

Item

Update on the Programme to Build New Council Homes Funded through the Combined Authority

To:

Councillor Richard Johnson, Executive Councillor for Housing
Housing Scrutiny Committee 23/06/2020

Report by:

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Wards affected:

All

Not a Key Decision

1. Executive Summary

- 1.1 This report provides an update on the programme to deliver 500 Council homes with funding from the Combined Authority.
- 1.2 All 500 homes have now been identified and the HDA is focusing its efforts on delivering the schemes in the programme.
- 1.3 The Council now has 309 Council rented homes being built on site, and has achieved 65% of the 500 new homes onto site by the end of financial year 2019/20.
- 1.4 Due to the Covid -19 pandemic all construction work was halted for a period at the end of March. At the time of writing all sites have now recommenced work however handover delays are anticipated as a

result of work stopping and a slower pace of building to meet social distancing on site. Work on schemes at pre-contract stage progressed as much as possible in this period.

- 1.5 46 homes of the City Council programme have now been completed across four sites, including 32 handovers now completed at the Anstey Way scheme.
- 1.6 As reported at January 2020 Housing Scrutiny Committee a new programme of pod housing has been proposed, initial sites have been agreed and discussion with Housing Association partners on the operational aspects have taken place.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Note the continued progress on the delivery of the Combined Authority programme.
- 2.2 Note the funding structure for the Combined Authority programme.
- 2.3 Note the risks and impact of the Covid-19 pandemic on the programme.

3. Background

- 3.1 This is a quarterly report showing progress against the Combined Authority target of 500 Council rented homes.

4. Combined Authority

- 4.1 The Council's housing programme is part funded by a £70million grant to date this has been paid via the Cambridgeshire & Peterborough Combined Authority in arrears.

- 4.2 Quarterly grant claims are made in arrears against the Devolution funding. Cambridge City Council drew down £15,341,758 during the 2019/20 financial year and has forecasted a further £5,151,857 of grant drawdown for the first quarter of 2020/21.
- 4.3 The 2019/20 Q4 actual drawdown of £5,456,708 was marginally higher than the latest budgeted drawdown for the period of £4,988,920, due to payments being made under some of the affordable housing agreements slightly earlier than anticipated. Progressed halted however at the beginning of 2020/21 due to COVID-19. As site works have now resumed, we can now expect further spend against the current budget during quarter 1, but this item will remain under review.
- 4.4 To date Cambridge City Council has drawn down £29,477,659 of Devolution funding, with the remaining £40,522,341 due to be drawn down by financial year end 2022/23.
- 4.5 MHCLG have written to the City Council and Combined Authority to confirm that £17 million of the Devolution funding will be paid directly to the City Council. This has now been paid. The City Council will continue to report to the Combined Authority and future payment drawdown arrangements have been agreed until the £17m is used.

5. Delivery Programme

- 5.1 The delivery programme provided in March 2020 confirmed that the devolution programme consisted of 546 Council Homes- this figure has not changed.
- 5.2 Appendix 1 shows the current programme, which shows the total market housing provided as well as the net gain of Council homes. Appendix 2 shows the approved budgets per scheme and the net cost to the Council's Housing Revenue account.

6. Profile of Start on Sites

- 6.1 The start on site profile for the 500 devolution programme is shown in table 2. This is based on all the named schemes being delivered.
- 6.2 As at the end of the 2019/20 financial year, the total starts on site stands at 323, or 65% of the total programme. For the current 2020/21 financial year, the first starts on site are currently scheduled for December 2020 (120 dwellings over two schemes)
- 6.3 As below, the overall programme shows an outturn of 546 new homes commencing construction by March 2022.

Table 2: Start on Site Forecast Profile

Year	2017/8 (actual)	2018/19 (actual)	2019/20 (actual)	2020/21 (forecast)	2021/22 (forecast)
Number of starts	2	132	189	219	0
Cumulative total	2	134	323	546	546

7. Scheme details

8.1 Schemes Completed Total 14 homes

- **Uphall Road:** this scheme was completed in January 2018 and was the first project completed by the Cambridge City Council Housing Maintenance & Assets team.
- **Nuns Way & Wiles Close:** Handover was taken in August 2019 of ten new build homes at Nuns Way & Wiles Close. All ten units are now tenanted.
- **Ditchburn Place Community Rooms:** Two additional Council homes within the Ditchburn Place sheltered housing scheme were completed here in September 2019 and are now tenanted.

8.2 Schemes on Site: Net gain 309 homes.

8.2.1 Impact of Covid-19

- The City Council has worked closely with its contractor partner Hill through the Cambridge Investment partnership with regular reviews of activity. Following the government announcement on 23rd March, site closure was initiated across all Council housing sites on 27th March.
- Minimal return to site was undertaken as of 21 April 2020, with works limited to internal trades which would allow meeting of social distancing requirements, and focussed on near-completed homes at Anstey Way, Mill Road and Queens Meadow.
- Activity levels have since increased on a phased basis, and in line with the production of new guidelines, method statements and risk assessments
- Since 27th April, work has recommenced on all sites, but below full capacity, and will proceed at slower rates for the foreseeable future.



COVID awareness information at Akeman Scheme

- During lockdown, a lot of work has been done with the Quantity Surveyors and finance teams to ensure appropriate sign off on work to enable payments to be made to suppliers, including the payments from the Council to CIP where agreed appropriate. Hill are working hard with their supply chain to source materials and build up stock caused by shortages where possible, although this remains a risk particularly as production increases.
- Scheme delivery programmes remain under review, but the reduced capacity as well as possible supplier limitations may lead to delayed delivery schedules as well as increases in associated scheme costs.
- Social distancing requirements have additionally had a further delaying effect to the concrete frame installation works at both Mill Road and Cromwell Road, and Hill continues to work on resolving issues faced due to the necessity for proximity work in this process.
- There are also risk in terms of the sale receipts from sales homes in terms of when these are received and the impact on cashflow and if the assumed values are achieved. The current position on Mill Road has been positive in this regard with reservations and exchanges continuing- this will be monitored closely.
- Savills are reporting a pent up demand for new housing currently. What isn't known is the full length of the lockdown and the impact on the economy and thus the housing market.

8.2.2 Project updates

- **Mill Road:** This is a mixed tenure scheme formerly on the Council's Mill Road Depot site. The second phase of the scheme received planning permission in June 2019 and the total scheme will deliver 118 new build Council homes. Current completion is envisioned to be December 2021. Handover of the first 4 completed affordable homes are scheduled for September 2020.
- **Anstey Way:** This regeneration scheme is delivering 56 Council homes in total (a net gain of 29) all for rent. 32 homes have successfully handed over and residents moved in, a further 10

handovers are scheduled by the end of May 2020. Completion is expected by August 2020. Teams across the Council have worked together with Hill to enable handover and residents to move in during the lock down period.



Anstey Way Scheme, May 2020

- **CIP small sites package:** In total the package will provide 15 homes, all for Council rent;
 - **Queens Meadow:** This scheme will deliver two homes. Completion expected end-June 2020.
 - **Markham Close:** this scheme will deliver five homes. Completion expected September 2020.
 - **Gunhild Way:** this scheme will deliver two homes. Completion expected by July 2020.
 - **Colville Road Garages:** this scheme will deliver three homes. Completion expected by July 2020.
 - **Wulfstan Way:** this scheme will deliver three homes. Completion expected September 2020.

- **Cromwell Road:** This scheme will provide 295 homes on the former Ridgeons site on Cromwell Road. 118 of these will be new Council

rented homes, with the other properties being sold on the open market. New public open space and an early years facility/community centre will be provided. Construction started in December 2019 after demolition of the current buildings on site. Current completion is envisioned to be December 2022.

- **Ventress Close:** This estate regeneration scheme replaces two existing Council homes and will deliver 15 new Council rented homes, for a net gain of 13. Construction commenced in October 2019. Current completion is envisioned to be May 2021.
- **Akeman Street:** This estate regeneration scheme will replace two existing Council homes commercial units and community centre with a new Council rented development of 14 homes, community centre and replacement shops for a net gain of 12 council homes. Construction commenced in October 2019, with the existing community centre relocated to a temporary replacement facility on the same street. Current completion is envisioned to be July 2021.
- **Kingsway Medical Centre:** This scheme is being delivered by the City Council's Housing Maintenance & Assets team. It will deliver four new Council rented homes through the conversion of a former surgery. Work on site has been subject to a significant pause due to issues raised by UK Power Network which needs a specialist contractor and access to other properties to resolve. Completion of the scheme is now due by December 2020, although this will be dependent on the when issues with UK Power Network are resolved. Please note this scheme is adjacent to properties recently affected by severe fire (May 2020), but the cause of the fire is not linked to the refurbishment work.

8. Update on other approved schemes:

8.1 Schemes target to Start on site in 2020/21 with planning permission:

- **Colville Road phase 2:** this regeneration scheme, replacing 20 existing homes and delivering a gain of 49 Council rented homes, received planning permission in November 2019. Progress has been made with the decanting of existing households, with only a single leaseholder still requiring decanting. Currently, due to the COVID-19 pandemic and high need for accommodation of at risk groups, Colville Road is being used as temporary housing and this use will continue during this time of heightened need. The start on site is scheduled for October 2020.
- **Campkin Road:** This scheme will replace an existing Council block at Campkin Road with a modern scheme, increasing the Council's housing stock by 50 homes. There are two leaseholders and seven tenants that are yet to find alternative accommodation and the current COVID-19 shutdown has meant moving house is more difficult. Some tenants are shielding, but efforts are being made to find alternative accommodation. Currently, due to the COVID-19 pandemic and high need for accommodation of at risk groups, Campkin Road is being used as temporary housing and this use will continue during this time of heightened need. The start on site is scheduled for October 2020, however this is dependent on achieving vacant possession.
- **Kendal Way:** permission was obtained in 2017 for the development of two homes on this site. The Housing Development team are continuing to review proposals as planning permission for the site has now lapsed. There is an ongoing risk to this scheme due to an unresolved boundary dispute which has heretofore delayed the development.

8.2 Schemes target to start on site in 2020/21, planning submission made:

- **Clerk Maxwell Road:** This is a private scheme being brought forward by Hill Residential. Committee approval was secured in January 2019 to acquire the 14 S106 affordable homes included in this scheme. The site has been subject to a redesign and a new planning submission which was made in December 2019. A planning committee date is to be confirmed.

- **Meadows & Buchan:** this scheme, which comprises the development of a new community centre as well as improvements to open space, was approved by HSC in January 2019 and is expected to deliver 106 Council rented homes. A detailed planning application, informed by two public consultations, was made in December 2019. A planning committee date is to be confirmed.
- **Tedder Way:** This scheme comprises development of two homes for Council rent. It is currently awaiting planning decision.
- **Other new sites:** There are a number of land purchases being progressed and work to assess sites in the Council ownership as part of a wider piece of work on options for a further Council housing programme.

9. Update on the Pod Housing

- 9.1 In January 2020 the Housing Scrutiny Committee delegated authority to the Strategic Director, in consultation with the Executive Councillor, to approve sites to develop as “pod” schemes in support of Hill’s Foundation200 modular housing project. Three or more small sites in Council ownership will be developed as housing for applicants on the housing register with a history of homelessness, and will be managed in partnership with local housing associations.
- 9.2 The first phase of the project aims to deliver 16 one-bedroom modular homes on Council land by Autumn 2020. A shortlist of sites has been identified and HDA is in the process of consulting ward members on the feasibility of bringing each site forward. Hill are aiming to submit planning applications for the sites in June 2020.

10. Delivering Accessible Housing

- 10.1 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).

10.2 There are currently 28 fully adapted wheelchair user dwellings planned in the programme (see table below). This along with meeting the local plan of delivering all homes to be accessible and adaptable will mean the requirement to provide 5% wheelchair user homes will be met.

10.3 Table 2: Wheelchair user homes

	Total Council rented homes (100% M4 (2) wheelchair adaptable)	Total M4 (3) wheelchair user homes	Total 1 bed M4 (3)	Total 2 bed M4(3)
Mill Road phases 1 & 2	118	5	5	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	6	3	3

10. Sustainability

10.1 The Council's commitment is for all developments that are part of the Council's Housing Programme to adhere to the 2017 Sustainable Housing Design Guide. This covers a number of areas including: energy and water; space standards and biodiversity. The Sustainable Housing Design Guide targets are now part of the 2018 Cambridge Local Plan. Currently out for consultation is the draft Greater Cambridge Sustainable Design and Construction Supplementary Planning Document (SPD).

10.2 The table below highlights the Council’s forthcoming schemes and how they are meeting or exceeding the Sustainable Housing Design Guide (part of the 2018 Cambridge Local Plan) and the draft Greater Cambridge Sustainable Design and Construction SPD.

Scheme	Mandatory Sustainability Standard	Actual Sustainability Standard (reduction from 2013 building regulations)	Key Sustainability components
Mill Rd Phase 1 Anstey Way Garage Sites Ventress Cromwell Rd Akeman	10% on-site renewable energy	19% reduction in carbon emissions	<ul style="list-style-type: none"> • Fabric First • MVHR • Solar PV • Battery Storage
Mill Rd Phase 2	19% reduction in carbon emissions	35%-40% reduction in emissions	<ul style="list-style-type: none"> • Fabric First • MVHR • Solar PV • Combined Heat and Power
Colville Road Campkin Road (proposed) Meadows & Buchan (proposed)	19% reduction in carbon emissions	35%-40% reduction in emissions	<ul style="list-style-type: none"> • Fabric First • MVHR • Detailed assessments in progress

10.3 Detailed assessments remain in progress in relation to Colville Road, Campkin Road and Meadows & Buchan, seeking to determine the best mix of energy sources and technologies taking into account a range of factors:

- Carbon emissions reduction performance
- Energy consumption performance
- Resident heating bills

- Technical complexity and implications (including ultimate maintenance costs to the Council)

10.4 Work is underway to commission a new Sustainable Housing design Guide for a future housing programme.

11. Risks

Risk	Likelihood	Impact	Mitigation
Not achieving the 500 homes target	Med- current programme has 546 homes identified and approved for development, while COVID delays have been minimal, there is an increased risk of delays to Start on Site at those schemes not yet on site. .	Med- impact would be delivery of a lower number of much needed homes and reputational risk in the Councils ability to deliver and therefore attract future grant funding.	Programme level monitoring of delivery in place. Strategy is to exceed target. All schemes have now secured a capital budget for delivery and updated in MTFS as required. In addition site at Orchard Park purchased through CIP to deliver further affordable homes as a contingency.
Land Assembly issues delaying start on sites	Med – Properties at Campkin Road still to be acquired and 1 at Colville Road.	High- if vacant possession or access not achieved the scheme cannot be developed.	Council has an officer in post to support move. Process also in place to use statutory powers if required.
Cost increases on approved projects	Medium – Only two schemes now remain in planning phase the. Current COVID-related delays due to shutdown, subsequent decreased works capacity and supplier disruption are a risk	Medium - depending on the extent of the additional cost this may be managed within scheme level contingency approved in 2020 Budget Setting Report.	Initial budgets either developed with Hill or Employers Agent. Cost plans are regularly reviewed and updated. Latest budgets reviewed as part of BSR, and remain under review for updating in the upcoming MTFS. Regular updated risk management budgeting completed as part of Covid-19 risk work across the Council.
Planning	Med – 3 schemes do not yet have planning permission	High- if planning is not achieved the schemes cannot be delivered.	A significant number of pre-apps with the planning and urban design team have been followed for the two sites requiring planning approval, ensuring that inputs from all parties have been incorporated into the designs.

Sales risk – exposing Council cash flow forecast	Medium – Housing market fluctuations are beyond Council control but do occur over long periods and affect the entire economy. The COVID pandemic may exacerbate such fluctuations or delay buyer activities in the short-medium term.	Medium – new homes are expensive but retain considerable inherent value and have other uses than market sale.	Mill road sales have launched regular reporting through CIP processes on sales. Strategy for Cromwell road in development. Regular updates received in the market for sales of these sites.
Decanting residents / leaseholders	Med– decanting process has been agreed with City Homes there are some residents at Campkin Road unable to move as shielded.	High – regeneration schemes will not be progressed if residents are not decanted.	Officer in place to work with residents position to be reviewed as guidance on moving us updated.

12. Implications

(A) Financial Implications

The Devolution Housing Grant and Right to Buy Receipts are the main source of funding for schemes in the current 500 Programme that progress into development. However, scheme funding will be confirmed should a scheme be brought to the Committee for scheme specific approval.

Currently the 500 programme has a total approved HRA budget of £144,948,141, including some aspects of refurbishment and re-provision of existing dwellings.

This is funded through four avenues:

- Funding provided by the Combined Authority Devolution grant
- Funding provided from Section 106 agreements
- Funding provided by Right to Buy receipts
- Funding provided direct from HRA

The general fund has also supported the delivery of the programme through it's investments through the Cambridge Investment partnership at Mill Road and Cromwell Road.

(B) Staffing Implications

The scheme on the Rolling Programme 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. Some of the schemes are being delivered through the Cambridge Investment Partnership.

(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 informed by an EQIA if current residents are required to move.

(D) Environmental Implications

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

(E) Procurement Implications

Advice specific to each project.

(F) Consultation and communication

There are no consultation and communication implications of this report. 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.

(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:

- a) 17/03/2020 HSC report

14. Appendices

- (a) Appendix 1: Programme milestone summary
- (b) Appendix 2: Programme finance 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 - 457928, email: claire.flowers@cambridge.gov.uk.