

## Item

### Combined Update on new build council housing delivery

**To:**

Councillor Mike Todd-Jones, Executive Councillor for Housing  
Housing Scrutiny Committee 23/09/2021

**Report by:**

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**Wards affected:**

All

#### 1. Executive Summary

- 1.1 This report provides an update on the housing development programme.
- 1.2 148 Homes have been completed across 13 sites under the City Council programme, with 88 being net new Council homes. A further 16 modular “pod” homes have now been completed across 3 further sites.
- 1.3 The Council currently has 438 net new Council rented homes being built on site, with a further 16 new homes remaining to reach Start on Site under the current programme.
- 1.4 107 new affordable and 62 replacement and market sale homes are currently approved schemes as a first stage of the new 1000 homes housing programme, with 54 new affordable and 33 replacement being considered as part of this committee cycle.
- 1.5 The Councils bid to Homes England to become a Strategic Partner has not been successful, but discussions are continuing with Homes England about ways in which they can support the programme.

## **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 work undertaken to date toward development of the new housing programme for 2022-2032.
- 2.3** Delegate authority to the Section 151 officer to start process of the set-up of a housing company as a Registered provider with a full report of the detail of this proposal to be brought to a future committee.

## **3. Reporting**

This is a quarterly report showing progress on the City Councils Development programme ambitions.

## **4. £70m funding programme MHCLG**

- 4.1** The Council's housing programme is part funded by a £70 million grant, which to date has been paid via a combination of the Cambridgeshire & Peterborough Combined Authority and directly by MHCLG. At the time of writing this report, all of the £70 million has been received, with £38 million via the Combined Authority and £32 million directly from MHCLG.
- 4.2** Until the end of 2020/21 quarterly grant claims were made in arrears against the Devolution funding to the Combined Authority.
- 4.3** As at 31 March 2021 £41,859,663.36 of the funding has been utilised in the delivery of new homes, with £28,140,336.64 held in balances to fund the completion of the programme from April 2021 onwards.

## **5. Delivery Programme**

- 5.1** The delivery programme update provided in June 2021 confirmed that the devolution programme consisted of 542 Council Homes with a further 104 homes identified for the new programme

- 5.2** Appendix 1 shows the current programme, indicating 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 1. The total starts on site currently stand at 526, or 105.2% of the total programme target of 500 homes, ahead of the targeted deadline of 31 March 2022.
- 6.2** As below, the 500 programme currently shows an outturn of 542 new homes commencing construction by March 2022.
- 6.3** The new 1000 homes programme is additionally progressing, and 107 net new council homes have been approved by the Executive Councillor.

**Table 1: Start on Site Forecast Profiles**

### 500 Programme

Progress to 500 starts on site	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Starts by year	2	159	162	203	16	0
Cumulative total	2	161	323	526	542	542

### 1000 Programme

Progress to 1000 starts on site	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Starts by year	90	17							
Cumulative total	90	107	107	107	107	107	107	107	107

## 7. Scheme details

### 7.1 Schemes Completed: Net gain 88 Affordable homes.

Scheme	Ward	Net Affordable	Total Homes	Delivery	Completion Date
Uphall Road	Romsey	2	2	E & F	Jan-18
Nuns Way & Wiles Close	Kings Hedges	10	10	Tender	Aug-19

<b>Ditchburn Place Community Rooms</b>	Petersfield	2	2	Tender	<i>Sep-19</i>
<b>Queens Meadow</b>	Cherry Hinton	2	2	CIP	<i>Jun-20</i>
<b>Anstey Way</b>	Trumpington	29	56	CIP	<i>Jun-20</i>
<b>Colville Garages</b>	Cherry Hinton	3	3	CIP	<i>Jul-20</i>
<b>Gunhild Way</b>	Queen Ediths	2	2	CIP	<i>Jul-20</i>
<b>Wulfstan Way</b>	Queen Ediths	3	3	CIP	<i>Sep-20</i>
<b>Markham Close</b>	Kings Hedges	5	5	CIP	<i>Sep-20</i>
<b>Ventress Close</b>	Queen Ediths	13	15	CIP	<i>Feb-20</i>
<b>Akeman Street</b>	Arbury	12	14	CIP	<i>May-21</i>
<b>Mill Rd (Partial)</b>	Petersfield	5	29	CIP	NA
<b>Cromwell Road (Partial)</b>	Romsey	0	4	CIP	NA

## 7.2 Schemes on Site: Net gain 438 Council homes

While the programme has progressed well with disruption kept to a minimum throughout the pandemic, some revised forecasts are now being required.

Our partner Hill are reporting risk pertaining to delayed onset of Brexit, Covid and activity in the industry. This is not exclusive to Cambridge or to Hill and has been widely reported in the media. Staffing and materials supply shortages are becoming evident, and the current operating climate with regards to both labour and materials appears to be changing day by day. Hill are ensuring all materials are placed and ordered as soon as reasonably possible and stock-piled on site.

Where this is not possible, alternative storage facilities are being sought, using existing relationships with suppliers to stockpile materials wherever possible.

With regards to labour, key packages are being procured as early as possible for example brickwork, precast floor slabs/block and beam, structural steelwork, etc. Existing supply chain relationships are being used to navigate through these changing times.

Hill do not foresee the current operating environment as a long-term issue, but more just a short-term problem to manage. The teams are fully aware of the above criteria and we continue to monitor this closely on a day by day basis.”

<b>Scheme Name</b>	<b>Ward</b>	<b>Net Affordable</b>	<b>Market homes</b>	<b>Total homes</b>	<b>Practical Completion</b>	<b>Programme status</b>
Mill Road	Petersfield	113	93	206	Apr-22	Handover profile has been revised. Delays caused by material/ labour constraints in the market. Handovers are now carried forward into 2022/23 Financial year
Kingsway	Arbury	4	0	4	TBD	Further reforecasting of this refurbishment scheme awaits completion of structural works being undertaken by Maintenance and Assets, forecast as December 2021 Continuation of this refurbishment is linked to outcomes of fire and gas safety work
Cromwell Road	Romsey	118	173	291	Jan-23	Progressing well. First handovers forecast for September 2021
Colville Phase 2	Cherry Hinton	47	0	67	Oct-22	Scheduled handover date has been updated to reflect the programme/contract dates.
Meadows and Buchan	Kings hedges	106	0	106	Aug-24	Progressing well. Groundbreaking ceremony undertaken in August 2021
Campkin Road	Kings Hedges	50	0	75	Jul-23	Scheduled handover date has been updated to reflect the programme/contract dates.

### 7.3 Approved schemes; Net gain 16 new homes

<b>Scheme Name</b>	<b>Ward</b>	<b>Net Affordable</b>	<b>Market homes</b>	<b>Total homes</b>	<b>Est. SOS</b>	<b>Programme status</b>
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Clerk Maxwell Road	Newnham	14	21	35	Sep-21	Land access issues have now been resolved and final contract signing is awaited. Start on site expected to commence in October 2021
Tedder Way	Arbury	1	0	1	May-22	Redesign of this scheme as a 4-bed accessible family home continues. A revised date for submission of a planning application is now proposed as October 2021.
Kendal Way	East Chesterton	1	0	1	Aug-22	Redesign of this scheme as a 3-bed accessible family home continues. Resolution of Boundary dispute is in process and a renewed Planning Application is now forecast for submission by January 2022.

## 8 Update on the Modular Housing project

- 8.1** 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 small sites in Council ownership were identified for development as housing for applicants on the housing register with a history of homelessness.
- 8.2** The third modular housing scheme situated in Abbey Ward was completed and successfully occupied in July 2021.
- 8.3** There are opportunities to utilise other small sites in a similar way with other providers such as It takes City also coming forward. There are opportunities for funding to support this through the MHCLG First steps programme which we have successfully engaged with.



*Newly completed "Pod" modular homes in Abbey Ward*

## 9. Work toward development of the New Council Housing Programme

### 9.1 Council-Approved Schemes

Scheme Name	Ward	Net Affordable	Other	Total Homes	Status
L2 Orchard Park	SCDC	30	45	75	Planning Approved. Preparatory work proceeding well ahead of a start date. and start on site is now forecast for November 2021
Colville Road Phase 3	Cherry Hinton	32	0	48	Decanting proceeding well. Consultation with commercial leaseholders ongoing regarding offers for alternative accommodation.
The Mews, Histon Road	Arbury	10	0	10	On site however not yet in contract following revision of purchase agreement to include additional units agreed in June 2021
Fen Road	East Chesterton	12	0	12	Planning Approved received in July 2021- S106 under negotiation.
Ditton Fields	Abbey	6	0	6	Planning submitted.
Aragon Close	Kings Hedges	7	0	7	Pre-planning underway, with Planning submission forecast for September 2021
Sackville Close	Kings Hedges	7	0	7	Pre-planning underway, with Planning submission forecast for September 2021
Borrowdale	Arbury	3	0	3	Planning submitted in July 2021

## **9.2 Opportunities for new housing sites**

### **Development opportunities**

- 9.2.1 Papers with update on HRA estates work and details of new sites at Aylesborough Close, and Net Zero pilot infill sites and are submitted as Items 12 and 13 on the agenda.

## **9.3 New programme Funding and non HRA delivery**

- 9.3.1 As noted in the July update to HSC members, an initial bid was made to Homes England for strategic partnership status to support the new 1000 Homes development programme. This bid has not been successful. The programme continues to be dependent upon Homes England funding. This can be applied for on a scheme by scheme basis but discussions are continuing with Homes England about ways in which they can support the programme.

### **9.3.2 Intermediate tenures**

The current programme includes Intermediate Tenures (Shared ownership and Rent to Buy) with the emphasis on Rent to Buy. This is a scheme that provides homes at 80% market rent with a right to buy after five years. These cannot be delivered within the HRA due to the restrictions around tenancy type set by government.

The Council already has an established Housing Company- Cambridge City Housing Company which lets homes at 80% market rent. This is not a registered provider so is not regulated by the Regulator of Social housing and cannot receive grant funding/public subsidy.

It is proposed to start work to either register the existing company as a Registered provider or set up a new company as a registered provider. This set up work would be funded through the General fund and a proposal has been included in the MTFS. It would take up to 9 months to complete this work.

The benefits of having a registered provider housing company would mean that the Council can deliver alternative housing products and attract grant giving more flexibility going forward. It will mean rent to buy homes (let at 80% of market rent for up to 5 years with the ability to purchase at the end of this period) can be delivered.



The housing company would have its own business plan and need to be viable in its own right. It would borrow from the general fund, who would in turn need to borrow from the Public Works Loans Board or other lending sources. The Council would be the shareholder of the company.

Other than the core principles of this there has been limited work to date. The next steps would be to instruct legal and tax advice in relation to the set up of the housing company, including if this needs to be a new company or registering the existing one as an RP. Once this work is complete further detailed recommendations will be brought back to Committee. The initial set up costs to cover these fees and project management are included within the general fund MTFS.

## 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 29 fully adapted wheelchair user dwellings planned in the 500 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 exceeded.
- 10.3** A further 4 fully adapted units are currently identified for provision under the new programme schemes (at Colville Road Ph3 and Fen Road).

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)	Total 3 bed M4(3)	Total 4 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	5	2	3		
Tedder Way	1	1				1
Kendal Way	1	1				1
Colville Road Ph 3	48	2		2		
Passivhaus Package	35	2			1	1

## 11. Sustainability

**11.1** 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.

**11.2** The Council's Approved schemes have to date met or exceeded the Sustainable Housing Design Guide (part of the 2018 Cambridge Local Plan) and the draft Greater Cambridge Sustainable Design and Construction SPD. This has been reported to date in both scheme-specific and programme update reporting to the HSC.

### 11.3 Update on Sustainable Housing Design Guide

**11.3.1** In January 2021 following a piece of work from consultants Buro Happold developing a road map to zero carbon it was agreed that the Council's Sustainable Housing Design Guide would be updated. Work is on-going to update this currently. This will also take into account other design requirements for example space standards. This is important in terms of compliance with MHCLG's National Design Standards.

**11.3.2** Work on the approach to deliver homes that are low carbon, low to maintain and have low bills as well as value for money continues to evolve on each project and the learning from this will need to feed into the Council's strategy. On-going work in this respect is as follows:

- The Campkin 2 and Colville 2 and 3 developments (where increased sustainability enhancements have been included with

significantly thicker wall cavities to improve the fabric performance and air source heat pumps)

- Passivhaus Pilot for houses (Fen Rd, Ditton Fields, Aragon Close, Sackville Close, and Borrowdale), of which Fen Road is the most advanced. A timber frame solution is currently proposed.
- Passivhaus Pilot for flats (proposed redevelopment of Aylesborough Phase 2). Design is still evolving.
- Investigation of new technologies and design lessons from other developments.

## 12. Risks

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
<b>Cost increases on approved projects</b>	Med– Risk remains of increased budget requirements due to COVID-related delays/ rescheduling or Brexit-related cost increases.	Medium - depending on the extent of the additional cost this may be managed within scheme level contingencies approved in Budget Setting Report.	Cost plans are regularly reviewed and updated. Latest budgets consistently reviewed as part of BSR. Regular updated risk management budgeting completed as part of Covid-19 risk work across the Council. Brexit-related staffing and materials concerns under close monitoring
<b>Securing Planning</b>	Low – schemes have been worked up with planners through the pre-application process and meet or exceed the Councils policies.	Med- not securing planning would cause delays and increase costs for a revised application.	Use of pre-apps in the pre planning stages.
<b>Sales risk – exposing Council cash flow forecast</b>	Medium – Housing market fluctuations are beyond Council control but do occur over long periods and affect the entire economy. Current circumstances 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 uses other than market sale.	Mill road and Cromwell Road sales have launched regular reporting through CIP processes on sales. Regular updates received in the market for sales of these sites.

<b>Decanting residents / leaseholders</b>	– Full decant of schemes within the 500 programme has now been reached. The decant of the further scheme at Colville Road phase 3 is on-going if this is not achieved on time there will be impact on the costs of the project	High – regeneration schemes will not be progressed if residents are not decanted.	Decant and rehousing officer regularly liaising with residents requiring decanting to ensure successful rehoming.
<b>Not securing necessary grant for new schemes</b>	Med- there is currently no funding secured for the new programme other than that committed by the Council. The business plan for the MTFS assumed grant.	High if grant is not secured or at a lower level the business plan may need to be reviewed and the level of housing delivered may need to change.	There is opportunity for funding to support affordable housing- having a track record and schemes we can deliver puts the City Council in a good place to secure this. There is ongoing dialogue with funding agencies.
<b>Labour market/materials/build prices increasing</b>	Low – situation is being proactively managed and is currently seen as a short-term risk, which must be managed	Medium – services or materials shortages may lead to delays in project delivery and an overall increase on programme cashflow.	Delivery partners ensuring all materials are placed and ordered as soon as reasonably possible and stock-piled on site or using additional storage as required. Key packages are being procured as early as possible. Existing supply chain relationships are being used to ensure service.

## 13. 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, the sources of funding for each new housing scheme are laid out when a detailed report for that scheme is brought to the HSC.

Currently the 500 Programme has a total cost to date, or approved HRA budget going forward, of £139,100,718, including some re-provision of existing dwellings

The Council's housing programme is part funded by a £70 million grant, which to date has been paid via a combination of the Cambridgeshire & Peterborough Combined Authority and MHCLG. At the time of writing this report, all of the £70 million has been received, with £38 million via the Combined Authority and £32 million directly from MHCLG.

Until the end of 2020/21 quarterly grant claims were made in arrears against the Devolution funding to the Combined Authority. As at 31 March 2021 £41,859,663.36 of the funding has been utilised in the delivery of new homes, with £28,140,336.64 held in balances to fund the completion of the programme from April 2021 onwards.

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 its investments through the Cambridge Investment Partnership at Mill Road and Cromwell Road. The general fund has further assisted in the development of the Meadows and Buchan schemes, through enabling of land supply and reprovision of community facilities for the duration of on-site activities.

The assumptions for the new housing programme have been included within the January 2021 budget setting report and September 2020 MTFS. Dialogue is ongoing with funding agencies to enable the council to meet the proposed level of housing delivery.

## **(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 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 is being reported to in a separate Item (Item 12).

#### **(G) Community Safety**

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

### **14. Background papers**

Background papers used in the preparation of this report:

- (a) 22/06/2021 HSC Combined Programme report

### **15. Appendices**

- (a) Appendix 1: Programme milestone summary
- (b) Appendix 2: Programme finance summary

## **16. 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](mailto:claire.flowers@cambridge.gov.uk).