

London Borough of Enfield

General Purposes Committee

April 2021

Subject: Update to approach to Housing Development

Key Decision: No

Purpose of Report

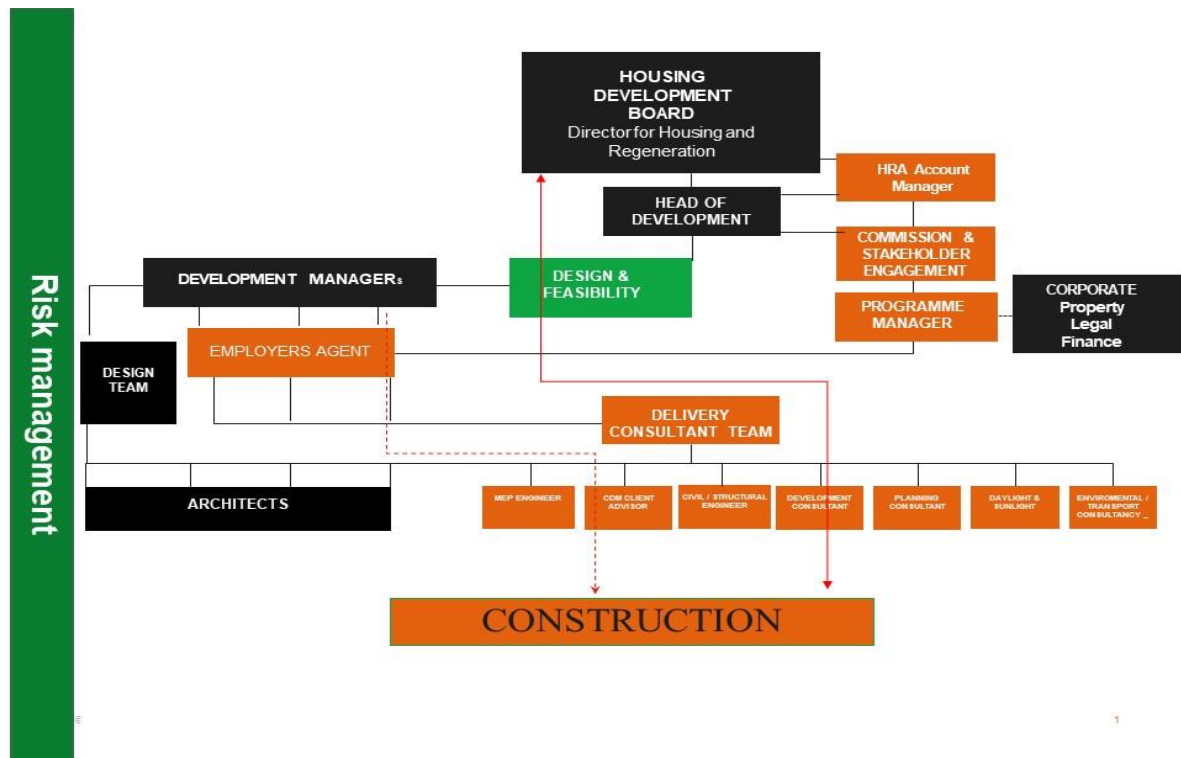
1. To provide an update to the approach to housing development, including risks, governance and progress of the schemes.

Proposal(s)

2. Note the governance structure and the risk controls embedded at all stages of the project cycle.

Background

3. On 5th March 2020, the formerly named Audit and Risk Committee was provided an update on the Development Programme, focussing on the governance procedures and process for managing risk to the Council.
4. The structure below represents the governance process and illustrates the controls embedded to monitor performance and risk from feasibility stage to completion.



5. The Committee sought clarity regarding the exact number of homes that will be developed over the next 10 years. The previous report primarily focused on the ambition to deliver 3500 new homes through Council-led housebuilding on its own sites. The emerging Local Plan will set out the housing need for the borough which will be closely monitored to enable the Council to intervene in the housing market to increase pace of delivery (such as through partnerships, acquisitions or use of funding).
6. The Committee asked for more clarity on the housing needs, specifically for those who are in temporary accommodation or unable to access affordable home ownership products. Since last year's Audit and Risk Committee, the Council has adopted its Housing Allocation Policy which seeks to incentivise residents to find and sustain housing in the private rented sector, established Enfield Lets (an ethical lettings agency) to increase the provision of accessible private rented accommodation and successfully secured funding through the MHCLG and GLA Rough Sleeper's Allocation Programme which allocated c.£9m to provide 73 bed spaces for entrenched rough sleepers, with dedicated support services to provide personally tailored move-on plans.
7. In February 2021, as part of the annual Housing Revenue Account (HRA) Business Plan review agreed by Cabinet, the priorities for the development strategy were reassessed, having regard to the new GLA funding criteria which has been reported to the Regeneration Scrutiny Panel. The experience/market conditions relating to build costs and sales and to continue to maximise the number of family homes to over 40% to meet council housing needs and ensure no less than 10% homes are wheelchair accessible.
8. The impact of Covid-19 has yet to be fully realised for sites yet to be released and what, if any, increases arise for tender pricing. For projects on site, due to lockdown restrictions, construction delays were incurred in the first six months of 2020-2021 across infill sites and estate regeneration projects. This has

resulted in slippage at Electric Quarter, Alma (youth centre and energy centre) and Ladderswood, mainly due to a reduced workforce returning to site and social distancing measures on sites.

9. Given the supply chain risks to delivery, the build cost per unit within the HRA has been increased from £250k to £300k, with each project budget factoring in 10% contingency to offset the rising costs of material or delays at the construction stage. Additionally, prudent assumptions have been made on sales values to ensure that business plan assumptions on income are achievable.
10. Since the last report to this Committee, the two internal boards for development and regeneration have been amalgamated which allows for better strategic development alignment and decision making in line with the agenda to deliver more and better homes. This also allows for more scrutiny and oversight at programme level in line with the HRA Business Plan, including early identification of risks which may impact on overall financial performance.
11. The previous Committee noted that these programmes are ambitious and that the approach needs to fully take into consideration skills required, staffing implications and allow for an effective structure. Over the past 12 months, the service has undertaken a programme of training for development managers which encompassed external support funded through the GLA's Homebuilding Capacity Fund. This included training in:
 - a. Risk strategy and learning lessons from the previous Small sites programme
 - b. Establishing programme assurance processes- roles and responsibilities
 - c. Four-day training in project planning, development, budget and construction management.

Main Considerations for the Committee

12. Against the 10-year development programme, 4 sites being directly delivered by the Council have commenced on site with 34 new social rent homes are due to complete by the end of this year. An additional 50 new homes will complete next year, of which over 50% will be affordable at Bury Street West. Additionally, there were a total of 430 completions (all tenures) achieved at Alma, New Avenue and Ladderswood by March 2021, despite the impact of Covid-19. At New Avenue, this has enabled earlier moves for all existing residents who chose to remain on the estate and who would otherwise have waited for at least two years as per the original phasing strategy.
13. There are currently 4 sites (Exeter Road, Upton and Raynham, Bullsmoor Lane and Dendridge Close) in the pipeline due to be submitted for planning this year, which equate to up to 300 homes due to start by March 2022.
14. There is a comprehensive approach to risk management embedded at all gateways of the project life cycle and the RIBA Stages for design. This includes development appraisals assessed against approved hurdle rates and fully co-ordinated programmes at each stage from site feasibility to construction. This allows the overall programme budget to be monitored

against the HRA business plan and early identification of slippage or cost overruns.

15. Additionally, as scheme performance is dependent on a successful route through design and planning and procurement, early pre-application process is undertaken to de-risk the site opportunities. The procurement strategy for professional services and main works is agreed on a project basis at the outset to minimise delays at tendering stage.

16. The risk registers are supplemented with highlight reports which are completed monthly by development managers and considered by the Board and a finance report which escalates issues independent of the housing and regeneration service. With legal, property and finance representatives on the board, this allows for scrutiny and challenge as projects develop.

17. The main five risks for the programme are summarised below:

Risk	Mitigation	Owner
Planning delays impact on GLA funding programme milestones	Agree streamlined pre-app process, engagement with existing neighbouring properties and ward councillors.	Head of Development
HRA cost per unit is exceeded which makes the schemes unaffordable	Design scheme within approved funding envelope and amend specification as scheme progresses or adjust wider programme to offset cost overruns	Head of Development
Housing market impacts on sale of shared ownership and outright sale.	Scale back sale tenure, forecast prudent values for products, capitalise on shared ownership funding available through the GLA.	Heads of Service
Constrained Construction market and supply chain due to Covid-19.	Release opportunities through compliant frameworks to improve tender pricing and reduce risk of lengthy procurement	Heads of Service
Staff capabilities and capacity to manage portfolio of multi-faceted projects	Targeted competency framework for performance management and training in development management	Heads of Service
Reputational and delivery risk if the Council does not meet the requirements of the GLA	Maintain track record for delivery, continuous dialogue with the GLA as issues or delays arise to mitigate loss of grant.	Heads of Service

Conclusions

18. There is a robust governance process in place to identify, mitigate and manage issues and risk from inception to construction to handover stage.
19. A joint development and regeneration board allows for scrutiny of all financial implications and value for money assessment across the different projects, regardless of whether it is developer-led or council direct delivery.

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