

Appendix A

Scrutiny Review - Council's Housing Building Programme

1. Introduction

The Scrutiny Committee seeks to review the progress of the council in delivering more and better housing including a wider choice of housing types of all tenures, which include affordable, social rented and council housing.

This review focuses on the Council's progress in developing and delivering Council houses following on from the Pathfinder Programme 5 years ago.

This report assesses the Council's success in delivering a council house building programme. Through the review process a number of barriers to success have been identified and where possible recommendation on a way forward have been made.

2. Methodology

This review has been undertaken through one to one interviews with key personnel across the Local Authority and with HTS (Property & Environment). The key witnesses interviewed as part of this scrutiny review are listed in appendix 1.

This has been supplemented by a desktop review of key documents and performance information, together with a review of best practice in relation to house building across England.

The report provides an analysis of available housing register data in order to better understand the demand and need for social housing, alongside reviewing the affordability of the housing market. It then moves on to review the progress that the Council has made in progressing its Council house building programme, before identifying the barriers to the programme and offering solutions and recommendations where applicable. Finally, a horizon scan and research into best practice identifies opportunities that the Council may wish to learn from, with the opportunity to implement at a local level.

Recommendations are identified throughout the report and a summary of all of the recommendations can be found in appendix 5.

3. Overview of Council House Building

In 1919 the Addison Act introduced the notion of housing as a national responsibility and launched the first major wave of social housing in this country. By 1981, the number of social homes peaked at almost 5 and a half million. Today England has just over 4 million social homes, despite demand for affordable housing increasing.

A report by the Housing, Communities and Local Government Committee to the House of Commons, Building More Social Housing¹ dated July 2020 identifies that England needs at least 90,000 net additional social rent homes a year and the Government needs to invest accordingly. The sector estimates that £10 billion in extra grant funding will be needed.

It is widely recognised that housing will be an important part of the national recovery from COVID-19. As the impact of the pandemic has worsened, it is those in the most acute housing need that are among the most vulnerable to infection.

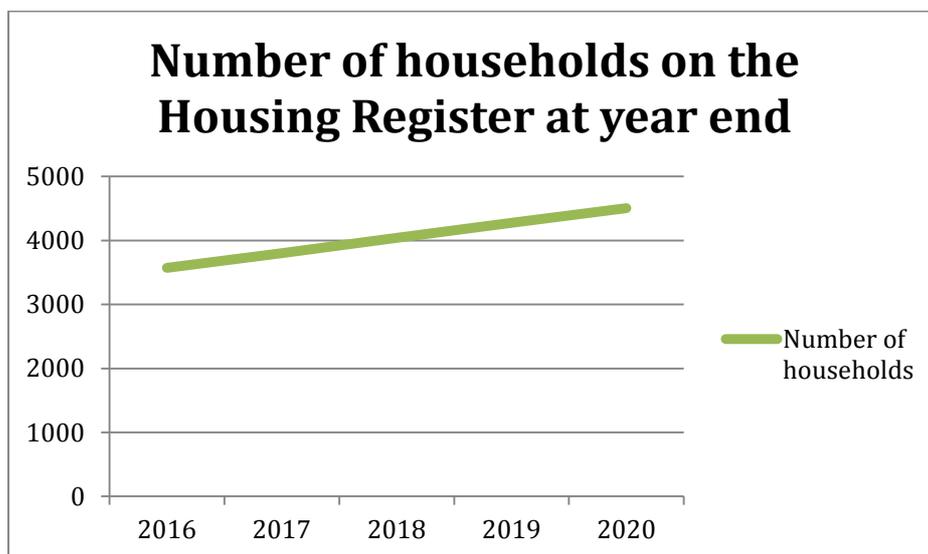
A full overview can be found in appendix 2.

¹ <https://publications.parliament.uk/pa/cm5801/cmselect/cmcomloc/173/173.pdf>

4. Understanding the Demand for Social Housing

4.1 Housing Register and Lettings Data

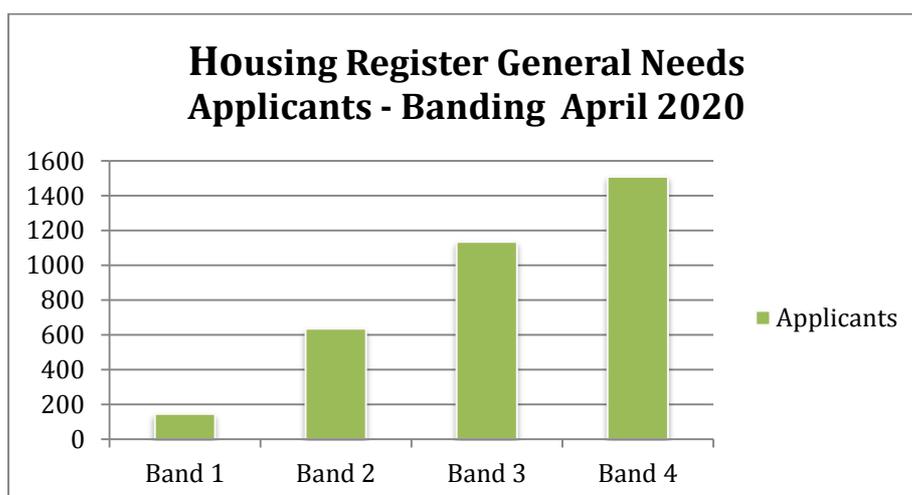
Demand for social housing across Harlow remains high. The graph below shows the number of households on the Housing Register at the end of each financial year.



Source: Harlow Council

The number of households on the Housing Register has increased from 3573 in 2016 to 4508 in 2020, representing a 26% increase over the last 5 years.

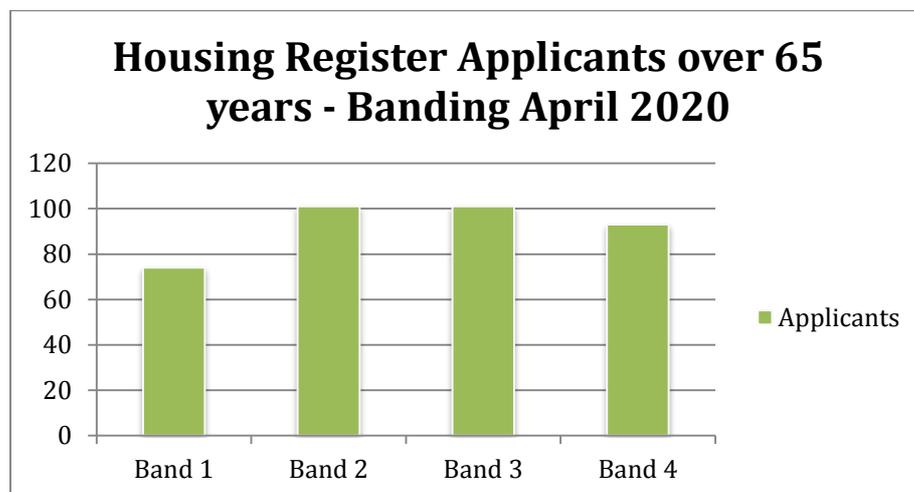
The graph below breaks down the total number of households (general needs applicants) on the Housing Register by band. (Households in band 1 have an urgent housing need, band 2 have a high housing need, band 3 have an identified housing need and band 4 have no identified housing need.)



Source: Harlow Council

As can be seen 44% of general needs applicants have no identified housing need.

The same information is displayed for applicants aged over 65 years in the graph below.



Source: Harlow Council

A smaller proportion of applicants (25%) have no identified housing need.

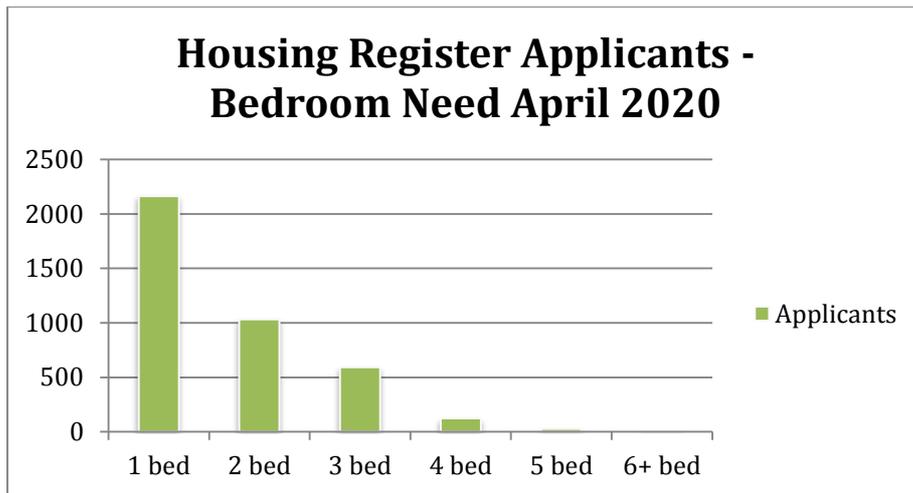
While outside of the scope of this scrutiny review the Council may want to give future consideration as to whether it still continues to operate an open housing register for general needs applicants.

As can be seen from the data 44% of general needs applicants have no housing need and therefore little prospect of being rehoused. There is a cost to the Local Authority in registering these applicants, dealing with enquiries and reviewing these applications in terms of staff time and resource, and at the same time these applicants may have unrealistic expectations regarding accessing social housing. A closed housing register would enable staff resource to be directed to delivering housing options to households in housing need.

Recommendation - 1

It is recommended that the Council gives consideration as to whether it still wishes to enable households with no housing need to join the Housing Register. It is suggested that the Council may wish to review the allocations policy.

The number of households on the Housing Register in March 2020 is broken down by property type in the graph below. It only includes applicants whose applications are live.



Source: Harlow Council

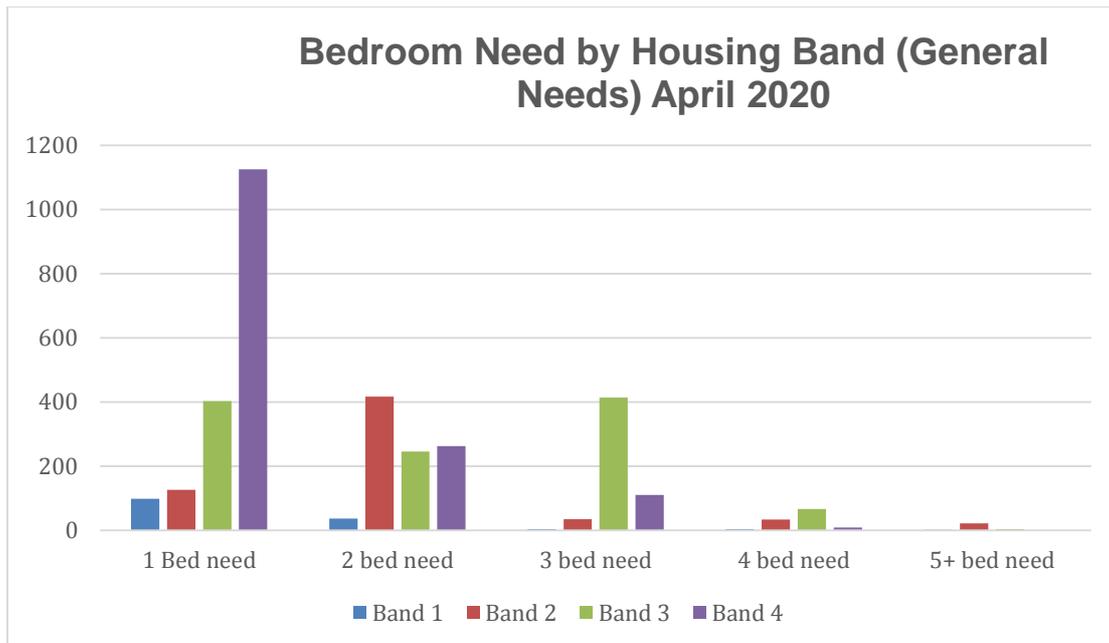
The greatest demand is for 1- bedroom accommodation, accounting for 55% of all applicants, followed by 2-bedroom accommodation (26%) and 3- bedroom accommodation (15%).

However, the table below provides further analysis of this information by banding for general needs accommodation, indicating that while the demand for 1-bedroom accommodation is the greatest across all bands, only 190 households have an urgent or high housing need for a 1-bedroom property, and a further 386 households have an identified housing need, while the majority with a 1-bed need (1041) have no identified housing need.

Band Level	1 Bed Entitlement	2 Bed Entitlement	3 Bed Entitlement	4 Bed Entitlement	5 Bed Entitlement	6 Bed Entitlement	7 Bed Entitlement	Number
1	91	31	4	3	1	1	0	131
2	99	487	29	38	16	4	1	674
3	386	249	392	65	1	0	0	1093
4	1041	243	96	7	1	0	0	1388
Total	1617	1010	521	113	19	5	1	3286

Source: Harlow Council

The graph below shows the demand for different property types broken down by housing need band.



Source: Harlow Council

Using this data it would suggest that the highest demand for accommodation for people with an urgent or high housing need is for 2-bedroom accommodation, followed by 1-bedroom accommodation.

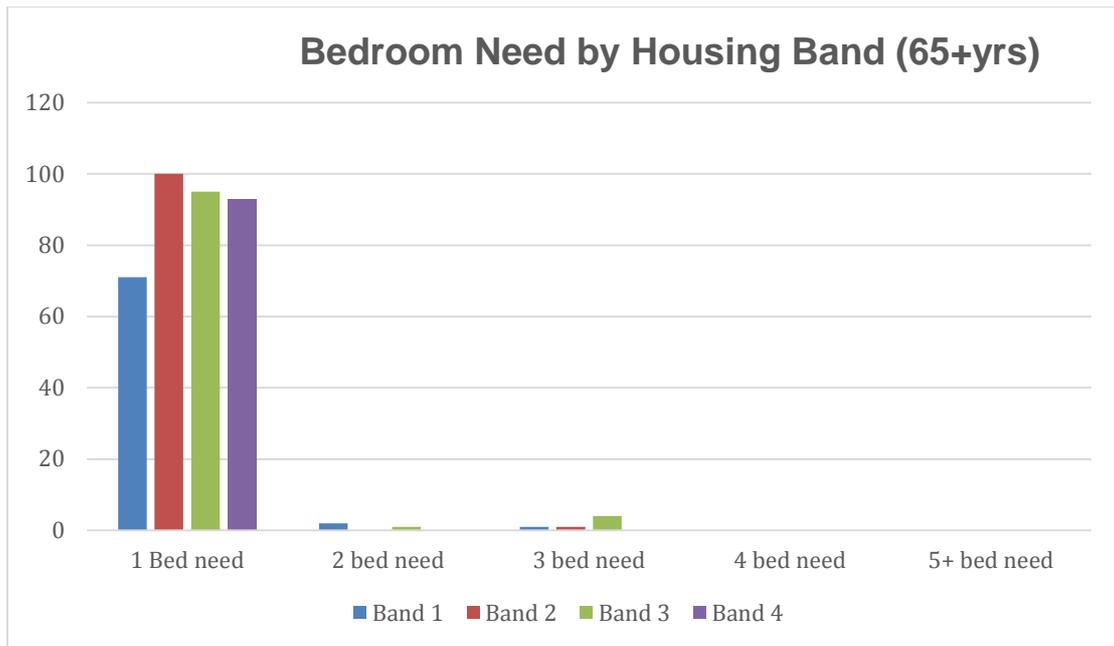
It is notable that there is a very high demand for one bedroom accommodation from households with no identified housing need, which indicates a lack of other affordable one bedroom housing options across Harlow. This accounts for 64% of those registered for a 1-bedroom property.

Housing developments should be focused on meeting the highest demand for property types, taking into account housing need. Data from the Housing Register is critical to understanding this.

Recommendation - 2

It is recommended that the Council uses data from the Housing Register to inform its development plan. The highest demand for households in housing need, is for 2-bedroom accommodation, followed by 1-bedroom accommodation.

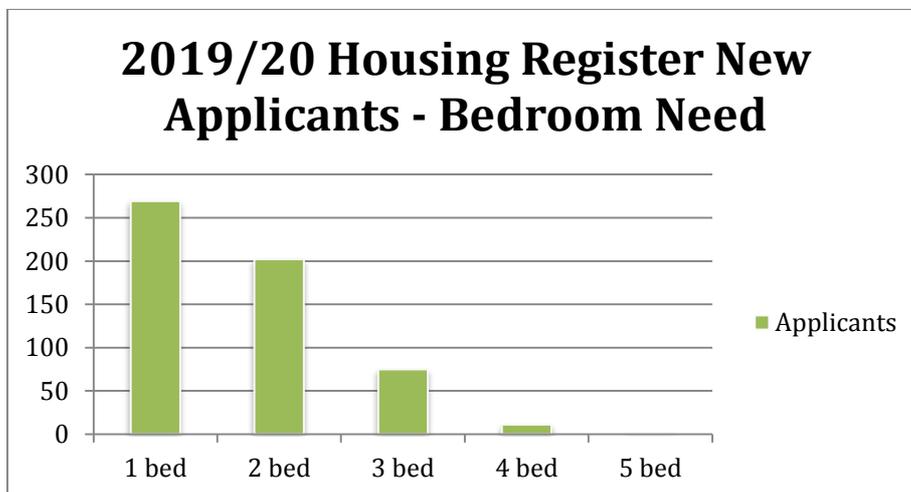
The graph below provides the same information as above but for applicants aged over 65 years.



Source: Harlow Council

As can be seen the greatest demand is for 1-bedroom accommodation across all housing need bands, the proportion of applicants with no housing need for 1-bedroom accommodation is lower than general needs at 25%.

The graph below shows the number of new applicants that joined the Housing Register in 2019/20.

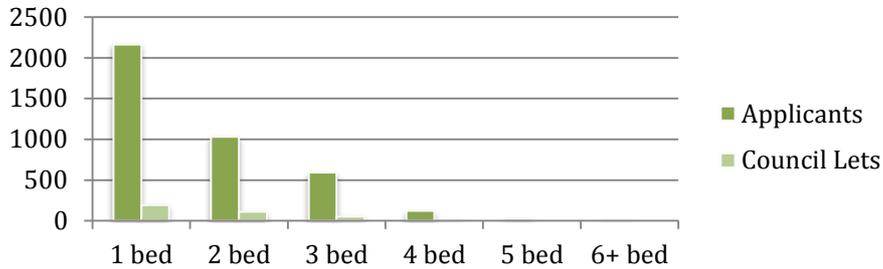


Source: Harlow Council

A total of 558 new applicants joined the Housing Register in 2019/20, the majority of these had a 1-bedroom need (48%), followed by a 2 bedroom need (36%).

In 2019/20 there were a total of 522 lets made to applicants on the Housing Register. The graph below details the number of Council lets made to Housing Register applicants in 2019/20, and compares this to the total number of households on the Housing Register. (It does not include Housing Association properties).

Housing Register Applicants - Bedroom Need compared with new lets



Source: Harlow Council

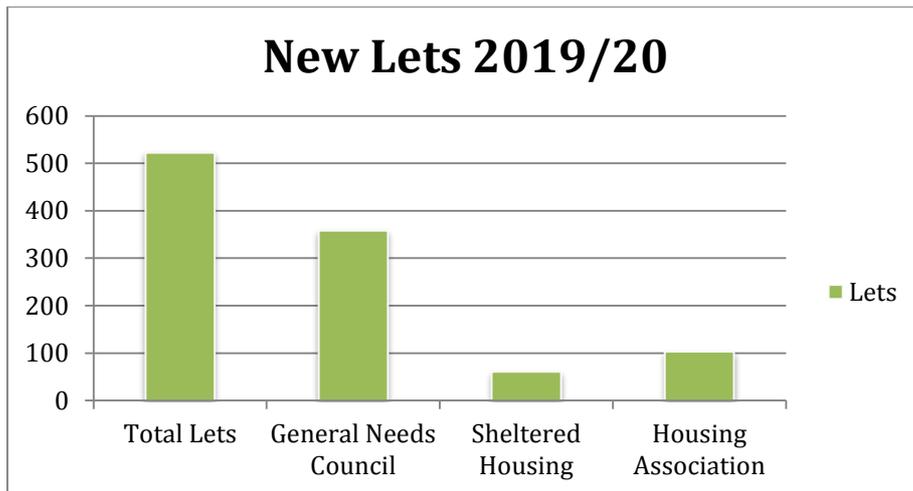
As can be seen the demand for all property types outstrips the supply. In 2019/20 there were a total of 191 studio and 1-bedroom Council lets, 110 2-bed Council lets, 52 3-bed Council lets and 9 4-bed Council lets

The Council has been unable to break this data down by bedroom size for all social housing lets (i.e., the total number of social housing and Registered Provider lets), due to additional costs in running these reports via Locata. Moving forward it would be advantageous to break this data down by bedroom size to better develop the Council's understanding of the need for social housing and to inform their development programme.

Recommendation-3

It is recommended that officers receive regular reports that break down total annual lets by bedroom size for all annual lets. This would enable demand to be compared with supply, providing more accurate intelligence on housing need in Harlow.

The graph below breaks down these lets by housing provider.



Source: Harlow Council

Over the same time period 57 Council properties were lost through right to buy.

In 2019/20 there were a total of 38 downsizing lets, 14 of these applicants transferred to a smaller property but continued to under occupy by 1 room, 21 gave up maximum bedrooms and were no longer under-occupying, the remaining 3 kept the extra bedroom.

While outside of the scope of this review it is relevant to note that the current housing register is based upon paper applications that require manual inputting. This is hugely resource intensive. Moving to an online application form would enable staff resource to be focused on other activities, and would also enable an automated annual reviewing system to be in place, which would result in regularly cleansing the Housing Register so that the Local Authority has a more informed and accurate understanding of the current demand for social housing.

Recommendation - 4

It is recommended that moving to an online Housing Register application form would enable staff resource to be more effectively focused on other activities to meet housing need, and ensure that applications are automatically reviewed and that the Register provides an accurate understanding of current housing need.

4.2 Housing Need

The Local Plan using the updated 2020 SHMA identified a total housing need of 9,200 between 2011 to 2033 taking account of existing residents' needs and planned growth.

As at 31 March 2019, 2,463 dwellings had been completed and there were 4,723 dwelling commitments, leaving a further requirement for 2,014 dwellings.

As Harlow is a former New Town with tightly-drawn boundaries and a planned nature, with distinctive Green Wedges which are uniquely important to the district's distinctive green character, there is less scope to deliver housing sites at an early date to fulfil a five-year housing land supply as may be the case in a

large district. A requirement of 361 dwellings per annum has, therefore, been identified for the period of 2011/12 to 2023/24.

From 2024/25 to the end of the Local Plan period, an increased requirement of 501 dwellings per annum has been set to meet the 9,200 dwelling requirement overall.

The need for affordable housing is 3,400 over the plan period.

4.3 Affordability

Private rents in Harlow in the 12 months to September 2018 ranged from £700 per month for a lower quartile one bed to £1,700 for an upper quartile four (or more) bed property.

The overall median private rent was £900, which is much higher than the England average of £690 per month. Social rents are approximately 47% of private rents in Harlow.

The table below shows the Local Housing Allowance rates for the Harlow and Stortford BRMA

Accommodation	LHA Rate
Shared accommodation	£331.50
1 bedroom	£718.03
2 bedroom	£897.52
3 bedroom	£1121.90
4 bedroom	£1296.45

Source: LHA direct.voa.gov.uk

The table below compares an analysis of properties available for rent in January 2020 on Rightmove based upon the average rent, against the LHA levels showing the average shortfall.

Accommodation	Average Rent	LHA Rate	Shortfall
1 bedroom	£833.33	£718.03	£115.30
2 bedroom	£965.83	£897.52	£68.31
3 bedroom	£1,275	£1121.90	£153.10

Source: Rightmove and LHA direct.voa.gov.uk

There is a significant shortfall for all property types, but the biggest shortfall was for 3 bedroom accommodation followed by one bedroom accommodation. (please note this was based on snapshot data for properties available to rent on 6/1/20)

Harlow's property prices are lower than other parts of Essex. However the house price growth in Harlow has outstripped wage increases making properties in Harlow unaffordable for many of the district's residents.

5. The Progress of the Council' House Building Programme

5.1 Pathfinder

In 2016 Harlow Council completed it's first house building programme for 30 years. Through the Pathfinder Project 18 units of social housing were built. The scheme was designed to transform disused and under utilised or cleared residential garage sites into high quality and sustainable homes to meet the demand for affordable rental homes in Harlow.

Sites at The Hill and Fesants Croft both saw 7 two bed houses constructed, with another 4 two bed homes provided at the Felmongers Site. All works included associated hard and soft landscaping together with the provision of a total of 56 parking spaces, which is hoped will ease existing congestion problems.

All of the properties met Harlow Council's space standards for new homes which are contained within the Harlow Design Guide and the Lifetime Homes Standards.

The scheme was considered a success given that it was the first build for 30 years and there were no significant delays.

In relation to what lessons were learned through the process it was identified that housing needed to be involved in the design at a much earlier stage and that procedures and processes needed to be in place for new tenants. It was also identified that it would be advantageous for the Council to have their own Clerk of Works priced into the development costs.

5.2 Other Developments

The Council worked to regenerate the The Briars, Copshall Close and Aylets Field (BCA) estates through a joint partnership between Harlow Council, Countryside Properties, and Home Group, and has helped to provide much-needed homes for people on the council's housing needs register. When completed, the newly named Atelier estates will include total of 346 new homes, comprising 93 social and 73 affordable homes for rent, 35 shared ownership homes and 145 private sale homes are being built across the three phases of the project. 100% of the homes have allocated to people on Harlow's housing needs register. This was a huge achievement and was delivered ahead of schedule.

In delivering this scheme the Council successfully negotiated to buy back 13 bungalows from residents who had purchased their home. The scheme was redeveloped in 3 phases. Every tenant was given the option of a home on the new estate, and 6 households took up this option. The affordable homes were all allocated from the Council's housing needs register.

The development includes a community centre which Home Group manage and is available for local residents to hire at a discount. The cleaner / key holder is a local resident employed by Home Group, with the intention to run outreach projects from the centre.

There are also small green spaces within the estate. Feedback indicates that there has been a drop in crime and anti-social behaviour in the local area.

In addition to the above a homeless supported housing project was developed creating 9 self contained bedsits following the redevelopment of two former houses. The project is managed by Streets to Homes and was developed in partnership with HTS and the Council.

5.3 Pipeline Programme

A pipeline programme is in place and identifies around 875 of units of development opportunities over the next 14 years. This includes 95 units where planning permission has been granted, a further 447 awaiting planning approval and 333 units on ex-garage sites.

A refurbishment of a block of Council maisonettes at Prentice Place is nearing completion and it is anticipated that these properties will be advertised in late 2020/early 2021. Bushey Croft and Lister House are due to be on site in early and mid 2021.

5.4 Details of Buy Back

The Council is currently embarking on a buy back programme to purchase 45 units of accommodation on the open market, which will be let as Council housing. To date 34 properties have already been earmarked. To make the scheme viable 70% will be affordable rent and 30% social rent. If the scheme works well the Council will reduce the number of affordable and increase the proportion of social rent. In Harlow affordable rent is 75% of the market rent and will be met by LHA. Affordable rents also include the service charge.

This is complemented by HTS's own programme where they have bought 5 units of accommodation to be let as a mix of social, affordable and market rent.

5.5 Harlow's delivery against its targets

The Council sets out its clear priority for more and better housing, and the Corporate Plan's goal is to deliver the housebuilding programme. The Housing Capital Programme 2020/22 details the capital budget for new build projects.

Name of Scheme	No of Units	Approved Scheme Cost £,000	Revised 2020/21 Budget £,000	2021/22 Budget £,000	2022/23 Budget £,000	2023/24 Budget £,000	2024/25 Budget £,000	2025/26 Budget £,000
The Readings			13					
Bushey Croft	16	4,140	20	2,781	1,202			
Lister House	46	14,000	370	2,400	3,000	3,000	3,000	1965
The Yorkes	13	3,015	36	1,482	1,475			
Brenthall Towers	8	2,585	38	830	1,692			
Stackfield	5	550	40	156	350			
The Hill	2	500	101	118	280			
Total	90	24,790	618	7,767	7,999	3,000	3,000	1,965

Source: Housing Capital Programme 2020/22

However, there are currently no measurable targets in place for housing completions, detailing the specific number of completions expected each year. Such targets are considered essential in being able to monitor the success of the Council's house building programme.

5.6 Achievements

It is widely acknowledged by both Officers and Elected Members that the Council has not delivered as many homes as it had hoped to, and that progress has been slower than anticipated. The reasons for this are explored in the sections below.

It is important to recognise that the Regeneration Team, responsible for housing delivery, is a very small team, but despite this they have achieved a number of successes including:

- The pathfinder resulted in the development of 18 Council properties, the first build for 30 years.
- The BCA regeneration project was a huge achievement delivered ahead of schedule, resulting in 93 social homes, 73 affordable homes and 35 shared ownership homes.
- The pipeline programme identifies 875 potential units of accommodation over 14 years
- Start on site at Bushey Croft is anticipated for the first quarter of 2021
- Planning permission achieved for the former Lister House site.

In addition, the Housing services team have had success in:

- Street to Homes Homeless supported accommodation
- Buy back scheme has already earmarked 34 properties for purchase and conversion to social housing.

6 How Harlow Compares to Others

The table below is taken from data published by MHCLG on housing completions for Essex in 2019/20.

Local Authority	Dwellings started				Dwellings completed			
	Private Enterprise	Housing Associations	Local Authority	All	Private Enterprise	Housing Associations	Local Authority	All
Basildon	180	20	0	190	190	10	20	220
Braintree	610	260	0	870	550	250	0	810
Brentwood	60	0	0	60	140	0	0	140
Castle Point	80	0	10	80	50	0	0	50
Chelmsford	670	290	0	970	470	200	20	690
Colchester	280	40	0	320	560	120	0	670
Epping Forest	120	30	0	150	190	60	50	300
Harlow	290	170	0	460	670	90	0	760
Maldon	210	140	0	340	320	170	0	490
Rochford	230	140	0	360	220	90	0	310
Tendring	420	70	100	590	850	40	10	900
Uttlesford	120	30	0	150	350	70	0	420

Source: MHCLG

Across Essex Basildon, Chelmsford, Epping Forest and Tendring are the only Local Authorities that completed Council house dwellings in 2019/20.

The table below shows the top 10 Local Authority house builders across England between 2014/15 and 2019.

Local Authority	Total Homes Completed
Birmingham	2,207
Manchester	1,396
Newcastle upon Tyne	820
Hackney	644
Leeds	562
Stockport	485
Hull	425
Hounslow	397
Ealing	379
Cambridge	356

Source: Inside Housing 'Council housebuilding: back with a vengeance11/10/19

7 Identified Barriers and Opportunities to the Housing Building Programme

This section identifies the barriers that were identified in relation to the Council's house building programme through both the desktop review and witness interviews. It considers each identified barrier and offers possible solutions to address these.

7.1 Political and Corporate Commitment

Barriers/Issues

There is both clear political and corporate commitment to deliver the Council's house building programme.

The Corporate Plan commits to deliver the house building programme, and an interview with the Chief Executive confirmed that more and better housing is the Council's main priority.

While this cross party commitment to house building is very positive there was some concern expressed that the expectations of what can be achieved within timescales is not realistic or achievable.

It was felt that both corporately and politically there may be a need to raise awareness of the issues encountered that have hindered the building programme, which is primarily linked to the availability of land and issues with sites, to ensure that expectations are realistic and can be met.

The Regeneration team is in the process of arranging a briefing session with McBains for some Elected Members.

Moving Forward

Holding an awareness raising session with Elected Members and Senior Managers would provide an opportunity to explore the issues encountered that hinder house building progress, alongside understanding the process and timescales involved in the delivery of housing. This approach would ensure that expectations are set, and understood widely.

In addition to this as part of this review the Regeneration team have provided an indicative timeline illustrating the steps required from identifying a potential site to the handover following completion. This timeline includes indicative timescales associated with each step. This can be found in appendix 3.

Recommendation 5

It is recommended that an awareness session is held with Elected Members and Senior Managers to ensure that the house building process is better understood, and that expectations can be managed and are achievable.

7.2 Measurable Targets

Barriers/Issues

While there was a perception amongst Elected Members that house building targets were contained within the Corporate Plan and HRA Business Plan these documents do not contain any measurable targets. The Corporate Plan identifies 'more and better housing' as its first priority. One of the identified goals with the plan is to 'Deliver much needed housing at truly affordable rents on long term secure tenancies,' and 'Delivering the house building programme with a wider choice of housing types of all tenures' which will include affordable, social rented and council housing.' The Housing Capital Programme sets out the capital budget against a number of schemes.

The Pipeline programme identifies around 875 of units of development opportunities over the next 14 years. This includes 95 units where planning permission has been granted.

The Council does not have a measurable house building targets, and therefore is unable to compare supply against targets in order to measure its success.

The Regeneration team has confirmed that targets will be set from 2021/22 onwards.

Moving Forward

Clear, tangible and measurable targets will help to ensure a clear focus on the housebuilding programme, enabling the Council to monitor its progress. However, it is important that when setting these targets they are realistic and take into account the other issues identified throughout this report, including the issues around land and sites.

In addition to this there is a need for clear governance arrangements to oversee the housebuilding programme. The Council needs to set out what will be delivered and by when, with regular update reports to SMB.

Recommendation - 6

In order to ensure a focused approach on housebuilding it is recommended that achievable annual house building targets are set, and progress against these targets should be reported quarterly.

7.3 Strategic Direction

Barriers/Issues

The Local Plan that the Council is currently working to is dated 2007, there have been a number of delays in developing the new plan, which went to full Council on 10/12/20 alongside the supplementary planning document. These are the tools that are needed to inform delivery and negotiate with developers.

The Strategic Housing Market Assessment has been recently updated in order to inform the Local Plan. However, it does not break down the affordable housing need by property size.

Work is ongoing to develop a new Housing Strategy, with a draft in progress and due to go to Cabinet in the 21/22 municipal year. The draft strategy includes a priority to develop the Council's house building programme, but at the moment lacks any further detail as to what will be developed and how.

The draft Housing Strategy recognises the need to produce a Council house building delivery strategy that identifies systems, processes, a pipeline of sites, funding and tenure models. The strategy identifies the following action points:

- Establish funding mechanisms to implement Council House Building including use of RTB receipts, additional HRA borrowing, cross subsidy schemes for mixed tenure developments and investing return from potential sales into future schemes.
- Maximising opportunities to deliver new Council Housing on Council land by creating a pipeline of sites, which are being taken through the development process.
- Investigate the feasibility of acquiring new Council housing via open market purchase.

The creation of such a delivery strategy would help provide a lot of clarity about the process and returns which would help achieve much greater understanding internally about how the Council delivers its housebuilding programme.

Both the Housing Strategy and Local Plan are critical in setting out the clear priorities for housing development across the town. To deliver a successful house building programme clear strategic direction is critical.

Although it is not considered that the lack of these documents would have directly impacted upon the success of the house building programme. However moving forward a much clearer strategic direction would be advantageous.

Moving Forward

The Strategic housing role requires:

- clear vision and strong leadership – ensuring housing, planning, economic development and regeneration work together and are integrated with other functions to influence the housing market, making choices and trade offs about land use
- market focus – clear evidence and understanding of the need/ demand/ mix of housing required
- strategic approach – Local Development Framework core strategies, sustainable community strategies and housing strategies setting out how to deliver the strategic vision
- Planning supply of new housing, and making best use of existing stock, including effective use of housing assets
- partnership – working across administrative boundaries with various stakeholders including housebuilders, developers, communities
- delivery – commissioning and delivery with partners, including through Local Area Agreements

- monitor and review – is the approach working?

A Housing Strategy is at the heart of the arrangements for housing and planning through its links with the Local Plan and its strategic role in directing investment in housing and housing related services locally. It sets out a strategic vision for the delivery of housing and housing related services and the outcomes that it will seek to achieve.

Recommendation - 7

In order to ensure a clear strategic vision for the delivery of housing the new Housing Strategy should be finalised and adopted.

7.4 Land and Site Issues

Barriers/Issues

One of main reasons identified for the slow progress of the housebuilding programme is the limited land available across Harlow. Low land values also make development more difficult.

The original Harlow New Town was built after World War II to ease overcrowding in London and the surrounding areas due to the devastation caused by the bombing during the Blitz. Harlow was a result of the New Towns Act of 1946, with the master plan for Harlow drawn up in 1947 by Sir Frederick Gibberd.

The town was planned from the outset and was designed to respect the existing landscape. A number of landscape wedges - which later became known as Green Wedges - were designed to cut through the town and separate the neighbourhoods of the town. The Green Wedges are protected from inappropriate development, through the Local Plan. During the formation of the new local plan, a number of Council owned sites were removed from the local plan for development due to being in Green Wedges.

Harlow is a small town, measuring 6 miles across, and as such opportunities for large scale developments are limited. As such the Council's housebuilding programme has primarily focused on Council owned land, which includes a number of ex-garage sites.

The majority of identified sites within the pipeline programme are ex-garage sites, and as such are small plots with the opportunity to only develop a small number of units on the site, and as such are not always economically viable. The garage sites are not easy sites upon which to develop due to access constraints, parking issues, the limited size of the sites and other complications.

In addition to this there have been a number of varying issues that have arisen on many of the proposed development sites. (Including a potential 2nd World War bomb, covenant issues, Norman Church, land designated for allotment use requiring authorisation from the Secretary of State to change use). These issues have led to a number of delays in the build programme.

The complications linked to a number of the proposed sites have resulted in a higher build cost per unit, and as such may not be financially viable to develop.

Financial viability – Each of the schemes that is identified need to be financed and borrowing needs to be covered by rental income, therefore appraisals need to be undertaken to ensure that schemes are financially viable. It is for this reason that a small number of sites have not been taken forward as they fail to stack up financially. The Council has recently invested in software (Pamwin) to enable this to be done robustly.

Through consultation with staff a potential opportunity was identified for the Council to begin to engage earlier with major site developers to explore opportunities for the Council to acquire land from them. While Developers will be able to get more money from open sales the value of an early sale may be attractive, and the acquisition of land would enable the Council to undertake much larger developments.

Moving Forward

There is a need to have a clearer and more defined process for agreeing which sites are to be developed with agreed minimum outcomes (in particular the number of units to be built on each site and or the return expected from each site or overall). Without such clarity there is a risk that numerous feasibility studies are produced or different schemes drawn up which then are not progressed. If there are clearer principles setting out the expected number of units at the outset this should reduce the need for multiple feasibility studies on the same site in the majority of cases.

The Council also needs to make clear decisions in relation to awkward sites, and recognise at the outset that the built cost per unit will be higher or consider selling the sites to enable cross subsidy or an alternative approach.

Recommendation - 8

Develop a defined process for identifying and agreeing sites with a minimum number of agreed outcomes.

Recommendation - 9

Have a clear decision making process for awkward sites with a high build cost.

Recommendation – 10

Explore the opportunity of acquiring both land and property from major site developers both within Harlow and neighbouring districts.

7.5 Staff personnel and turnover

Barriers/Issues

Through interviews it was identified that there had been a total of 4 different Officers responsible for leading the Council's house building programme (including through the Pathfinder programme) over the last 5 years. This also included a period of 18 months in which an interim post holder was appointed, and during this period progress was very limited due to their time being taken up with a very difficult development.

It is not clear from the interviews as to the reasons for these issues in relation to staff retention, although subsequent conversation suggest it could be related to the salary range of the post. However these constant changes in the officer with lead operational delivery will no doubt have impacted upon the momentum of the build programme. Views were also expressed that the change in staff led to the redesign of some schemes over the intervening years, which may also have contributed to delays.

The current Housing & Regeneration Manager commenced in post in February 2020, and the general view from the witness interviews was that since his appointment progress seems to have improved, despite the impact of Covid throughout this timeframe.

Moving Forward

The recruitment process needs to ensure that the right personnel can be appointed and that salaries are in line with other LAs to ensure that individuals of the right caliber can be appointed and retained.

Recommendation 11

The importance of appointing and retaining the right person to lead the housebuilding programme is critical to its success.

Recommendation 12

Focus on staff retention through the appraisal process.

7.6 Resources

Barriers/Issues

In relation to resources there is one Housing and Regeneration Manager who has operational day-to-day responsibility for the Council's house building programme, with support from a Regeneration Project Officer.

This is a small team, and there were varying views as to whether this was a sufficient resource to deliver the house building programme.

At this point in time it is not clear that if resources were to be increased this would lead to an increase in house building, given the issues with land and sites identified within this report.

To understand this further it would be useful to undertake a benchmarking exercise with a similar sized local authority with similar challenges around land and sites.

It was also identified that project management expertise within the team would ensure a more coordinated approach; ensuring projects were managed within timescales, effective communication between services took place and that there was a cross-service integrated approach.

Moving Forward

In order to understand if additional staffing resources would lead to an increase in the number of successful Council homes completed, there may be value in undertaking a benchmarking exercise with similar authorities who have had a successful build programme to understand what level of resources may be required.

Recommendation 13

Undertake a benchmarking exercise to understand if an increase in staffing resources would be likely to lead to an increase in developments.

Recommendation 14

Ensure that project management expertise is embedded within the team responsible for housebuilding either through existing resources or via a project management officer.

7.7 Joined up Working

Barriers/Issues

It was identified by a number of witnesses that historically work between different departments was not as joined up as it could be. Issues were identified in the past with both planning and housing becoming involved too late in the process, when earlier involvement could have helped identify solutions to potential planning issues and help inform the design, both in relation to managing out ASB and fixtures and fittings.

Since the new Housing and Regeneration Manager has been in post fortnightly meetings have been established with housing, at the time of writing the report this meeting will be expanded to include finance and planning officers.

It is also recognised that throughout the pandemic many staff have been working from home, which can impact upon the ability to work jointly when staff members are remote.

Moving Forward

Establishing an Officers Project group with consistent membership that meets regularly will ensure a joined up approach to delivering the Council's housebuilding programme and can ensure that planning, financial implications, and design issues can be considered from the outset of each proposed site. This would ensure closer corporate alignment to ensure opportunities can be maximised and that issues and barriers can be quickly identified and solutions found.

Recommendation -15

Establish an Officers Project Group to meet regularly with representation from Housing, Planning, Finance and chaired by Regeneration, with the involvement of contracting partners where appropriate.

7.8 Procurement of Consultants

Barriers/Issues

Due to procurement regulations there was a requirement to undertake a procurement exercise to appoint consultants to support the Council with its house building programme.

The role of the consultants is to act on behalf of Harlow Council to:

- Provide multifunctional services to include architectural design to RIBA stage 7
- Planning applications and discussions with third party consultants to obtain planning consents,
- Carry out specific site investigation surveys, investigate and incorporate the use of Modern Methods of Construction on relevant sites
- Lead on the procurement of contractors
- Produce accurate costings of construction costs for each scheme
- To hold regular meetings prior to construction and all the way through to completion
- Carry out quality control checks on contractors, sub-contractors and consultants.

This resulted in the former consultants Faithful and Gould being unsuccessful and new consultants McBains being appointed.

It has been identified that this process contributed to delays in the housebuilding programme, and in addition to this it has taken time to establish new working relationships with McBains, however, the new relationship is now working well.

Moving Forward

Recommendation - 16

It will be important to recognise that any further procurement exercises when the current contract with McBains comes to an end has the potential to introduce delays.

7.9 Planning

Barriers/Issues

While it was reported that individual relationships with planners are very good, there were some concerns expressed that the planning process is slow, and can contribute to additional delays. The development management team is a small team with limited resources, although the Council is tackling this through the introduction of pre-application charges, which should help fund sufficient resources within the team.

It was also identified that there were opportunities when both Regeneration and Housing could have involved Planning at a much earlier stage, this could have allowed different approaches to be considered, saving time and resources in the longer term. Meeting with planning at the pre-application stage would be advantageous moving forward.

Once again it was identified that working remotely due to Covid has made it more challenging to establish good work practices with other teams.

Moving Forward

It is suggested that Planning, Housing and Regeneration meet to identify opportunities to address the issues identified above.

Recommendation - 17

Hold a meeting with planning, regeneration and housing to identify opportunities to overcome some of the delays within the current process.

Recommendation – 18

Ensure that meetings with planning take place at the pre-application stage.

7.10 Covid

The impact of the pandemic is likely to have also led to delays in progressing the housebuilding programme since March 2020.

It is also acknowledged that remote working due to the pandemic is likely to have made it more challenging for services to work together effectively.

The construction industry has been hit hard by the COVID-19 lockdown. Output dropped 40 per cent in April; 148 job vacancies were estimated in June to be down 54 per cent on the quarter.

7.11 The Role of HTS

HTS were established as a company to deliver the Council's building and environmental maintenance. More recently a subsidiary Housing and Regeneration company has been set up, the intended aim was to be able to submit business cases for new build and refurbishment of housing properties.

To date HTS has not yet had the opportunity to develop Council houses on behalf of the Council. Some frustration was expressed in relation to this by HTS staff and Elected Members. There was some concern expressed by Council staff that HTS may not have sufficient expertise and experience to deliver the Council's house building programme.

To progress this and provide HTS with an opportunity to demonstrate their ability to successfully deliver social housing for the Council it has been agreed that they will develop the Stackfield and The Hill site.

Moving Forward

The Stackfield and The Hill development will provide HTS with the opportunity to demonstrate their skills and expertise.

Recommendation - 19

Work with HTS to develop, plan and deliver future housing and regeneration schemes through a structured process.

7.12 Modern Methods of Construction

Elected Members, together with Officers, are keen to explore modern methods of construction (MMC) and understand the opportunities it may bring. The following perceived advantages are associated with MMC.

- Tackling the skills shortage.
- An easier method of compliance to building standards.
- The ability to achieve high standards, including high thermal and acoustic performance.
- A reduction in waste materials, with a larger incentive for suppliers to reduce waste.
- Shorter build times.

- A better quality construction in finish with fewer defects.
- A reduction in both accidents and health concerns.
- Construction that is less effected by inclement weather during the build.
- Less local disruption in the form of noise dust and site traffic.
- Fewer and less skilled trades required on site.
- Creation of employment in a fixed location due to the permanence of the factory resulting in shorter distances for the workforce to travel and thus making workforce shortages easier to address.
- Reduced cost/increased cost certainty, not only due to decreased erection time and economics of scale, but also due to a reduction in preliminaries, site storage requirements and welfare facilities
- Improved traceability of components enabling improvements to maintenance regimes.
- Improved accuracy and tolerances, due to the use of jigs and templates in factory conditions
- Reduced life-cycle costs
- Increased accuracy on completion dates
- A more simplified procurement process
- Reductions in CO2 emissions.
- Increased on-site productivity
- Generally increased 'value' of products
- Increased rate of housing supply

There are however, a number of potential barriers these include:

- Real or perceived additional cost and the lack of accurate cost data.
- Long lead-in times and the associated difficulties in integrating MMC's with traditional procurement systems.
- Client's negative perception.
- The lack of published information and guidance.
- Increased risk and the industries reluctance to change.
- The lack of published codes and standards.
- The lack of local availability of the materials.
- The lack of experience of the construction process and the materials.
- Difficulties obtaining finance.
- Insufficient worker skill.
- Difficulties in achieving economics of scale.
- The fact that the quality and durability of the techniques over time have not been proven.
- Difficulties integrating MMC's with traditional works.
- The inflexibility of factories to respond to fluctuating demand.

8 Good Practice and Innovation

This section reviews national good practice and innovation in the housebuilding sector.

8.1 Inside Housing Research²

Inside Housing undertook research in October 2019 to understand the progress of Councils' House Building Programmes a year after the removal of the borrowing cap on the Housing Revenue Account, giving councils the freedom to borrow to fund their ambitions to build at scale for the first time in a generation.

Data was obtained by Inside Housing through Freedom of Information request to 240 Local Authorities in England. Of the 240 councils, 131 have directly delivered new housing since 2014/15. Together, using all mechanisms, they have completed 18,999 net additions, meaning the total added to the country's stock (essentially new builds plus conversions minus demolitions).

The research identified that the biggest builder was Birmingham City Council, with 2,207 homes completed over the period analysed, all through Birmingham Municipal Housing Trust (BMHT) – an enterprise established in 2009 as a means of delivering new HRA housing. Of these, 416 were for social rent, 893 were for affordable rent and 898 were for market sale. They have been able to achieve such a high level of developments through a high level of for-sale homes which has enabled BMHT to sustain high levels of activity.

The HRA is very much the dominant delivery mechanism according to the research, accounting for 73% of homes completed. Housing companies, including joint ventures and homes retained by ALMOs, made up 22%, with 5% otherwise delivered using general fund investment.

The report details the Local Authorities who have had the most success with their house building programmes, Harlow may wish to consult with these Local Authorities to understand if there is any good practice that can be replicated locally.

8.2 HQN – Innovation in House Building³

In 2018 HQN produced a report focusing on innovation in house building. It identifies the following eight key interrelated themes:

1) Local case for council housebuilding - It is essential to continually highlight the benefits of council housebuilding to local stakeholders including tenants. These benefits include:

² <https://www.insidehousing.co.uk/insight/insight/council-housebuilding-back-with-a-vengeance-63510>

³

<https://www.local.gov.uk/sites/default/files/documents/Innovation%20in%20council%20housebuilding%20-%20full%20document.pdf>

- Addressing local housing requirements that are not being met by other providers, such as developing properties that meet the needs of homeless households (and therefore link with the focus on homelessness reduction)
- Investing in neighbourhoods where there has been little action in recent years
- Setting high-quality design standards
- Creating added value through training and jobs for local people and boosting the local economy by supporting small and medium enterprises in the supply chain
- Growing in-house development skills that can also be used elsewhere in the council.

2) Flexibility - Council housebuilding is part of the solution for boosting the affordable rented housing supply. It can, however, be integrated with other types of provision to ensure mixed tenure neighbourhoods. This might include low-cost home ownership, open market sale and private sector build-to-rent. It requires a willingness and flexibility to co-operate with housing associations and other providers, especially on larger sites.

3) Quality as well as numbers - There is a need to focus on supply but also on paying attention to the quality of homes and neighbourhoods. Involving existing tenants and communities in planning the redevelopment of council estates, can lead to a focus on the provision of a range of housing types and improved local facilities such as schools and community hubs.

4) Exemplars - For example, providing high-quality environmentally sustainable homes through the use of in-house design standards can be used to encourage other housebuilders to 'up their game' and address concerns frequently raised by residents over the relatively poor quality of new housing provision.

5) Opportunities - There are significant local (as well as national) challenges such as the unavailability of sites and lack of skills. Strategies to address the lack of sites, include:

- purchasing land on the open market
- making use of planning agreements to purchase properties
- working with public and private landowners to unlock sites
- developing mixed tenure neighbourhoods (including council housing) on large strategic sites.

In relation to upgrading skills, actions include in-house training and apprenticeship schemes, use of external consultants, sharing staff between councils and working with housing associations and other providers which can provide some of the necessary expertise.

6) Collaboration - This includes:

- Co-operation within councils to co-ordinate council housebuilding as part of their housing enabling role with asset management policies, planning strategies, regeneration plans and training initiatives
- Involving tenants and local communities in the design and delivery of regeneration schemes

- Working with other partners including adjoining councils, housing associations and housebuilders on sharing expertise, unlocking strategic sites and developing mixed tenure neighbourhoods.

7) Leadership -Local leadership is key. Making sure housebuilding is at the top of or high up the local agenda

8) Localism - One of the many strengths of council housebuilding programmes is that they have been designed to reflect local circumstances.

The major recommendations of the HQN report for councils are:

- Develop a strategic framework that sets out the role and function of council housebuilding to address local issues
- Ensure there is political commitment
- Emphasise the added value of council housebuilding, for example providing training and apprenticeships and helping the local construction supply chain
- Ensure that there is a full understanding of the funding opportunities for council housebuilding
- Promote the exemplar role of council housebuilding in encouraging other developers to 'up their game' in terms of quality
- Collaborate with housing associations and developers to address issues such as skills gaps
- Work with adjoining councils and, where appropriate, combined authorities over joint initiatives on council housebuilding, such as sharing expertise
- Have 'shovel-ready' schemes that can be brought forward in response to government funding initiatives
- Take an active role in debates on the future of council housing by, for example, commenting on the Social Housing Green Paper and participating in other national inquiries.

A significant message of the report is the importance of 'doing' - it was vital that the council is seen to be taking action by other providers and by the community.

The report identifies the following case studies where Local Authorities have taken an innovative approach.

Babergh and Mid Suffolk district councils: these two adjacent councils have a single integrated staffing structure and have developed 65 homes through the HRA over the last three years. In the case of Babergh, these are the first new council properties for nearly 30 years.
Cambridge City Council: over 200 council homes have been developed between 2010 and 2017. The council intends to use affordable housing funding through the devolution deal for the Cambridgeshire and Peterborough Combined Authority to continue this programme.
Cheltenham Borough Council: through its ALMO, Cheltenham Borough Homes, there has been added value created by its development and modernisation programme that incorporates an employment initiatives service to address worklessness.
Harrogate Borough Council: there is a long-standing commitment to develop homes through the HRA and the council has built up in-house capacity, including a design team and a viability assessment unit.
Hartlepool Borough Council: has re-opened its HRA to help develop new

affordable homes in the area.
Winchester Borough Council: has built 100 council properties since 2012 and held discussions with the Government in 2017 over additional funding to develop a programme of 100 new units per year.
York City Council: has developed nearly 80 council houses since 2015 and has been negotiating with Homes England over the setting up of a housebuilding fund for 2018/19 to 2023/24.

The full report details a number of case studies, and while none of the Local Authorities are directly comparable to Harlow, there may be learning that can be embedded at a local level.

8.3 Other Good Practice and Innovation

Newham Council

Populo Living, Newham's wholly owned housing company, has been working with the council to develop an in-house modular construction programme to boost the supply of affordable homes in the borough.

Newham's cabinet has approved Populo to use 10 council blocks with the potential to deliver more than 200 London Affordable Rent homes, which will see affordable homes built on the rooftops of existing council-owned blocks.

London Affordable Rent is a tenure designed by the mayor of London and is generally slightly more expensive than social rent. An initial assessment of the council's existing stock suggests that at least 500 homes can be delivered using this method.

Existing tenants in the selected blocks would be the first to be offered the new London Affordable Rent homes, freeing up council homes for those on Newham's housing waiting list.

The new homes will be built to zero-carbon standards and will also be cheaper to run for residents. Upgrades to the existing blocks would be carried out as part of the programme in order to significantly reduce their carbon footprint.

Analysis by Populo suggests that this approach could reduce the cost of building social housing by up to 25%.

Cambridge City Council

Cambridge City Council developed 356 properties between 2014 and 2019 through its housing development agency team, which has 9 members, this is complemented through wider support from other teams across the Council. Alongside the development officers and project managers the team also has a post to support decanting due to the number of regeneration projects.

Key to the Council's delivery has been political support, senior leadership and a deadline to deliver to, which has helped difficult decisions to be made, failure to do this would result in funding being lost.

A large proportion of the programme has been delivered through the Council's investment partnership with Hill (a housebuilding company that operates across London and the South East). This has meant that the Council has been able to deliver at speed and has been able to get on with planning applications/start on sites. The Council is also able to utilise resources from Hill throughout the project.

The Council has secured land on the open market, the partnership with Hill has helped this as they are already in this market locally. The Council has also purchased some small sites that the Council had a unique position on due to land the Council owned being next to it.

In terms of property types, by owning the land the Council is able to drive the development forward, although there is always the balance between political drivers e.g. as much rented housing as possible, commercial objectives and viability to strike as part of this.

Further information is available by talking to Claire Flowers, Head of Housing Development, Cambridge City Council

Claire.Flowers@cambridge.gov.uk

Cheshire West & Chester Council

Despite starting a development programme only 3 years ago, at a time of significant austerity, Cheshire West and Chester Council is now one of the largest developers in the borough which is an impressive achievement for any new operation.

The Council's Investment and Development Team lead on the house building programme, and comprise of a team of 4 with support from Housing Strategy (0.5 FTE) and the Strategic Housing Manager (0.2 FTE). The Council has also engaged legal consultancy services and support from its Housing Stock Management company.

The 230 new Council homes that are now coming to fruition are only the start of an ambitious five year programme which will provide a total of 1700 new units, including shared ownership, starter homes, private rented and market home ownership properties, accelerating the pace of delivery of new homes whilst providing attractive and successful neighbourhoods.

To date all the properties both completed and in the pipeline have been provided on Council owned sites. More details of the delivery mechanisms for having achieved this can be found in appendix 4.

The main barriers to the programme have been:

- Getting the initial political buy in, to not receive capital receipt for sites.
- Obtaining planning permission
- A detailed building spec and loophole free development agreement.
- Site supervision

The Council has been successful in securing Homes England grant and as they have their own stock there is some in house expertise. It was decided very early on that setting up a separate Development Company would be more time

consuming and expensive, which was the right decision for the Council, but the Council commented that it can be incredibly stressful managing the minutiae and for latter projects the employment of site supervision has been a significant improvement.

With regard to market led schemes and influencing RPs to bring forward sites, the Council has had mixed success. The Council has a good relationship with all 20+ RPs developing in Cheshire West and Chester: The Council has regular one to ones with individual RPs and hold a quarterly meetings with all the RPs, LEP, and Homes England to ensure a strategic approach to housing delivery. The Council is currently collectively mapping the pipeline for the next 5 years against demand so that it can assess the mix, type and location of future developments and guide RPs as to which s.106 units they would prefer them to pick up.

There has been reasonable success in dealing with developers, the Council's planning policy is quite prescriptive and planning officers actively encourage developers to engage with Strategic Housing as part of the planning process so that they can be guided on the appropriate mix and type of housing. In addition the Council rarely takes commuted sums, so where viable, affordable housing is being provided on site. With regard to bringing sites forward, Cheshire is an attractive area for housebuilding (financially) and to date there has not been a shortage of sites coming forward. There are a number of brownfield town centre sites which are less attractive and the Council has locality based regeneration teams who actively engage with site owners to try to bring these forward for development. Rewards are beginning to be realised on these sites - but it has taken 5 years to make progress and there has been limited provision of affordable units. Given the current climate it is anticipated progress will slow.

Further information is available by talking to Rachel Rens, Housing Policy Officer, Cheshire West and Chester Council
Rachel.rens@cheshirewestandchester.gov.uk

8.4 What Neighbouring Authorities are Achieving

Epping Forest

Epping Forest District Council is half way through its House-building Programme of building around 300 new affordable rented homes by 2024. These homes will supplement the Council's existing stock of around 6,500 properties and help to house the 1,500 people who are waiting for a home on the housing register.

Phase One of the Programme completed in 2017, delivering 23 new affordable rented homes in Waltham Abbey, all of which have been let to local residents in housing need. These developments were small development over 5 sites. (between 2- 4 homes on each site).

Phase Two of the Programme is now complete and delivered 51 new homes in Debden, over 4 sites, these developments were slightly bigger (between 11 – 19 homes on each site).

Phase Three of the Programme is also complete, providing a further 18 new homes over 7 sites.

The Council has also purchased eight brand new homes off-plan from Linden Homes in Roydon. Along with 18 open-market properties for renovation from 2019 to date.

A further scheme of 12 new houses is nearing completion, and work has embarked on phase four which will provides a further 14 homes.

Recommendation - 20

It is recommended that the Council undertakes further research into highlighted good practice in order to identify what learning and opportunities could be embedded locally.

Additional Recommendation agreed by the Scrutiny Committee

Recommendation - 21

Carry out a review of the Council's learning and development, guidance alongside the appraisal process for staff delivering the Housing Building Programme.