
COUNCIL HOUSE BUILD PROGRAMME UPDATE: Committee Briefing

Appendix 1 of the Cabinet Report at Appendix A is not for publication as it contains exempt information of the description contained in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972. It is viewed that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Purpose of Report

1. During the Covid-19 lockdown, standing scrutiny committees were suspended, with Council agreeing to enable measured and proportionate scrutiny via a Covid-19 Scrutiny Panel, consisting of the Scrutiny Chairs. During the first meeting of the Scrutiny Panel, held on 9 June, 2020 Security Chairs received a Cabinet Report for pre-decision scrutiny entitled '*Response to the Impact of Covid-19 on Cardiff Council's Housing Delivery Programme*'
2. Following scrutiny of the item, it was requested that an update be provided to Community & Adult Service Scrutiny Members which encompassed these proposals and provided an overall update on the Council House Build Programme at the first possible opportunity. It has been requested the update is to include:
 - An update on the current status of property developments;
 - An update on the Impact of Covid-19 on the programme;
 - An update on the progress of the Design Standards Updates
 - Overview of the proposals included within the report taken to June's Scrutiny Panel which includes;
 - Purchase of additional properties
 - Potential change in Council contracts

Structure of the meeting

3. This item will be considered in two parts: an open session, where Members will receive a briefing by Officers and be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, should Members hold any questions that pertain to **Appendix 1 of Appendix A**.
4. Within the meeting, Members will receive a presentation in order to be informed on the current status of developments, including the Design Standards Update, the impact of Covid and recent proposals taken to 9 June Covid-19 Scrutiny Panel and 11 June Cabinet meeting. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration.

Background

5. Currently, there are just under 8,000 people on the housing waiting list. A Local Housing Market Assessment indicated that 2,024 new affordable homes are required each year to meet the demand. However, on average over the last 5 years the social housing sector has only delivered around 250 new homes each year.
6. The Administration's 'Capital Ambition: Our Continuing Commitments for Cardiff' policy statement contains a commitment to deliver at least 2,000 new Council homes, of which 1,000 will be completed by 2022, and to work with developers and partners to deliver 6,500 affordable homes across the city by 2026.
7. In order to achieve this, the Council has established a number of delivery routes, as follows:
 - Cardiff Living Development (300 target)
 - Additional New Build Programme (outside of Cardiff Living) (400 target)
 - Open Market Buy-Backs (100 target)
 - Developer Package Deals (100 target)
 - Convert buildings to Council Homes (50 target)
 - Meanwhile Use of Land (50 target)

8. The targets listed above relate to the 1,000 properties aimed to be complete by May 2022. To date, there have been 381 completions. In 2016, Wates Residential was appointed as the partner developer for the Cardiff Living Programme, with a Developer Agreement specifying terms and conditions. This programme is across 40 sites, spread over nine years and will deliver 1,500 affordable homes, of which 600 are affordable homes for social rent and Assisted Home Ownership and 900 are for affordable home ownership. Phase One has ten sites, six of which have completed, with four sites operational at the time of the Covid-19 pandemic.

Response to the Impact of Covid-19 on Cardiff Council's Housing Delivery Programme – June 2020 Cabinet Report

9. The report taken to June's Cabinet outlines the impact of Covid-19 pandemic on the housing delivery programme, in terms of cessation of operations, furloughing of staff and impact on the housing market overall (*points 10-12*). Cumulatively, these mean in-year delivery targets may potentially prove challenging for 2020/21 and make predictions about the delivery of pipeline schemes more complex.
10. The report outlines a proposed approach to mitigate the impact of the Covid-19 pandemic on the Cardiff Living Programme (*points 13-27*). Covid-19 has caused concern regarding the appetite and opportunity for families and individuals to purchase new homes. Wates are requesting the Council purchase 102 unsold/ unreserved properties being built as part of Phase One. These would be purchased by the Housing Revenue Account¹ at agreed build cost with agreed overheads only, in line with the terms set out in the Development Agreement, and subject to due diligence. The costs associated with this proposal are provided within **Confidential Appendix 1** to the report to Cabinet and Members are reminded not to refer to these in the open session of the meeting.
11. The report states that the additional properties could be acquired for Council homes or for Council approved low cost home ownership and that it would also be possible for the Council to consider sale of some units for affordable key worker housing. As

¹ Housing Revenue Account is a ring-fenced account for council housing

these properties are built to open market standard, they do not meet some aspect of the Welsh Government Design Quality standards: the report states that '***The differences between market sale properties and social rented do not prevent us from holding the properties within the councils housing stock as social properties' (point 22).***

12. The report sets out a new approach to delivering new affordable homes for Cardiff (*points 28-32*) which highlights the key role house building plays in economic regeneration and recovery. The report highlights the need for flexibility to deal with the volatilities of the housing market, for example by moving to tenure neutral developments capable of moving tenure in response to changing conditions.

13. The report states that to achieve this, the Council would need to use contracting partnerships, to deliver property directly for sale or rent, social and/or private rent, as appropriate. This would mean the Council would take a developers risk but would also be able to reinvest profits back into the development programme.

14. The report highlights that this approach requires significant further consideration and will be examined in detail as part of the proposed way forward for the delivery of the Channel View development in September, which is due to come before this Committee for pre-decision scrutiny.

15. The Cabinet Report and its Appendix considered at June's Committee is attached at **Appendix A**. Members are reminded that **Appendix 1** of the Cabinet report at **Appendix A** is exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors.

Scope of Scrutiny

16. The scope of this scrutiny is to use the evidence presented to Committee to judge whether the Council's developments in its Council House Build programme is progressing sufficiently and being delivered effectively.

17. During this scrutiny, Members have the opportunity to receive an update on the programme and explore:
 - I. Current status of the programme;
 - II. Context of Covid-19 and its ramifications;
 - III. Key factors shaping recent proposals
 - IV. Criteria for Acquisition
 - V. Financial implications
 - VI. Risks to the Council
 - VII. Next Steps and timelines.

Way Forward

18. Councillor Lynda Thorne, Cabinet Member for Housing & Communities has been invited to attend for this item and may wish to make a statement. She will be supported by officers from the People & Communities Directorate who will be providing Members with a briefing on their requested areas.

Legal Implications

The Scrutiny Committee is empowered to enquire, consider, review and Recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- i. Consider the information provided in this report, its Appendix and information received at the meeting;
- ii. Decide whether it wishes to relay any comments or observations to the Cabinet.

DAVINA FIORE

Director of Governance and Legal Services

1 Oct 2020