

REPORT TITLE: Update on New Build Council Housing Delivery

To:

Councillor Gerri Bird, Executive Councillor for Housing

Housing Scrutiny Committee 11 March 2025

Report by:

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Wards affected:

All

1.	Recommendations
1.1	<p>It is recommended that the Executive Councillor for Housing:</p> <ol style="list-style-type: none"> 1. Note the continued progress on the delivery of the approved housing programme as outlined in Appendix 1 and 2 2. Note the issues encountered with Heating Systems at a number of new build schemes as identified in Para 4.11, and the Council adoption of an (MEP) Guardian/Consultancy route toward full system health checks, ensuring readiness for 2025 Heat Network Regulation implementation. 3. Note that Funding of £4,577,000 has now been allocated to the council for the first phase of development at East Barnwell through Homes England's 21-26 AHP.
2.	Purpose and reason for the report
2.1	<p>This is a regular quarterly report showing progress on the City Council's new housing delivery and development programme.</p> <p>The pipeline for the ten year programme is in line with the BSR which is submitted to this HSC in February 2025.</p>
3.	Alternative options considered

3.1	<p>Alternative to direct development activities led by the council would be a reliance on third party Registered Provider delivery of affordable housing.</p> <p>An extensive survey by the influential trade publication Inside Housing ranked the council second in the country for completion of new homes ‘in-house’ by the council’s own development teams during 2022-23. It was also ranked sixth overall in the country for the total number of new council homes completed in the same timeframe when including council development companies (where HRA finance may not be included).</p> <p>This puts the council above many London Boroughs and larger unitary councils in the country and identifies the strength of the Councils current Delivery team.</p>
4.	Background and key issues
4.1.	This is a regular quarterly report showing progress on the City Council’s new housing delivery and development programme.
4.2.	Update on 500 and Ten Year Housing Programmes
4.2.1.	1055 new homes have been completed across 23 sites under the City Council programmes, with 653 being net new Council homes.
4.2.2.	Four housing schemes are expected to commence works on site shortly, being Fanshawe Road, ATS/Murketts, Newbury Farm and East Barnwell, all being delivered through the Cambridge Investment Partnership (CIP).
4.2.3.	Eddeva Park, where the Council has agreed the purchase of affordable homes from This Land, continues to meet with delays, with a revised planning decision now awaited and anticipated start on site forecast for May 2025.
4.3.	Delivery programme
4.3.1.	<p>The current delivery programme confirms:</p> <ul style="list-style-type: none"> • the 500 devolution programme consisting of 931 (including market sale)

	<p>homes in total and 537 net affordable homes.</p> <ul style="list-style-type: none"> ● the 10-year New Homes Programme consisting of 1143 homes with HSC scheme approval. This is made up of: <ul style="list-style-type: none"> ○ 244 net new build Council rented HRA homes at Social rent or 60% of Market rent, subject to final design ahead of formal planning submissions ○ 4 modular homes to be held, let and funded as Rough sleeper accommodation by It Takes a City, completed in December 2024. ○ 254 net new homes to be let at 80% of Market rent and held within the HRA, subject to final design ahead of formal planning submissions. ○ 356 homes earmarked for market sale. ○ 25 market acquisitions into the HRA earmarked for refugee accommodation, funded through the Local Authority Housing Fund, to be let at 60% of market rent. ○ 285 Replacement rented homes on regeneration sites.
4.3.2.	<p>Appendix 1 shows the total housing provided per programme and scheme as well as the net gain of affordable rented Council homes. The HRA Budget Setting Report approved in January 2025 includes all financial information for respective scheme budgets and net cost to the Council's Housing Revenue account, and these are updated in an ongoing basis through the annual budget setting procedure.</p>
4.3.3.	<p>A breakdown per scheme of home size and rental tenure for the 10 year new homes programme is attached in Appendix 2</p>
4.4.	<p>Scheme Details: Completed Schemes – Refer Appendix 2 for details</p>
4.4.1.	<p>Since last reporting, all homes have now been handed over at Aragon and Sackville Close.</p>
4.4.2.	<p>The Market sale scheme at Queen Ediths way has now formally completed. With 2 of the 8 homes subject to sales reservations.</p>
4.4.3.	<p>The Modular homes for former rough sleepers at Joy's Corner have now completed, with the first occupant taking residence in December 2024. This scheme will be let and managed by It Takes a City Community Land Trust, with the Council facilitating lease</p>

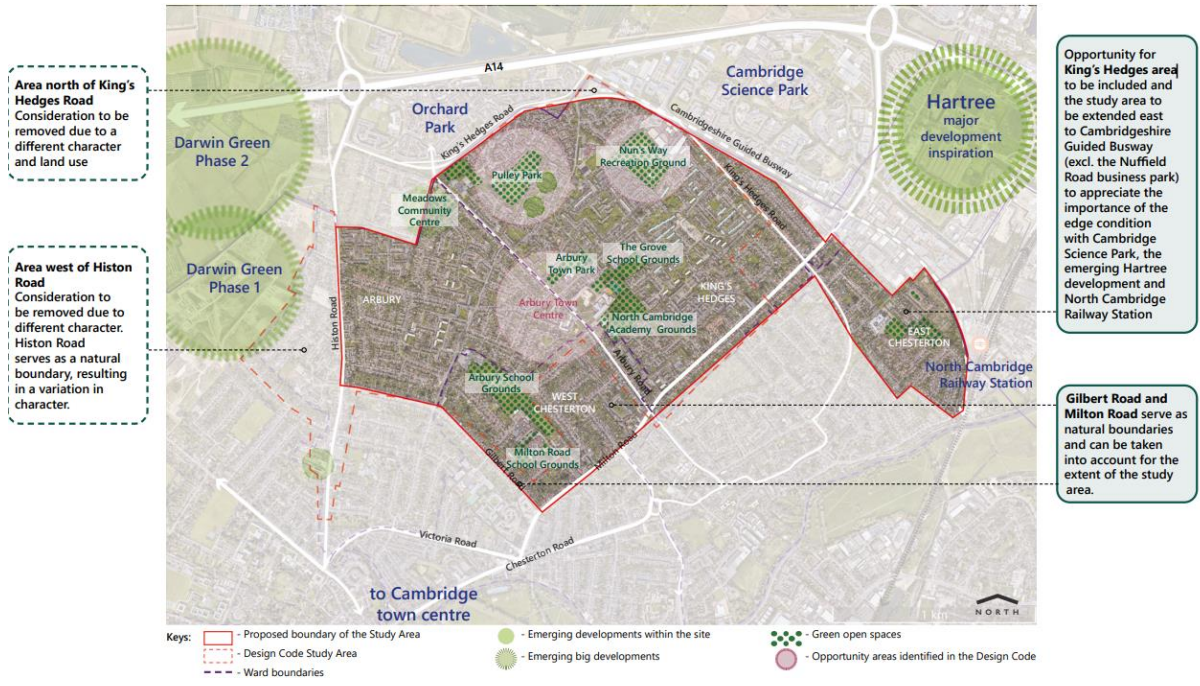
	of the land.
4.4.4.	The Scheme at Colville Road Phase 3 formally completed on 21 February 2025, following a first round of handovers in June and July 2024. This had been subject to delays following a subcontractor liquidation. This scheme is now fully within the one year defects period.
4.5.	Scheme Details: Schemes on Site – Refer Appendix 2 for details
4.6.	Scheme Details: Approved schemes – Refer Appendix 2 for details
4.6.1.	Davy Road has now been added to the programme following approval at June HSC. This scheme is proceeding through early design
4.6.2.	the Schemes at Paget Road , and Kendal way remained on hold while the Development Team filled an internal vacancy. This post has now been filled and these schemes may now progress toward start on site.
4.6.3.	The scheme at St Thomas Road was withdrawn from the programme in 2024, with an undertaking by officers to review potential opportunities for the site. This work has additionally suffered from lack of internal capacity, and is expected to be picked up across 2025/26.
4.6.4.	Ekin Road – a positive pre-application workshop was held with the Local Planning Authority on Wednesday 19 th February where the layout was agreed in principle and progress presented on the next stages of detailed design. Planning submission is expected in Spring 2025. Since approval at June HSC, progress has been made to the relocation of residents on the estate, with the support of our regeneration team. So far, 1 out of 3 freehold properties has been purchased, 3 out of 9 leasehold properties have started the legal process of selling and 47 out of 82 tenanted households have moved.
4.6.5.	East Road – Please see the update in a separate report to this Committee
4.6.6.	Hanover and Princess – Please see the update in a separate report to this Committee

4.6.7. **Stanton House** - The site is subject to a separate report to this Committee

4.6.8. **Framework for Change for North Cambridge** - Following HSC September 2024 approval, work has started on developing a Framework for Change for North Cambridge, following the outcomes and boundary of the North Cambridge Design Code. While the study area is primarily based on the Design Code, adjustments have been found necessary to reflect key influences which include major neighbouring developments and a realistic assessment of the area that will be affected by any emerging proposals.

The following changes have been incorporated to the study area:

- Hartree is a major influence on future development across north Cambridge and the area of East Chesterton that adjoins Hartree has been included within the study area.
- Darwin Green is a significant influence of the area west of Histon Road but it is not envisaged that the Framework will engage with this area. This area west of Histon Road has therefore been excluded.
- Noting the central importance of Arbury Town Centre an adjustment to include the neighbouring area of West Chesterton Ward has been included.



	Currently the team is still working on developing the programme of consultation and engagement for May 2025.
4.7.	Portfolio approach to redevelopment – Appendix 3
4.7.1.	Draft material consideration note appended. As agreed at September 2024 HSC, this note will evolve as schemes progress through development and will accompany all planning applications submitted by the City Council or Cambridge Investment Partnership for material Consideration.
4.8.	Grant Funding for Ten Year New Homes Programme
4.8.1.	This Portfolio approach adopted in HSC September 2024 requires an ‘ask’ of government that rather than funding through Continuous Market Engagement or Strategic Partnership under the Affordable Homes Programme, a more Strategic Partnership model or a funding regime similar to that provided through the Greater London Authority should be extended to councils, so that more strategic allocations of funding can be obtained for use flexibly across development programmes.
4.8.2.	Officers continue to engage funding bodies on this aspect, but it is expected that further details will emerge in the Spring Spending Review on June 11 th .
4.9.	Current funding arrangements:
4.9.1.	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, Aylesborough Close.
4.9.2.	This funding includes funding of all replacement homes at Colville 3 and Aylesborough Close.
4.9.3.	Funding of £4,577,000 has now been allocated to the council for the first phase

	<p>of development at East Barnwell through Homes England’s 21-26 AHP. This scheme was made eligible through flexibility implemented by Homes England while future funding programmes are formalised, and was contingent on both a 24/25 Start date and 26/27 Completion date. Further Phases 2 and 3, as well as bids for funding of eligible homes at Fanshawe Road, remain reliant on details being confirmed for the envisioned future AHP funding programme. Officers remain in discussion with Homes England, but further details are expected to be forthcoming in late Spring at earliest.</p>
4.9.4.	<p>Funding has been allocated to support demolition and infrastructure costs at the 100% affordable housing scheme at Aylesborough Close Phase 2 through the Brownfield Land Release Fund 2 (BLRF2), delivered by the One Public Estate (OPE).</p>
4.9.5.	<p>Funding of £904,851 has been allocated for Site 2 enabling works at East Barnwell, through the Brownfield Land Release Fund 2 (BLRF2), delivered by the One Public Estate (OPE).</p>
4.9.6.	<p>Funding of £1,000,000 has been allocated through the CPCA to fund Capital Investment at the Fanshawe Road Redevelopment Scheme, for use to fund property acquisitions. This Funding has been fully utilised for this purpose.</p>
4.10.	<p>Funding for Refugee Housing</p>
4.10.1	<p>DLUHC’s Local Authority Housing Fund has provided funding to the supply of housing for refugee families through 3 Rounds to date. These Include:</p> <p>Round 1 Funding of £4,968,683 for delivery of homes earmarked for Afghan and Ukrainian refugees.</p> <p>Round 2 capital grant funding of £840,000 earmarked for Afghan refugees.</p> <p>Round 3 funding of £921,675 agreed for acquisition of 4 homes, 3 of which for Afghan refugees and 1 for use as Temporary Accommodation.</p>
4.10.2	<p>The Council has fully met the targeted delivery under both Rounds 1 and 2, ahead of</p>

	the formal deadlines. These targets was additionally exceeded through delivery of 37 net homes into council stock, exceeding the targeted 34.
4.10.3	For Round 3, 2 out of the 4 acquisitions have now been agreed, and are moving through legal process to completion. The Council remains with a March 2025 deadline for agreeing acquisitions, but we note that the LAHF programme runs to a later March 2026 deadline date.
4.11.	New Build Heating Defects
4.11.1	It is recognised that there are ongoing intermittent faults with the heating and hot water supplies at the Meadows Centre, associated with the Energy Centre which supplies the heat network serving block B and the Community Centre.
4.11.2	The Council have instructed a consultant engineer and contractor to assess the current design, installation and commissioning. Some fundamental issues have been raised which need prioritised attention ahead of blocks A and B handing over.
4.11.3	Further separate faults have also been noted at L2 Orchard Park, and Fen Rd. All systems on the listed properties were installed by AJM (mechanical) and Bambridge Lee (electrical). AJM experienced financial difficulties late 2024 and went into administration on 6th December.
4.11.4	<p>New regulations for heat networks are proposed for 2025. The new regulations aim to ensure fair pricing, fair treatment, and a reliable heat supply. The statutory route to regulation is primary legislation through the Energy Act 2023. The regulations will contain mandatory minimum technical standards for heat networks.</p> <p>Ofgem will not begin regulating the sector until January 2026 so there are c. 12 months to prepare. All regulations are planned to be in place and enforced from January 2027, this may provide more time for existing networks to meet the required standard compared to new networks.</p> <p>All heat network operators will need to be authorised by Ofgem. Conditions of</p>

	<p>authorisation will include compliance with consumer protection standards of conduct. Ofgem will have powers to monitor compliance and take enforcement action for any breaches of the conditions.</p>
4.11.5	<p>Ahead of these new heat network regulations coming into force in 2025, and in light of the issues encountered, a requirement for a health-check of all heat networks across the Council Development portfolio has been identified.</p>
4.11.6	<p>The Development team have incorporated a mechanical, electrical and plumbing (MEP) Guardian/Consultant role into the Design team requirements for new build schemes, to ensure that the specialist sustainable low carbon systems that are being designed, installed and commissioned on all existing and future schemes are fully externally validated.</p>
5.	Corporate plan
5.1	<p>The Councils Housing delivery programme directly addresses Priority 3: Building a new generation of council and affordable homes and reducing homelessness</p> <p>Additionally, the programme also serves to address the following:</p> <p>Priority 1: Leading Cambridge's response to the climate change and biodiversity emergencies</p> <ul style="list-style-type: none"> • Target of 20% net biodiversity gain across redevelopment sites • Housing delivery well exceeding Local Plan requirements in terms of efficiency, with a target for all new affordable homes to be delivered in line with the <u>Councils Sustainable Housing design guide</u> <p>Priority 2: Tackling poverty and inequality and helping people in the greatest need</p> <ul style="list-style-type: none"> • Provision of housing for refugee families • Inclusion of modular move-on accommodation for former rough sleepers in the delivery programme • All homes to be M(4)2 Adaptable and 5% to be M(4)3 adapted dwellings for families with accessibility needs. <p>Priority 4: Modernising the council to lead a greener city that is fair for all</p> <ul style="list-style-type: none"> • Number of developments implemented in line with (or exceeding) adopted policy

	<p>requirements</p> <ul style="list-style-type: none"> • annual income generated by council services and investments
6.	Consultation, engagement and communication
6.1	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.
7.	Anticipated outcomes, benefits or impact
7.1	<i>See 5.1</i>
8.	Implications
8.1	Relevant risks

8.1.1. Programme Risks

Risk	Likelihood	Impact	Mitigation
Cost increases on approved projects	<p>5 - Certain</p> <p>Risk of increased budget requirements due to Brexit, Ukraine War, building reg. changes, inflation and supply chain cost increases are being encountered.</p> <p>Staffing and materials shortage and delays to SOS due to funding uncertainties increase potential for this risk.</p>	<p>5 -Certain</p> <p>1. Committee approval needed for additional capital funding</p> <p>2. Unplanned public expenditure</p> <p>3. Loss of value for money</p> <p>4. Reputational risk to Council</p> <p>5. Reduction in overall delivery achievable</p>	<p>1. Cost plans are regularly reviewed and updated, and contracts are fixed price to the council.</p> <p>2. Latest budgets consistently reviewed as part of BSR and MTFS Process.</p> <p>3. Regular updated risk management and budgeting completed as part of risk reviews work across the Council. Supply chain and materials concerns under close monitoring.</p> <p>4. Committee approval to progress schemes ahead of firm grant certainty mitigates cost increases ahead of entering into build contracts.</p> <p>5. Depending on the extent of the additional cost this may be managed within scheme level contingencies approved in Budget Setting Report.</p>

<p>Securing Planning Permission on new schemes</p>	<p>3 – Noticeable Effect 1. Failure in obtaining planning permission or Conditions signoff cause delays and increase costs. 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 should revised applications be required.</p>	<p>3 - Noticeable effect 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>	<p>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. Ensuring officers and councillors are involved in decision making from project early stages</p>
<p>Sales risk – exposing Council cash flow forecast</p>	<p>2 - Some possibility 1. deceleration of sales / purchase/ acquisition cycle 2. Depreciation of assets</p> <p>Influx of market led schemes now requires increased consideration of risk of income reducing against assumed margins.</p>	<p>1 – Little Chance 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 and the Cambridge market remains relatively stable. However significant market sale developments are progressing which may require review.</p>	<p>1. Close engagement with market through private sector partners 2. Share risk with private sector partners 3. Financial and sensitivity analysis for the new project site selections, before project starts. 5. Specialist partner input to sales forecasts</p>
<p>Decanting residents / leaseholders</p>	<p>4- Probable 1. Regeneration schemes will not be progressed if residents are not decanted. 2. Complication in buybacks where Lease/freeholders face difficulties for obtaining new mortgages for their onward purchase, in non-portable cases, or where challenges are made to CPO proceedings 3. Redevelopment of estates with high % Lease/freehold ownership poses greater risk of CPO proceedings being required</p>	<p>3 – Noticeable effect 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 officers 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. 4. Resident liaison groups established.</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 schemes approved under the new 10yr programme, with additional funding allocated from separate streams at Aylesborough, and for Refugee housing. Remaining grant across new programme schemes not yet secured, other than that funding committed by the Council. The business plan for the MTFS and BSR assumes 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>3 - noticeable effect 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 development anti-campaigns</p>	<p>3 - noticeable effect 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>4- Significant disruption 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>

<p>Failure to secure net unit gain on redevelopment sites</p>	<p>5- Certain</p> <p>Encountered where the requirement for replacement of existing homes is necessitated due to ongoing maintenance concerns and Duty of Care.</p>	<p>4- Significant disruption</p> <p>Lack of significant additional revenue to offset investment will lead to Reduction in overall delivery achievable</p>	<p>1.Prioritisation of investigations into Council holdings which indicate scope for net housing gain</p>
<p>8.2</p>	<p>Financial Implications</p>		
<p>8.2.1</p>	<p>The HRA Budget Setting Report submitted to this meeting of the Committee includes all financial information for respective scheme budgets and net cost to the Council's Housing Revenue Account.</p> <p>Further review of overall budgets and financial positions are incorporated into the Councils financial reporting programme.</p>		
<p>8.3</p>	<p>Legal Implications</p>		
<p>8.3.1</p>	<p>Each scheme specific approval which proceeds for Committee review will cover any specific implications.</p>		
<p>8.4</p>	<p>Equalities and socio-economic Implications</p>		
<p>8.4.1</p>	<p>The development framework for new housing by the Council, approved at the March 2017 Housing Scrutiny Committee was informed by an EQIA.</p> <p>Each scheme specific approval is now additionally informed by an EQIA as it proceeds for Committee approval.</p> <p>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.</p> <p>Housing schemes which remain under pre-planning design are noted as TBD and firm figures will be incorporated as these proceed or Planning Consideration.</p>		

	<p>There are currently 49 fully adapted wheelchair user dwellings and 5 enhanced M4(2) adapted homes held within the HSC-approved delivery schemes as per below:</p> <p>Refer Appendix 2, table 8.4.</p>
8.5	Climate Change and Environmental Implications
8.5.1	<p>Each scheme specific approval which proceeds for Committee review will cover any specific implications.</p> <p>The Council's 2021 Sustainable Housing Design Guide continues to guide all new schemes. For Schemes being directly delivered on Council Land, the CamStandard is being adopted as per the addendum to the Sustainable Housing Design Guide adopted in September 2024.</p> <p>All schemes apart from five significantly exceed current Local Plan policy requirements. These include Histon Road (The Mews), Eddeva Park, Newbury Farm, and ATS/Murketts. These schemes meet the Local Plan requirements; The Mews and Eddeva Park are off the shelf Section 106 schemes not designed by the council and are to a variable standard.</p> <p>Newbury Farm and ATS/Murketts are delivered through CIP as part of market-led schemes being delivered on sites acquired for this purpose. As stated in the respective HSC approvals, viability constraints on these sites meant that the energy targets in the SHDG were not met but other sustainability metrics such as water usage were.</p>
8.5.2	The council now has 492 homes in development which are being delivered to, or are benchmarked against, Passivhaus Performance levels.
8.5.3	Refer to the Table of Sustainability Standards being delivered in Appendix 2.
8.6	Procurement Implications
8.6.1	Advice specific to each project.

8.7	Community Safety Implications
8.7.1	There are no community safety implications for this report. Each scheme specific approval will cover any community safety implications.
9.	Background documents Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
9.1	<ul style="list-style-type: none"> • 24/43/HSC Update on New Build Council Housing Delivery. • HRA Budget Setting Report (BSR) 2025/26
10.	Appendices
10.1	<i>Appendix 1: Delivery Programme</i> <i>Appendix 2: Update report tables and data</i> <i>Appendix 3: Development Portfolio Update for Material Consideration</i>
	To inspect the background papers or if you have a query on the report please contact Ben Binns, Assistant Director, Development, Housing Development Agency, email: ben.binns@cambridge.gov.uk.