



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: 3.1
3 JUNE 2020	PUBLIC REPORT

£70 MILLION CAMBRIDGE CITY COUNCIL AFFORDABLE HOUSING PROGRAMME - 2020/21 BUDGET

1.0 PURPOSE

- 1.1. As part of the Devolution Deal, the Combined Authority secured £170 million from Government to deliver an affordable housing programme. Of this, £70 million is ring fenced to deliver 500 new affordable homes within Cambridge City, with the remaining £100 million available to deliver 2,000 new affordable homes across the rest of Cambridgeshire and Peterborough by 31 March 2022.
- 1.2. This report seeks approval from the Combined Authority Board for carry forward of underspend from 2019/20 budget into the new financial year, plus approval of the 2020/21 budget figure for the £70 million Cambridge City programme.
- 1.3. In accordance with a Strategic Partnership Agreement between both parties signed in 2017, Cambridge City Council draws down capital from the £70 million programme from the Combined Authority on a quarterly basis. Funding is drawn against expenditure incurred in the previous financial quarter, and a revised forecast provided for forthcoming quarters.
- 1.4. Performance updates for both the £70 million programme and the Combined Authority's £100 million programme are reported to the Combined Authority's Housing and Communities Committee. The most recent report from Cambridge City was provided in April 2020 and the next is due in June 2020.

<u>DECISION REQUIRED</u>	
Lead Member:	Mayor James Palmer
Lead Officer:	Roger Thompson, Director of Housing and Development

Forward Plan Ref: KD2020/035		Key Decision: Yes
<p>The Combined Authority Board is recommended to:</p> <p>(a) note the revised expenditure profile in respect of the £70 million Affordable Housing Programme led by Cambridge City Council, as part of the £170 million Affordable Housing Programme</p> <p>(b) approve a carry forward of £5,266,287 from the approved 2019/20 budget into the 2020/21 financial year</p> <p>(c) approve a budget of £15,270,231 for 2020/21, giving a total budget of £20,536,518 for the year once the carry forward from 2019/20 of £5,266,287 is added.</p>	<p>Voting arrangements</p> <p>Simple majority of all Members</p>	

2.0 BACKGROUND AND CONTEXT

- 2.1. The Mayor and the Combined Authority are committed to accelerating affordable housing delivery to meet local and UK need and support economic growth. This is reflected in the 2030 Ambition for coordinated interventions and investment tailored to local need across housing, transport and infrastructure, planning and land use and skills.
- 2.2. As part of the Devolution Deal the Combined Authority received an allocation of £70 million for the delivery (start on site) of 500 new council rented homes in Cambridge between 1 April 2017 and 31 March 2022 which is being led by Cambridge City Council. The Combined Authority has overarching accountability under the Assurance Framework for the programme, but the primary decision-making and governance of the programme sits within the Council's Executive and its scrutiny functions as set out in the Strategic Partnership Agreement.
- 2.3. A report was presented to the Combined Authority Board on 29 May 2019 to agree the budget for 2019/20 for the £70 million programme.
- 2.4. This paper provides details of baseline and current forecast programme expenditure and specifically requests budget approval for the financial year 2020/2021 to enable payments to be made to Cambridge City Council in accordance with agreed claiming and monitoring processes.

- 2.5. Updates on programme performance like Starts on Site, Completions and pipeline are reported to the Combined Authority's Housing and Communities Committee on a regular basis with the most recent report provided in April 2020 and the next due in June 2020.

3.0 CAMBRIDGE CITY DEVOLUTION HOUSING PROGRAMME – FINANCIAL PROFILE

- 3.1. Cambridge City Council is currently predicting a total spend of £144.9 million on their new build programme, comprising £70 million devolution grant via the Combined Authority plus just under £75 million City Council resources.
- 3.2. Quarterly grant claims are made to the Combined Authority in arrears. Cambridge City Council drew down £9,885,050 in the first three quarters of 2019/20 and has incurred expenditure to allow a further claim of £5,456,708 in 2019/20 Q4 against the devolution grant to the end year 2019/20. This represents a total grant drawdown of £15,341,758 for the financial year, and a total drawdown of £29,477,659 from the £70m.
- 3.3. The final quarter will not be paid out of the devolution funds held by the Combined Authority, as the Ministry of Housing, Communities and Local Government (MHCLG) provided Cambridge City Council with £17 million directly in March 2020, as they had not managed to complete the review of the Combined Authority's £100m Affordable Housing Programme due to Covid-19 delays.
- 3.4. Quarter 4 2019/20 has been funded out of the £17 million received from MHCLG. The remaining £11.5 million of the £17m will be used towards the forecast expenditure.
- 3.5. In 2019/20 Cambridge City Council has spent and claimed £15,341,758 against the programme budget, leaving £5,266,287 to be carried forward into financial year 2020/21.
- 3.6. Table 1 below shows the programme's budget profile agreed in May 2019 compared to the latest revised profile with the 2019/20 outturn position.

Table 1) City Council Devolution Affordable Housing Programme Budget Profile 2017-22.

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23	Totals
Profile May 2019 (Budget)	584,175	13,551,726	20,608,045	26,914,823	8,341,231	0	70,000,000
Revised Profile May 2020 (Outturn & new Baseline)	584,175	13,551,726	15,341,758	20,536,518	15,890,080	4,095,743	70,000,000
Variance +/-	0	0	-5,266,287	-6,378,305	7,548,849	4,095,743	0

3.7. The Board is recommended to approve carry forward of £5,266,287 into the new financial year and approve a new budget sum of £15,270,231 for 2020/21. It should be noted that all figures are subject to the City Council's audit procedures.

3.8. A large proportion (over £6 million) of the City Council's 2019/20 expenditure related to work associated with the delivery of 118 affordable homes on the Mill Road site, which was previously the Council's operational depot. The scheme will deliver of 50% affordable housing on this site.

3.9. The City Council's programme has 546 homes identified and approved to start on site by 31 March 2022. The risk that the Cambridge City programme will not reach 500 or more starts by March 2022 remains low at this time. A further review based on the impact of Covid-19 on the construction programme is being undertaken, but work (taking into account Government guidance) has resumed on sites.

4.0 FINANCIAL IMPLICATIONS

4.1. There are no new financial implications for the Combined Authority.

4.2. This programme is funded by a specific £70 million capital grant from Government as part of the Cambridgeshire and Peterborough Devolution Deal.

4.3. The management and monitoring arrangements associated with this programme were captured as part of a report to the Combined Authority Board in March 2018, which set out the required process for reviewing costs and progress and settling claims in the context of the agreed programme. That claim process is established and it is important that the broader governance processes are maintained over the life of this programme to ensure compliance with agreed Monitoring and Evaluation and Assurance Frameworks.

4.4. For the financial year 2020/2021 funding for grant drawdown will be drawn from the balance of the £17 million, given by MHCLG direct to the Cambridge City Council and from the monies held by the Combined Authority in the usual way, on a side by side (50/50) basis.

4.5. End of year expenditure figures are subject to audit.

5.0 LEGAL IMPLICATIONS

5.1. There are no new implications. The obligations within the devolution deal require the Combined Authority to ensure the funds are spent in line with its Assurance, Monitoring and Evaluation Frameworks.

5.2. The Assurance Framework, as reflected in the devolution deal, requires the Combined Authority to demonstrate that the funds have been used for the objectives of the devolution deal.

6.0 APPENDICES

No appendices attached.

<u>Source Documents</u>	<u>Location</u>
Housing and New Communities Committee 3 rd April 2019 (Item 3.1)	http://cambridgeshirepeterborough-ca.gov.uk/meetings/housing-and-communities-committee-3/?date=2019-04-03
<i>DCLG Approved Business Case</i>	Cambridgeshire and Peterborough Combined Authority, Incubator 2, Alconbury Enterprise Campus, Alconbury Weald, Huntingdon PE28 4WX
Devolution Deal 2016	http://cambridgeshirepeterborough-ca.gov.uk/
Assurance Framework	
Monitoring and Evaluation Framework	https://cambridgeshirepeterboroughca.gov.cmis.uk.com/Meetings/tabid/70/ctl/

<p>Combined Authority Board reports 28 March 2018</p>	<p>ViewMeetingPublic/mid/397/Meeting/909/Committee/63/Default.aspx</p>
<p>Combined Authority Board reports 29 May 2019</p>	<p>https://cambridgeshirepeterboroughca.gov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/855/Committee/63/Default.aspx</p>
<p>Housing and Communities Committee reports 27 April 2020</p>	<p>https://cambridgeshirepeterboroughca.gov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1958/Committee/65/Default.aspx</p>