

## Overcoming barriers

Caroline Pillay,  
senior partner,  
Airey Miller



Local authorities are experiencing significant pressure to build more affordable homes.

This has become progressively complicated with current economic uncertainty, funding, changes to building regulations and fire safety, as well as limits to a local authority's own resource and technical capacity.

We are therefore seeing councils and their development companies explore different models of delivery.

### Funding and services

While the government has removed the cap on Housing Revenue Account borrowing, funding remains an issue, not only for homes but for enabling infrastructure development.

We have seen first-hand, through our involvement as one of Homes England's Housing Infrastructure Fund (HIF) consultants, the significant impact the HIF is set to have for existing and new communities.

The primary business of Airey Miller is the delivery of professional services in the public sector.

Our Airey Miller Partnership arm has positioned itself as client-side project management advisors in the affordable housing sector, operating as an outsourced resource to council development teams.

### Innovative partnership

The partnership is an innovator of this form of support to councils.

We provide our clients with proven technical, practical and procedural advice to navigate large-scale development and regeneration projects.

Working alongside us has enabled clients, such as Lambeth Council, Lewisham Council and Westminster City Council, among others, to establish coherent programme governance structures.

The result has been effective

communication across teams, implementation of established processes for assessing programme risk and mitigation, and streamlined mechanisms for decision-making.

There is a need for robust governance structures to manage more commercially minded councils as they explore new ways of addressing funding challenges.

Both availability and capability have been identified by many of the councils as an area of acute weakness for the capacity of in-house delivery teams.

**"There is a need for robust governance structures to manage more commercially minded councils as they explore new ways of addressing funding challenges"**

As a result, a number have turned to organisations like Airey Miller Partnership for interim resourcing.

Our approach, however, goes beyond this.

We work with councils to help them 'grow their own' skilled staff.

### Expanding capacity

By working together, councils can build the capacity of their in-house teams through mentoring, training and providing a critical friend service.

Moving forward, we aim to continue to support councils across the country to build more quality affordable homes, build the capacity of their in-house teams, and support them as they 'client' their development projects.

Article written by:

AIREY MILLER

# LAs are back **building**



Councils are finding different ways to build new stock, reports  
**Dr Janice Morphet**

**Dr Janice Morphet**

**T**he recent award of the Royal Institute of British Architects' Stirling Prize to Goldsmith Street, a council housing scheme in Norwich, has drawn attention to the increasing number of local authorities that are now providing housing again.

While about half of the councils in England have a Housing Revenue Account (HRA), recent research, undertaken by myself and Dr Ben Clifford, senior lecturer at Bartlett School of Planning, University College London, shows that 78% of councils now have a housing or property company, with 119 being formed between January 2018 and March 2019.

Some councils such as Slough have an HRA, two companies and a joint venture partnership, while others like Lambeth and Wokingham have recently established housing associations.

Overall, 57% of councils have a joint venture. Even where councils do not have a company, 23% are thinking about it or they are finding other ways to provide social and affordable housing through local partnership working. Councils can own housing on the general fund even where they do not have a Housing Revenue Account or company.

### Different ways of delivering

While some councils are starting small, particularly where they have not had stock for many years, there are others that are moving ahead at a faster pace and delivering housing in different ways.

In Bournemouth, the council's development company is building on 16 sites, including surface car parks, with a range of partners. There isn't an HRA in Plymouth, but the council has established a fund to unblock housing site problems with developers, charities and associations in the area.

In Bristol, the council is undertaking all forms of development and expects more than 1,000 completions in 2020.



Here, the council is planning to develop its own land and is working with providers in a variety of ways including other local councils.

In Doncaster, the council has doubled its private sector housing output while increasing its affordable percentage of developments completed.

In undertaking this research, we found that there were some common factors in councils that are starting to deliver more housing.

### Common factors

The first is through the establishment of a dedicated officer team to support housing delivery. For some, this focus might be on the council's own development, such as with Tower Hamlets and Hackney councils.

In Plymouth, the council's team focuses on all housing sites in its area and monitors the housing delivery on each

very closely. Plymouth and Doncaster councils also give housing organisations, developers and landowners a single point of contact in the council.

Also, this close monitoring of activity on all housing sites is a common feature found in councils delivering more housing, such as South Lakeland and Bristol.

Where there are housing delivery teams, they comprise a range of professionals for housing, planning, regeneration, development surveying, transport, legal and finance.

Even where councils do not have these teams in full, between our studies in 2017 and 2019 we found that a much larger number of councils now have access to a development surveyor with private sector or housing association experience.

These development surveyors may be part time, shared with other councils or on call-off contracts with the private sector and funded through both the coun-

cil's housing delivery work and undertaking viability assessments for planning.

Councils also have other arrangements for delivery which keep a close watch on delivery of all types of housing. Some councils have housing delivery boards led by executive members that meet regularly to discuss progress and delays on sites and what can be done to mitigate them. Some have a two-way dialogue between the council, housing providers and others which are engaged in housing delivery, such as charities.

### Specific homes

There is an expectation that housing is a council-wide priority and sometimes this is focused on specific-need groups, such as older people.

In Wigan, like four of the other 10 Greater Manchester authorities, population growth is through longevity rather than birth rates or immigration and this

is their focus. Similarly, in Wychavon, Worcestershire, housing for older people is being provided in three town extensions.

While councils are motivated to provide housing because they consider that they should, to meet homelessness and generate income to replace revenue support grant, many councils want to demonstrate that it is possible to build housing that is planning policy compliant and well designed.

Some council housing companies are building to high, sustainable standards, for example North Kesteven, Exeter, and Bristol councils. Others, such as Croydon Council, are using small architectural practices. Some are supporting professional development apprenticeships to grow new skills and talent, while others are working with small local builders.

### Land and needs

One issue that is frequently raised about local authorities providing housing is the availability of land. While this was identified as an issue in our survey, we found that 95% of councils are building on their own land, while 61% of councils are acquiring land and buildings for housing. Development is being funded through the councils' own resources, the Public Works Loan Board and a range of other sources.

There is also a growing recognition by councils that there is an increasing discrepancy between the housing that is needed for their communities and the type of housing provided by the market through the planning system. Some local authorities are very focused on providing affordable homes through Section 106 agreements.

Councils have come to the view that in order to meet their local housing needs, they have to take an active part in direct provision. The government expected the removal of the HRA debt cap would increase this method of housing delivery although this has yet to emerge in practice. Councils are still wary of Right to Buy provisions and would rather use some of the other powers and approaches that are available to them to support local delivery.

The direct provision of housing by councils seems set to increase and is now being recognised as a potentially significant source of local housing.

*Dr Janice Morphet, visiting professor, Bartlett School of Planning, University College London ►*

The mayor of Lewisham explains the council's vision and why it brought in expertise to help

# Building expertise



for homeless families and specialist supported housing for residents with learning disabilities and autism.

## Working together

The new homes are mainly being delivered by Lewisham Homes, the ALMO that manages the council's social housing stock. The local authority also has agreements with other housing providers, including Phoenix, Peabody and L&Q.

"We are keen to enhance the council's project management and viability modelling capabilities, and have worked closely with consultants Airey Miller Partnership and Beacon Partnership in order to achieve this," says Mr Egan.

"The introduction of a larger housing-led regeneration programme meant we had to adapt and enhance our existing project approval processes for capital projects. We wanted a gateway process that focused on new build housing, provided transparency and strengthened our relationship with Lewisham Homes."

Airey Miller helped to develop the project governance structure and project gateway processes, as well as provide capacity to set up and run a dedicated project management office (PMO).

Airey Miller's PMO support has included reporting development progress against targets, monitoring financial performance, tracking social value and risk management.

The council is now in the process of setting up a dedicated in-house strategic development team, so it can develop project viability and further expertise with a focus on delivering high-quality homes.

Mr Egan explains: "Our medium-term plan is to up-skill our staff to build expertise in-house and reduce consultant input.

"Airey Miller has already started to work with our in-house programme team to prepare them to take over the programme office function, enhancing their understanding of housing-led regeneration."

The consultancy has also developed a number of training modules for the in-house teams, including modules on risk management and mitigation and understanding financial viability. Finally, it has provided coaching and support to individual team members. ■

Article written in partnership with:

AIREY MILLER

## Lewisham Council

### Delivering in partnership

**New homes target:** 1,000 social homes

**Completion date:** 2022

**Delivered by:** Lewisham Homes

The south London borough of Lewisham is facing the severe effects of the UK housing crisis, with almost 10,000 families on its waiting list and more than 2,000 families in temporary accommodation.

One of the council's top priorities is to deliver 1,000 new social homes, with the majority on target for completion by 2022. This will be achieved by £37.7m from the Homes for Londoners grant, using Right to Buy allocations for new homes, prudential borrowing, and fund-

ing from the Housing Revenue Account.

Damien Egan (pictured), mayor of Lewisham and former cabinet member for housing at Lewisham Council, explains how it is achieving this: "We are delivering on this pledge in a number of ways, including estate regeneration and maximising under-used or vacant sites, such as garages and buildings.

"For example, the site of a former leisure centre in Ladywell is now transformed into an award-winning pop-up housing development, PLACE/Ladywell, which provides modular homes for homeless families."

Three similar modular housing schemes are also being developed in the borough. There are also plans to develop a former warehouse to deliver a mixture of temporary accommodation

**"We are keen to enhance the council's project management and viability modelling capabilities"**

## Keynote Speakers:

Stephen Kinsella, Chief Land and Development Officer, Homes England

Jack Ostrofsky, Head of Design and Technical, Peabody

Mike De'ath, Partner, HTA

Caroline Pillay, Senior Partner, Airey Miller

Tom Kenny, Royal Town Planning Institute

## Next forum:

**13th November 2019**

**09:00 - 12:15**

**LGA Building, London**

## Happy 1st Birthday Councils Building Homes!

Over the past year Councils Building Homes has brought together 80 participants from 50 Local Authorities to learn from one another and seek ways to accelerate their housing delivery programmes.

This forum once again convenes on the 13th November 2019. We will hear from speakers, experts and councils from across the country on topical issues, changes to current regulations and informative housing research, with round table discussions on:

- 'The Golden Thread'
- Funding options and availability
- Developing small sites / lessons learnt
- Overcoming obstacles to delivery / governance

The Councils Building Homes forum provides Local Authorities with a platform for informal peer to peer learning and crucial knowledge sharing. Our mission is to support your mission; using best practice to build and deliver more quality affordable council homes.

✉ councilsbuildinghomes@aireymiller.com

💻 aireymiller.com/councilsbuildinghomes



## AIREY MILLER

As a follow up to the success of the Councils Building Homes forums Airey Miller has been conducting tailored workshops for Local Authority participants. These have provided an opportunity for our guests to explore in more depth any of the round table discussions or the keynote speeches most relevant to each council.

The workshops bring together colleagues and stakeholders in each council to discuss key development issues or challenges as they apply to their housing delivery programmes.

The initial workshops are of no cost to participants and are delivered by senior Airey Miller consultants and advisors.

Contact councilsbuildinghomes@aireymiller.com to book your free, tailored workshop.

**COUNCILS  
BUILDING  
HOMES**

## Tailored CBH workshops:

Mobilising your development company

Approach to programme resourcing

Addressing skills shortages and capacity building

Understanding financial models

Funding options and availability

Procurement / frameworks

Project management and monitoring

Use of off-site manufacture

Estimating of Project Costs  
Cost Control

Joint Venture Partnerships