

# **POLICY AND PERFORMANCE SCRUTINY PANEL**

**Monday, 7 December 2020**

## **CABINET**

**Thursday, 10 December 2020**

### **EASTLEIGH HOMES DELIVERY STRATEGY**

#### **Report of the Strategic Development Manager**

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#### **Recommendation(s)**

It is recommended that Policy and Performance Scrutiny Panel

- (1) **consider the draft Eastleigh Homes Delivery Strategy attached at Appendix 1 and make any recommendations to Cabinet as appropriate.**

It is recommended that Cabinet

- (2) **notes the attached Eastleigh Homes Delivery Strategy at Appendix 1 and endorses its use in guiding the Council's Housing Programme.**
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#### **Summary**

This report describes the role and purpose of the Eastleigh Homes Delivery Strategy attached at Appendix 1, and how it was prepared. It is recommended that Cabinet notes and endorses the strategy as it provides the direction of travel and aims for the Council's Housing Programme activity from 2021. In its role as a developer, the Council will be guided by a set of key principles embedded in the strategy and will evaluate the Programme's performance against these.

A Task & Finish group from the Policy & Performance Scrutiny Panel and an Audit & Resources Working Group have both contributed to the development of the strategy.

The strategy has no planning or policy status with regards to the Council's role as local planning authority.

#### **Statutory Powers**

Section 1 of the Localism Act 2011 i.e. the Local Authority's general power of competence, including power to act for the benefit of its area or persons resident or present in its area.

## Strategic Implications

1. The Eastleigh Homes Delivery Strategy responds directly to the Housing Corporate Strategy (2018). The latter strategy included a commitment to intervening in the local housing market to accelerate delivery of new homes and signalled the direction of travel. The Delivery Strategy sets out the nature of this intervention activity and further justifies why this corporate plan objective remains as relevant as ever.
2. The Delivery Strategy also responds to the Green Borough; Health and Wellbeing; and Prosperous Place Strategies approved in 2018, and this is shown explicitly as the Delivery Strategy aims have been grouped under the relevant themes.
3. In addition to the Corporate Plan, the Delivery Strategy emphasises the importance of driving up standards and addresses the objective in the Council's Climate and Environmental Emergency Strategy (2019) to lead by example in its own activity.
4. The recently approved Asset Management Strategy (2020-25) identifies a key role the Council has in reviewing its own land and buildings to support housing delivery, and this is addressed as a crucial part of the future development pipeline in the Delivery Strategy. Further, the Homelessness and Rough Sleeping Strategy (2019-2024) highlights the importance of a new build programme for housing supply and accommodating homeless households.

## Introduction

2. Since 2012 the Council has been working in partnership to deliver affordable and market rent homes in the Borough, and construction on schemes started in 2016. Cabinet approved a Corporate Strategy for Housing in 2018.
3. The acquisition of land west of Horton Heath in 2018 by the Council signalled the need to set out the Council's aims and objectives for development, and a strategy for *delivery*. The investment in the One Horton Heath project, as well as over ten other schemes in recent years, has culminated in the preparation of the attached Delivery Strategy (Appendix 1).
4. The delivery of new homes under the Council's Housing Programme means the project team and Housing Programme Board have identified lessons learned. The Delivery Strategy builds on these lessons and provides a clear picture of what 'success looks like'. The Strategy will be used to engage (and attract) prospective partners, and to be upfront about what the Council expects from its development projects with regards to housing delivery.
5. Cabinet is asked to note the attached Delivery Strategy and endorse its use in guiding the Council's Housing Programme from 2021.

## **Background**

6. In February 2018 Cabinet approved an emerging approach to housing tenure and tenancies, and the Delivery Strategy builds on this with its aim to provide a more diverse supply of housing to Borough residents; and ambition to become a landlord of choice.
7. In June 2019 Cabinet noted progress with Housing Programme sites and that staff will continue to monitor development proposals which may be stalled and where joint working is necessary, to bring forward delivery and achieve affordable housing targets and address unmet needs.
8. In June 2019 Cabinet also approved a Project Brief for development land west of Horton Heath to provide direction to the Council's development project team. Whilst the Project Brief is centred on a single greenfield major development, many of the principles are applicable to other development schemes. The Delivery Strategy reflects the approach and ethos underpinning One Horton Heath- that the Council is delivering a different approach to development, focusing on community, innovation and sustainability. It is essential that the Eastleigh Homes Delivery Strategy and the One Horton Heath Project Brief are complementary. The Project Brief is online at [www.onehortonheath.co.uk/about/one-horton-heath](http://www.onehortonheath.co.uk/about/one-horton-heath).
9. The purpose of the Delivery Strategy is to provide clarity to partners and other stakeholders about the Council's Housing Programme. This includes the reasons for intervening in development projects; what kinds of development will be sought; and what 'added value' or 'additionality' looks like for the Council.
10. Since 2017/18 the housing land supply has been much more favourable than in preceding years- partly due to the Council's intervention to expedite housing delivery on sites such as North Stoneham Park. Accelerating delivery remains important, as maintaining a healthy five-year housing land supply is a key driver for the Housing Programme. Future Council-led projects are likely to be 'windfall' sites however, and so quality is equally, if not more, important than quantity and housing numbers. The intention is not to develop schemes which the market is already delivering.

## **Eastleigh Homes: The right kind of developer for Eastleigh**

11. The Delivery Strategy (Appendix 1) details the overarching approach to housing schemes, and a set of ten aims, in order to achieve the ambition of being a different kind of developer, with a long-term stake in the Borough. The aims were identified and agreed with a working group of Councillors from Policy and Performance Scrutiny Panel.
12. This vision document will guide and inform our housing development activity over the next five-ten years. As market experience grows and partnership working strengthens, the Delivery Strategy will be built upon- the document will be kept 'live', as we respond to new challenges and opportunities associated with local authority housing delivery.

13. The Strategy is clear that it will not be possible or commercially appropriate to achieve all the listed aims for each scheme, and there will be instances when the investment in the project will be justified by the achievement of a few key areas. Development staff will also prepare specific site guidance/ design briefs for individual schemes as appropriate.
14. In practice, the Strategy will provide a framework against which to evaluate emerging new housing projects when initiating projects and agreeing site-specific objectives. It will also assist in evaluating performance i.e. whether we achieved what we set out to.

### **Local authority direct delivery of housing**

15. Local authorities are increasingly returning to housebuilding for a wide range of reasons (including income generation), and they are building up knowledge and confidence in housebuilding. Direct delivery of housing as part of wider regeneration schemes where councils own land, is also adding value to other council assets.
16. It is important that the Council's distinct role as both developer (of market-led development) and Local Planning Authority is understood in noting the Delivery Strategy. The Local Planning Authority has a role in pro-actively supporting delivery and scrutinising the local authority when it is the developer, through the development management process. Planners can be involved in non-regulatory parts of the process for projects, or as the case officer.
17. The Delivery Strategy emphasises the potential tension between the Council's roles in both promoting development and planning. The Housing Programme Board plays a role in mediating any potential conflict between the relative priority assigned to different Council objectives. Further, Local Planning Authorities have a responsibility to "work proactively with applicants to secure developments that will improve the economic, social and environmental conditions of the area" (as set out in paragraph 38 of the National Planning Policy Framework). This means in practice any major conflicts are avoided.

### **Strategy Framework**

18. The attached Delivery Strategy has no statutory status. It has no planning or policy status with regards to the Council's role as local planning authority.
19. The emerging *Eastleigh Borough Local Plan (2016-2036)* is important to the Delivery Strategy however, as it explains how the Council's own residential development schemes should seek to meet (or exceed) targets in the emerging Local Plan (depending on the type and scale of the scheme). The Housing Programme also has a role in implementing the planned housing development in the Local Plan where allocated sites are not being developed on target.

20. During 2020, working groups from Audit and Resources Committee and the Policy and Performance Scrutiny Panel were engaged on the preparation of the Strategy and their feedback is reflected in the version attached to this report. An early draft of the Strategy was presented to the Housing Programme Board in July 2020.

### **Financial Implications**

21. There are no direct financial implications as a result of this report. Cabinet are not asked to approve any additional expenditure as a result of endorsing the Delivery Strategy. By noting the Strategy, it should be apparent that the ambition set out in the document is likely to lead to future expenditure as the Council acquires and invests in order to implement the Strategy.
22. The capital value of the Housing Programme is currently £367.4M, which includes a mixture of significant capital budgets alongside smaller schemes (budgets of £15M or less). As with all capital projects, Cabinet approval will be sought for funding, underpinned by a business plan appraisal showing nil net revenue effect. Staff time will be capitalised to projects.
23. As set out in the Delivery Strategy, future housing or mixed-use schemes will be based on a balanced business plan, as well as an evaluation of its social value. Projects will be market-facing but grounded in achieving environmental and social well-being objectives, and therefore long term returns on investment are more typical for Council-led schemes. Not all schemes will be justified by the surplus generated, but value for money will be at the forefront of schemes.

### **Risk Assessment**

24. The Delivery Strategy is needed to ensure that there is clarity on what the Council-led developments are seeking to deliver e.g. to inform future consultants, advisors and potential partners involved in housing projects.
25. The absence of a Strategy could lead to significant delays to projects or misguided or costly abortive work. The Strategy is clear about its purpose, which is to guide the Council's developer activity only. The Strategy has no planning or policy status with regards to the Council's role as local planning authority. As mentioned above, part of the Strategy implementation is about ensuring transparency and clear separations between the Council as an applicant and development management.

### **Equality and Diversity Implications**

26. The Equality Act is relevant to the decision in this report as the decision relates to eliminating discrimination, advancing equality of opportunity, or fostering good relations between different people with protected characteristics.
27. The Council's developments will likely provide access to housing and home ownership for a wide range of ages, needs and incomes. This includes a

minimum 35% affordable housing and potentially homes provided for later living/older persons (see Aim 1 in the Strategy). Although not explicit, the Strategy addresses issues around fostering good relations between different people with protected characteristics. Aim 6 considers income and those with other protected characteristics by aiming to 'facilitate one inclusive sociable and supportive community as a lasting legacy'. Aim 2 is clear that well designed schemes mean those designed to be tenure neutral and socially inclusive.

28. A full Equality Impact Assessment (EIA) has not been carried out, because while there are some equalities impacts, it is not proportionate to carry out a full EIA, owing to the high-level nature of the Strategy document.

### **Climate Change and Environmental Implications**

29. The Delivery Strategy is not a spatial plan and does not specify any sites for development- it is not possible to properly evaluate the climate change and environmental implications. The Strategy does however make clear that Council-led schemes should help contribute to the Borough's sustainability and resilience. Protection of the environment is implied by explaining that the decisions to invest in projects are influenced by the need for social and environmental outcomes, rather than purely commercial outcomes. Specifically, aims 3-5 of the Strategy set out a commitment under the Council's 'Green Borough' priorities, to tackling congestion, improving green infrastructure and building sustainably.

### **Conclusion**

30. New homes have been completed in the Borough, or are under construction, as a direct result of the Council's intervention. This activity is managed through a dedicated Housing Programme and an associated Board.
31. The Housing Programme Board supports scaling up this activity and growing a pipeline of housing schemes to support the local economy and meet local housing needs where possible. Cabinet is asked to note the Eastleigh Homes Delivery Strategy (Appendix 1), and any recommendations from the Policy and Performance Scrutiny Panel. The purpose of the Delivery Strategy is to provide clarity to partners and other stakeholders about the Council's Housing Programme and the approach to its own development.

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Appendices Attached: 1

### **LOCAL GOVERNMENT ACT 1972 - SECTION 100D**

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

Appendix 1: Eastleigh Homes: The right kind of developer for Eastleigh