cromwell Road	Romsey	53	82	135 CIP	S & R	Mar-18	Mar-19	Jun-19	Dec-19	Jun-23	Jun-23
Colville Phase 2	Cherry Hinton	4	0	4 CIP	HSC	Jan-19	Jul-19	Dec-19	Nov-20	Jun-24	Jun-24
Meadows and Buchan	Kings Hedges	84	0	84 CIP	HSC	Jan-19	Dec-19	Aug-20	Feb-21	Aug-24	Aug-24
Campkin Road	Kings Hedges	50	0	75 CIP	HSC	Jul-19	Nov-19	Mar-20	Mar-21	Jul-23	Jul-23
Clerk Maxwell Road	Newnham	14	21	35 S106	HSC	Jan-19	Dec-19	Jul-20	Feb-22	May-23	May-23
Sub total		206	105	336							
PLANNING APPROVED											
Kendal Way	East Chesterton	1	0	1 Tender	HSC	Jan-21	Feb-22	Jun-22	Jun-23	Mar-24	Mar-24
Tedder Way	Arbury	1	0	1 Tender	HSC	Jan-21	Jan-22	Nov-22	Jun-23	Mar-24	Mar-24
Sub total		2	0	2							
GRAND TOTAL		538	316	930							
Progress to 500 starts on site	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
Starts by year	2	159	158	203	14	0	2				
Cumulative total	2	161	319	522	536	536	538				
Progress to 500 Completions	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25			
Net Completions by year	2	0	17	58	70	188	119	84			
Cumulative total	2	2	19	77	147	335	454	538			

