

London Borough of Camden

Resources and Corporate Performance Scrutiny Committee

Report of the Community Investment Programme Scrutiny Panel

March 2022

Community Investment Programme Panel Members

Cllr Andrew Parkinson	(Chair) Conservative
Cllr Alison Kelly	Labour
Cllr Thomas Gardiner	Labour
Cllr Ranjit Singh	Labour

Acknowledgements

The Panel would like to thank Camden officers, particularly Neil Vokes and Jeremy Shapiro, who have supported the work of the Panel. They have worked tirelessly to provide us with the information sought, often against tight deadlines, and on top of their existing workload. They have been completely supportive throughout, engaged in our work, open to challenge and reflection, and been of enormous assistance in helping us reach our conclusions.

We would also like to thank the external speakers who provided oral and written evidence to the Panel at the third meeting. It was invaluable to hear perspectives on housing delivery from outside Camden. And finally, we thank the residents who engaged with our work, and offered their own perspective and challenge to the work done by the Panel. This type of constructive challenge is healthy, and hopefully has helped produced a better report.

Introduction

1. On 10 October 2019, the Resources and Corporate Performance Scrutiny Committee (“RCP”) agreed to set up a panel to review the delivery of the Community Investment Programme (“CIP”) to date.
2. The agreed Terms of Reference set out the following purpose for the panel:

“The purpose of this panel is to review the CIP, with a focus on the financial delivery model and the relative ability of the programme to deliver housing and other community facilities when compared to other delivery models used by other London local authorities, housing providers from the private sector and housing associations. The panel will aim to achieve this by using the key lines of enquiry below against which experiences can be benchmarked. The panel will also seek to understand and learn from best practice across other London local authorities, private sector housing delivery bodies and housing associations.”

3. More specifically, the following key lines of enquiry were agreed:
 - (1) Understand the objectives, cost and risk associated with CIP (including build costs and the causes and consequences of project delays);
 - (2) Identify and agree relevant benchmarking and performance frameworks against other local authorities and housing delivery vehicles (including the governance framework adopted, for example a partnership, wholly owned company, community benefit society etc) with a specific focus on the following:
 - Delivery vehicle used;
 - Performance of delivery vehicle; and
 - Risk management
 - (3) Investigate the financial model for CIP and individual schemes within it; consider alternative models of delivery and whether these could achieve:
 - Greater value for money;
 - Increased numbers of affordable housing;
 - Reduced exposure to risk.

4. The Panel met formally on three occasions, and also held a number of informal meetings. In terms of the formal public meetings, the first meeting (28th January 2020) focused on identifying the evidence the Panel would need. There was then a long break whilst panel meetings were suspended because of restrictions on meetings due to the Covid-19 pandemic. The Panel then met on 3rd November 2021 to discuss cost benchmarking and financial information. Finally, on 11th January 2022 the panel heard from guest speakers from other local authorities and organisations on different models of housing delivery.
5. A significant amount of written information was also provided to the Panel outside of the formal reports to each meeting, both by officers and also by residents.
6. Due to time constraints, the Panel discussed the final findings of this report and the recommendations electronically, rather than in person. Panel members recommend that RCP considers this report again in the next municipal year to review both the recommendations reached and Camden Council's response to them.

Background to CIP and the formation of the Panel

7. The CIP programme was created in 2010 to deliver new homes (including replacement council homes; new council homes and affordable housing) together with new community facilities and schools, financed through the sale of land and cross-subsidy by market housing. Camden's preferred option is to deliver the majority of schemes through direct delivery (i.e. Camden as developer).¹
8. CIP's successes are well publicised in the CIP Annual Reports which are considered by Camden Council's scrutiny committees. Details are not repeated here except where relevant to Panel findings.
9. Concerns have been expressed about the CIP programme. These primarily relate to its value for money (is the financial expenditure on CIP to date justified by the quantum of new homes and facilities it has delivered); whether the wider costs of the CIP programme (social, environmental, and opportunity) are properly recognised and factored into

¹ See [SC/2016/23](#).

decision-making; the level of financial risk borne by the Council; and the overall transparency and accountability of the CIP programme.

10. The CIP Panel was set up to explore these concerns and to make recommendations considering the evidence gathered. The report is structured in accordance with the key lines of enquiry.

Objectives, cost and risks associated with CIP

11. The first key line of enquiry was to understand the objectives, cost and risk associated with CIP, including build costs and the causes and consequences of project delays.

12. These topics are addressed in turn below:²

Objectives of CIP

13. CIP began as a 15 year plan. It aims to invest over £1billion in schools, homes and community facilities in Camden. Camden plans to build 3,050 new homes across the programme, including (i) 650 replacement council rented homes (ii) 450 additional council rented homes (iii) 300 intermediate affordable homes and (iv) 1,650 homes for market sale. In addition, it seeks to invest £116m in 53 schools and children's centres and provide 9,000m² of improved community floorspace.
14. These targets are supported by "CIP pledges", including that there will be no net loss of council homes in Camden; the creation of mixed developments; no Camden tenants will be moved out of the borough during regeneration and will be given priority on new Council flats built; and leaseholders will be compensated at market value plus 10 percent.
15. CIP's programme targets evolved over a series of Cabinet reports in December 2010, July 2011, and January 2014. The current targets were set out in the latter report;³ the pledges were agreed in 2011. Panel members expressed some concerns about the current targets and objectives of the CIP programme:

² With the exception of build costs, which are covered under the second key line of enquiry.

³ [CENV/2014/03](#).

- (1) In 2010, it was envisaged that CIP would cover a 15-year time frame, with decisions taken on which sites to bring forward in the first two years of the programme, short-term delivery of less complex sites in the first five years and implementation of medium and longer-term projects in years 5-15.⁴

Initial targets have not yet been achieved and revised targets are unclear, with no clear date for achieving the various targets, nor any interim targets to be achieved by a certain date.

The other London authorities that gave evidence to the Panel had specific dates for achieving their targets; a yearly rate of delivery target; or both. The current targets therefore do not enable an assessment of how CIP is performing year on year, and contribute to an overall lack of clarity of how well CIP is performing against expectations.

- (2) The original targets appear to have been derived from an assessment of the potential capacity of a number of development opportunities that had been identified at the time i.e. a “bottom up” approach of deriving a target from the available sites rather than through a strategic “top down” assessment of how many new homes the CIP programme should be delivering, of what type, and where. The targets do not appear to have been revisited in the last 8 years to review if they need adjusting to reflect Camden’s current needs and the current financial context.
- (3) Targets are a measuring tool to determine how an organisation is achieving against its objectives. Setting clear objectives enables decisions to be made between competing priorities. How CIP balances competing priorities is not clear. For example, a recent CIP Annual Report said this:⁵

“Our vision is to be a one-stop shop for residents, giving them a place to call home no matter where they are on their housing journey. Our commitment is to building as many genuinely affordable council and living rent homes as we can, ensuring that they are safe, well-managed and that they meet residents’ needs, as well as to providing new and improved schools and community facilities.”

⁴ [CENV/2010/55](#) – paragraph 2.4.

⁵ [CIP Annual report \(2020\)](#)

However, a commitment to building as many genuinely affordable homes as Camden ca, as well as new schools and community facilities does not assist with answering the strategic questions. For example, whether the priority is schools or homes; and the types of homes that should be the priority (replacement council homes, larger council homes or net additional council homes). A commitment to build “*as many...as we can*” does not factor in, and weigh, the various costs (environmental, social and economic) of pursuing a particular project. Ultimately, the objectives do not help decision-makers to decide whether a particular project should be proceeded with and, if so, what delivery model should be used.

These were issues that the Panel sought to consider. There is no easy answer. Resolving these issues involves trade-offs between competing objectives. Ultimately, they require political decisions to be made by the Council. The current targets are unclear about priorities and how to resolve these competing issues both on a strategic level and then when making decisions on individual sites.

(4) Finally, but importantly, there has been little tenant and resident involvement with setting CIP’s overall targets or its strategic objectives.

16. Panel members also considered there was a need for more consistent reporting and greater transparency and openness. There is a significant amount of information published on individual CIP projects. However, it is in a variety of places (the CIP Annual Report; Cabinet papers; the CIP website; responses to FOI requests by residents). The recent request from Housing Scrutiny Committee for an “*annual transparent process for reviewing Camden’s CIP*”, which resulted in the CIP Annual Report, has resulted in an improvement on CIP’s reporting.

17. However, the CIP Annual Report does not always present a balanced picture of CIP’s performance. It can be difficult to obtain information on value for money considerations (such as the number of net new council homes for each scheme, and the spend per additional council home); pre and post development comparisons on open space provision; changes in the tenure of homes proposed over the lifespan of a project, and the reasons why; and, where land had been disposed of or money moved around the CIP system from site to site,

where it has gone and why. Some residents and councillors have had to submit FOI requests and prepare their own personal spreadsheets to capture this information.

18. Partly, this is a function of the target setting (if something is not a target, it is unlikely to be reported). We heard from residents concerned about the impact of CIP on open-space provision (especially considering the Climate Emergency). However, as that is not one of CIP's key overall targets, it is not reported. Panel members felt that greater clarity on the strategic objectives and priorities of CIP; and updated targets that reflect those objectives, will enable success to be measured, and scrutinised, more easily.

Recommendation One: Camden should develop and publish a clear set of objectives for the CIP programme going forward. Camden should clearly identify what the priorities are for the CIP programme over the next 5 years, based on an up-to-date assessment of Camden's needs, and explicitly recognise the trade-offs involved in pursuing the chosen priorities.

Recommendation Two: CIP objectives should be developed in collaboration with residents, tenants, community groups, councillors, and relevant organisations both within Camden and externally.

Recommendation Three: Camden's CIP targets and pledges should be refreshed to reflect these objectives. These targets should be specific, measurable, achievable, relevant and time-bound. They should then be refreshed on a 3-yearly cycle.

Recommendation Four: The new targets and objectives should be used to identify, develop and prioritise new development proposals, and to assess delivery options for individual schemes ahead of Cabinet approval.

Recommendation Five: RCP and Housing Scrutiny Committees should monitor performance against these targets.

Recommendation Six: Details relating to CIP, both strategically and in relation to individual sites, should be available at one central, publicly accessible, location (for example, a dedicated spreadsheet on the CIP website) as well as published as an Annex to the CIP Annual Report.

Recommendation Seven: RCP and Housing Scrutiny Committees should develop a set of data that the Cabinet member should publish and updated annually.

Current financial position and level of risk

19. The CIP model was established to be self-funding,⁶ through land disposals and cross-subsidy by receipts from private sales. The majority of borrowing to fund CIP comes from within the Housing Revenue Account (“HRA”). Whilst the HRA continues to face challenges, with an overspend of £2.6m in 2020/21 and reducing reserves, the Cabinet is comfortable that the existing capital programme remains affordable. The latest figures show that CIP is forecasting a surplus of £18m at the end of the programme.
20. However, this is down from a forecast surplus of £97m in 2018. The forecast end of programme surplus has reduced year on year from 2018: from £97m in 2018; to £58m in 2019; to £44m in 2020; to £18m in 2021.⁷ Much of this surplus is anticipated through the future approved programme. Based on completed schemes, and those under construction, as of July 2021 the forecast position is a total deficit of £135m.⁸ Panel members recognised that some of the explanation for this lies in the fact that approximately £100m of the expenditure on completed and under construction schemes relates to investment in Camden’s schools. However, breaking even at the end of the programme relies to a large extent on the anticipated future sales receipts in the approved programme.
21. It also relies on significant grant funding. Across the lifespan of the programme, it is forecast that over £60m in “other income” will have been provided. This is made up of grants from the Mayor of London and Central Government (including the GLA’s Building Council Homes for Londoners fund and the Government’s Marginal Viability Fund) together with section 106 developer contributions and recycled Community Infrastructure Levy (CIL) funds.
22. These are funds in Camden that would ordinarily not be available to other developers. The availability of significant “other income” means that one would expect schemes overall to be significantly exceeding Camden’s original expectations. However, CIP appears to be

⁶ [CENV/2010/55](#) – at paragraph 3.4.

⁷ [CIP Panel Report Meeting 2](#) at Table 2.

⁸ [CIP Panel Report Meeting 2](#) at paragraph 4.6.

breaking even due to the zero cost of land, disposal of £143m of land, and the receipt of £61m of grants. The £150m invested in schools, together with investment in community facilities,⁹ is less than a developer would make in profit on a £1bn scheme, and represents a low profit margin by the Council. The land disposal receipts alone would have funded almost the entirety of the capital programme. Without the land disposal receipts, and the grants, the project would be significantly in deficit despite the nominal value that Camden has attached to its own very valuable land in inner London.

23. Panel members were concerned about the Council's overall exposure to financial risk, with anticipated expenditure of £283m in the approved programme, and reliance on receipts of £295m. The cross-subsidy, direct delivery model of CIP is reliant on private sales and therefore sensitive to movements in the housing market. Whilst the Council has governance and monitoring processes to manage its risk,¹⁰ this can only mitigate the risk to some extent.
24. The Council has recognised this through its recent decision to forward fund Phase 1 of the Small Sites Programme, rather than follow the typical CIP delivery model and increase borrowing with the HRA. The Panel also explored a variety of other different delivery models, each with differing levels of risk exposure to the Council. These included joint venture/development agreements on individual sites; a borrowing model;¹¹ an income strip approach;¹² and delivery through partner organisations (housing associations and community land trusts).
25. Each of these different delivery models has its own risk profile, and also brings with it wider advantages and disadvantages.¹³ Camden Council adopts the agreed CIP model, unless there are particular site-specific reasons not to.¹⁴ The cumulative effect could be a high level of exposure to market risk. A diverse delivery portfolio, which seeks to reduce the Council's overall exposure to risk, could be of benefit.

⁹ Such as the Greenwood Centre and St Pancras Community Centre.

¹⁰ See, for example, the summary under the heading "Our approach to risk management" in the [CIP Annual Report 2019](#).

¹¹ New Council homes financed through borrowing supported by future rent receipts.

¹² See section 8.10 of [CIP Panel Report Meeting 2](#) for description of 'Income Strip'

¹³ Some of which are summarised in the [CIP Panel Report Meeting 2](#) at Appendix 1.

¹⁴ As agreed by [Cabinet in September 2017](#): "...the model of Council as Developer remains the preferred option for appropriate future CIP schemes, subject to the availability of funding, risk profile and ability to resource".

Recommendation Eight: As part of its overall review of CIP objectives, the Council should consider the benefits of a diversifying its overall delivery strategy, to reduce the Council's exposure to future sales risk.

Project delays

26. There have been significant delays on some CIP projects, for example, Bacon Low Rise, Phase 2 and Maiden Lane.¹⁵ There is not only the financial cost associated with delay, but also social and environmental costs. These include loss of community facilities, open space and workspace during the construction phase and displaced Council tenants (and leaseholders not being re-housed by the Council) facing significant uncertainty about their future.
27. Some delays can be explained by wider market trends (for example, increased demand in the UK construction industry meaning that sub-contractors are seeking to depart from agreed prices). However, lessons have also been learnt by Camden about managing project delivery. There is now a clearer and more consistent framework for managing professional advisors, and a default position of levying liquidated and ascertained damages at the point that contractors report a delay for which they are liable.
28. There is also a benefit of greater openness and transparency over project timescales. We were told that progress on individual schemes is monitored and reported through the Council's monthly internal governance, with key risks and issues identified and discussed through governance boards.¹⁶ The Panel was told that CIP is a constantly changing programme, with individual projects being adjusted to reflect changed circumstances, and to ensure that the whole programme can be financed. This progress is not sufficiently transparent. The experience of Panel members, and those of tenants and residents, is that where these adjustments result in a delay to project commencement or completion, this could, at times, be more clearly communicated to the communities affected. There should

¹⁵ See, for example, a report to RCP in 2016 at paragraph 2.7: "*CIP schemes have experienced a range of issues including delays and significant cost increases, issues in managing consultants and contractor failure. These issues are not unique to the Council - developers across all sectors are facing challenges delivering to time and cost due to a shortage of skilled labour across London in a buoyant market – but some private developers may have sufficient market power and flexibility in procurement to manage their supply chain more effectively.*"

¹⁶ [CIP Annual Report 2019](#) under the heading "Our approach to risk management".

be greater clarity on the status of individual projects for communities facing disturbance and uncertainty about when they will move to a new home.

29. This clarity will also improve on-going scrutiny of the CIP process. Once a project is approved there are several milestones in the delivery programme. These include the submission of a planning application; the approval of that application; the date that Council tenants will be moved out (where applicable); construction start; construction completion; and the date that Council tenants will be moved back in (where applicable). For each project, the anticipated timings for these milestones should be published at the time of Cabinet approval so that progress can be monitored and scrutinised, and actively shared (i.e. with communities affected, local organisations and ward councillors). Any significant slippage in the timetable explored through the scrutiny process. These basic milestones should then be publicly updated throughout the delivery process.

Recommendation Nine: Camden should publish a publicly accessible CIP project tracker setting out, for each of the main project milestones: the originally anticipated date for completion and the current anticipated date for completion. If there is a material change in any of the main project milestones, the tracker should be updated and actively shared with affected communities, local organisations and ward councillors.

Second Key Line of Enquiry: Benchmarking CIP against other London Authorities

30. As a key part of its work, the Panel agreed a set of benchmarking criteria against which CIP could be compared to the performance of other local authorities and housing delivery models. The criteria that were agreed are listed in the table below.

Criteria	Focus
Model used and context	Approach to finance and delivery Programme objectives Financial context Availability/types of sites
Quantum of housing	Homes delivered/planned Tenure mix and rent levels Unit sizes

	Split between additional and replacement homes. Other community facilities
Speed of build	Housing completions to date and planned Delivery against initial targets Overall financing requirement Risk profile - level/types of risk and where it sits
Risk	Overall financing requirement Risk profile - level/types of risk and where it sits
Quality of build	Quality of design/finish. Level of Defects Feedback from residents
Cost	Build costs for homes and community facilities Lifecycle costs of new homes
Value for money	Cost of benefits delivered
Sustainability	Environmental performance of new homes Carbon impact of development Local environmental impacts (during development and post completion)
Social Value	Social value of housing Social value of community facilities
Control/Flexibility	Level of control Flexibility in the face of changing circumstances

31. The Panel heard from five external speakers:

- (1) Darren Mackin, Head of Commissioning and Place, Inclusive Growth at London Borough of Barking and Dagenham (“**LBB**D”). LBB D aims to build 3,000 homes funded and owned by the council to support its ambition that 50,000 new homes be built by 2037. The programme includes delivery via a wholly owned company, Be First, and use of “income strip” deals on some sites.

- (2) Peter Exton, Senior Project Manager in Housing Development at London Borough of Haringey (“**LBH**”). LBH aims to deliver 3,000 new council homes in the next decade, with 1,000 of these started on site or completed by March 2022. LBH is taking a mixed approach to delivery including through direct delivery of new homes, partnership deals and acquisitions.
- (3) Fred Keegan, Director of New Business and Partnerships at One Housing. One Housing is a housing association that owns and manages over 17,000 homes in London and the South East, including estates within Camden.
- (4) Philip Browne, Director of Housing Development at the London Borough of Ealing (“**LBE**”). LBE has a sizeable housebuilding programme in support of the Council’s target to deliver 2,500 genuinely affordable homes across Council and private developments in the four years to March 2022. The Council takes a mixed approach including a programme of estate regeneration and delivery of new homes through a wholly owned company, Broadway Living.
- (5) Jed Young, Director of New Build at London Borough of Islington (“**LBI**”). LBI has an active programme of direct delivery of new homes with the aim of building 550 new council homes by 2022. Islington’s focus has been building new homes on council-owned infill sites.
32. It was difficult for the Panel to draw any direct comparisons between Camden’s performance as against other local authorities. Each of the local authorities and organisations who came into speak operates in a different context (with differing housing priorities; HRA positions; and different investment choices). Camden’s development programme is also at a different stage to a number of other London boroughs, a number of which have more recent programmes with more ambitious targets but are still in the relatively early stages of delivering those homes.
33. The benchmarking exercise was useful in drawing out examples of best practice from elsewhere and how this could be applied to Camden. That evidence has helped inform the recommendations made throughout this report. More specific recommendations that follow

from the benchmarking exercise are set out in further detail below. Camden should continue to benchmark its progress against other local authorities. This exercise will become more and more useful as other authorities progress their programmes. More formalised benchmarking also allows for examples of best practice and innovation from elsewhere to be incorporated into CIP. There are already some examples of shared working between the Council and neighbouring authorities (for example, the Kings Cross Construction Skills Centre is a shared resource) but there may also be opportunities for more formalised partnership working and sharing of resources with neighbouring authorities – in particular LBI and Westminster City Council.

Recommendation Ten: Camden should continue to benchmark its performance against other local authorities on an annual basis.

Recommendation Eleven: Camden should explore opportunities for more formalised partnership working, sharing of resources and best practice.

Build costs

34. The Panel asked for information on how CIP build costs compare to other developers. As a result, the Council commissioned Arcadis to review CIP's residential build costs and benchmark these costs against a database of similar schemes delivered by a range of developers including local authorities, housing associations and private developers. Whilst some benchmarking had previously been done by the CIP programme, a formalised and integrated process of benchmarking on cost had not previously been a routine part of the appraisal, development, and review of individual CIP projects.
35. Ensuring that a cost benchmarking comparison is a standardised part of the business case for a CIP proposal will enable the Council to assess, at an early stage, whether or not a particular project is likely to be an outlier on cost. This benchmarking should be against other existing and proposed CIP projects and also other developments in Camden and comparable parts of London. Comparisons should also be made with other local authorities. Further, as part of Camden's capital review process, this benchmarking of individual projects should be revisited on an annual basis to identify any unanticipated changes to the costs of schemes at an early stage.

36. Panel members also considered that the benchmarking information provided did not account for the full cost of some CIP proposals, especially those involving estate regeneration through demolition and rebuild. The “normalisation” process that takes place prior to comparing costs between projects removes the abnormal costs associated with each scheme (such as demolition costs); the benchmarking process also does not take into other non-construction costs associated with such schemes (such as additional legal costs, decanting and rehousing costs). For demolition and rebuild estate regeneration schemes, these costs may materially affect the actual costs associated with such a project. Therefore, any future benchmarking process used to decide between options for individual sites must factor those additional costs into the comparison.
37. In addition, Panel members had some concerns about the fact that the cost benchmarking had been carried out by Arcadis, a consultancy who has helped Camden deliver CIP projects. The Council should consider using a different consultancy in future, to avoid any perception that Arcadis is marking its own homework.
38. Finally, the cost benchmarking process that was carried out for the Panel revealed some cost outliers on individual schemes. Camden is seeking to address this through its CIP Design Guide and updated Employers Requirements. It will adopt a more standardised approach to detail design across the CIP programme.

Recommendation Twelve: cost benchmarking should be an integral part of the CIP process going forward. When developing a business case for a particular project, anticipated costs should be benchmarked against other CIP projects, other private development projects in Camden, and where possible against other projects being delivered by other local authorities outside of Camden.

Recommendation Thirteen: In making benchmarking comparisons between different projects, the Council should fully account for any abnormal and additional costs associated with estate regeneration proposals.

Approach to viability

39. Although the Panel did not receive full financial information from other authorities, many included assumptions around future revenue costs and incomes from new affordable homes

in their financial assessments. For example, LBI and LBH are capturing the rental value from these homes in their financial modelling and capitalising the future rental stream. Where additional homes are being built on infill sites (as opposed to large estate regeneration proposals delivering many replacement homes) this approach might support increased numbers of council homes to be delivered on individual schemes, reducing the need for cross subsidy through sale of private homes or land and property.

Recommendation Fourteen: The Council should review the assumptions it uses to assess the financial viability of proposals in comparison to other Council development programmes and ensure that it is fully accounting for future revenue income from new homes and facilities.

Democratic oversight

40. One of the main benefits of a direct delivery model is the ability to retain democratic oversight. Ensuring public confidence in delivery is essential to making the delivery model work. Panel members consider that Camden has not done this. Change is required to ensure residents know what is happening to their estates and their borough.
41. There are two main CIP governance boards. The CIP Executive Directors Board monitors the delivery of the programme, its risks, and its funding requirements. This is supported by a CIP Gateway Panel, comprised of officers from key teams which reviews projects at key stages ahead of formal delegated decision-making. There is also the Housing and Property Investment Board (previously, the CIP Cabinet Sub-Group) which retains overall oversight of CIP. Formal decision-making is made by Cabinet (for example, business case approval (or an amendment to this) and submission of a planning application).
42. There can be long delays after Camden Cabinet has asked to decide on an individual scheme. For example, the regeneration of the Tybalds Estate was first approved by Cabinet in 2012; that scheme was halted in 2017; and a revised business case presented to Cabinet in 2021. Key decisions (for example, on tenure mix and scheme redesign) are then made through the CIP gateway process, but with no formalised ward member input. Whilst recognising that some information will be commercially sensitive, Panel members considered that considerable further work should be done to maximise ward member involvement before and after formal decisions are taken by Cabinet.

43. Through CIP, the Council can be both a developer and the local planning authority, and these two roles need to be distinguished and separated. CIP is one of the Borough's largest developers, and the decision to proceed with applications is taken by the Cabinet. To ensure a public perception of transparency and openness in the CIP programme, the Council should consider whether it is appropriate for the Cabinet Member with responsibility for the CIP programme to sit on a Planning Committee when items related to CIP are being decided.

Recommendation Fifteen: The Council should maximise the involvement of ward councillors in the CIP gateway process.

Recommendation Sixteen: The Council should review the practice of the Cabinet Member responsible for CIP sitting on the Planning Committee when CIP applications are being decided.

Key line of enquiry three: Delivery model

44. The third key line of enquiry the Panel considered was alternative models of delivery for CIP. This covers not only the corporate or governance structure that the Council should be adopting (e.g. direct delivery vs. a different model), but also the nature of the development that Camden should be pursuing (e.g. estate regeneration vs. a different approach). It is better described as an assessment of delivery options.
45. The recommendations set out under the first key line of enquiry should ensure that Camden has a clear sense of what CIP is for; that residents are actively involved in the decision making process; and that the trade-offs that are involved in pursuing one course or another are evidenced, debated and well understood. Reaching consensus on the primary aim of CIP will improve decision-making when deciding whether to proceed with a particular site or project and, if so, the best delivery model.
46. CIP has failed to deliver the outcomes that were expected. Without a review of which delivery objectives are most important, it is not possible to consider alternative models. Camden must urgently state clearly what CIP's targets are, and how considerations will be balanced against each other, before either proceeding or adopting a way forward.

47. A key consideration for Panel members was the value for money of the CIP programme, or better put as value for cost. CIP decisions have not only financial consequences but also social and environmental impacts. Projected expenditure on CIP schemes completed and under construction amounts to £709m.¹⁷ Since 2011, that outlay has delivered 267 new Council homes for people on the housing register (just over 21 a year since 2010).¹⁸ Whilst the Panel recognised that there had been significant investment in new schools and community facilities in that period, and that 238 new replacement Council homes had been built,¹⁹ Panel members were concerned that to date the CIP programme has not significantly increased social housing.
48. In that period £129m has been received in income from land disposals:²⁰ most of the forecast receipts from disposals across CIP's lifetime. One of the stated advantages of direct delivery is that Camden does not incur the 15-20% developer profit put down by private developers as a cost to account for risk.²¹ Given this, higher rates of new affordable and social-rented homes would be expected. Without the need to make a profit and without the need for paying for land, adopting the same - or in some instances even lower – delivery rate of affordable housing than planning policy demands, Camden appears to expect far less of CIP than Camden expects of private developers.
49. Of equal concern is the fact that the approved programme proposes only 71 additional Council rented homes, to be delivered at a cost of £295m.²² Of the total new homes across the CIP programme, only 18.75% are new council homes.²³ This is a very low figure, and significantly short of the 30% that Camden's Local Plan Policy H4 requires of developers.
50. Given the size of the Council's waiting list, Panel members considered that the focus for the CIP programme going forward must be on the delivery of new additional social-rented homes, rather than replacement homes or new schools or community facilities. Panel

¹⁷ Table 2, [CIP Panel Report Meeting 2](#).

¹⁸ Table 1, [CIP Panel Report Meeting 2](#).

¹⁹ And that these can be significantly larger than those they replace: see section 6 of the Second Meeting Report.

²⁰ [CIP Panel Report Meeting 2](#), paragraph 4.7.

²¹ See, for example, the [CIP Annual Report 2019](#) under the heading "How the CIP model works".

²² See Tables 1 and 2, [CIP Panel Report Meeting 2](#).

²³ 450 out of 2400 – see Table 1 of the [CIP Panel Report Meeting 2](#).

members also concluded that a key metric for success of the CIP programme in the future must be the delivery of new social-rented homes.

51. Delivering new Council-homes requires some form of subsidy (be it grant funding, additional borrowing, or cross-subsidy through market housing), Panel members were concerned that other approaches may have been discounted that would deliver more than 71 new homes for a similar or reduced cost.
52. That cost includes the financial cost and, for the reasons set out above, the risk to the Council in deciding between different options must be a key consideration. However, Panel members also considered that further work needed to be done to ensure that, when selecting between different options for delivery, the environmental, social and opportunity cost of selecting a particular option are fully taken into consideration.
53. Turning to environmental costs first, Camden is committed to ensuring that all new Council-led development is zero carbon, and includes a lifecycle carbon impact assessment for individual schemes as part of the pre-feasibility appraisal. However, further work needs to be done to develop a metric to enable comparisons between different proposals and delivery models. That should enable a comparison not only between retrofit and re-build but also (for example) between the carbon impacts of estate regeneration compared to small-site and infill development. The environmental cost/benefit metric should also consider the wider environmental impact of particular options (for example, biodiversity net gain, and impact on open space provision).
54. Turning to social impacts, whilst the social costs associated with estate regeneration (decanting and rehousing, uncertainty and the wider impacts of construction on communities) are taken into account in decision-making, there is no standardised or formalised metric or approach for doing so. A similar metric should be developed by Camden of social costs and benefits.
55. Finally, the opportunity costs associated with land disposal should be fully accounted for when choosing between different delivery options.. Again, a metric should be developed so that this can be considered when choosing between different options. The opportunity cost was expressly mentioned in the original 2010 CIP annual report, but has not been

consistently featured since.²⁴ CIP programmes should only be designed and pursued if their benefit outweighs the total cost, including opportunity costs of alternative use of the land.

56. The key question when deciding on future CIP projects should be whether a particular proposal delivers sufficient value for cost in comparison with alternative options. The key benchmark for value should be new social-rented homes, and the assessment of costs should fully account for the level of financial risk in the overall CIP programme, and also the wider costs of a particular course of action. A standardised approach for assessing value for cost should be adopted across the CIP programme.
57. Taking that approach will mean that some schemes will not be proceeded with, even though they deliver additional council homes, because they deliver insufficient value to cost compared to alternative options, e.g. which could deliver even more Council homes. It should also mean that direct delivery is no longer adopted as a default model, because this will depend on the circumstances of each site. But having a clear value for cost metric that is used to assess CIP projects will ensure that the Council's resources are put where they can achieve most value for residents.

Recommendation Seventeen: Given the size of the Council's housing waiting list, the focus for the future CIP programme must be on the delivery of new additional social-rented homes, rather than replacement homes, new schools or community facilities.

Recommendation Eighteen: The Council should develop clear metrics for assessing the environmental, social and opportunity cost of different delivery options.

Recommendation Nineteen: A standardised approach for assessing value for cost should be adopted across the CIP programme and used to compare different delivery options.

Recommendation Twenty: The key question when deciding on future CIP projects should be whether a particular proposal delivers sufficient value for cost in comparison with alternative options.

²⁴ [CENV/2010/55](#)– paragraph 3.4.

Summary of Recommendations

Objectives of CIP

Recommendation One: Camden should develop and publish a clear set of objectives for the CIP programme going forward. Camden should clearly identify what the priorities are for the CIP programme over the next 5 years, based on an up-to-date assessment of Camden's needs, and explicitly recognise the trade-offs involved in pursuing the chosen priorities.

Recommendation Two: CIP objectives should be developed in collaboration with residents, tenants, community groups, councillors, and relevant organisations both within Camden and externally.

Recommendation Three: Camden's CIP targets and pledges should be refreshed to reflect these objectives. These targets should be specific, measurable, achievable, relevant and time-bound. They should then be refreshed on a 3-yearly cycle.

Recommendation Four: The new targets and objectives should be used to identify, develop and prioritise new development proposals, and to assess delivery options for individual schemes ahead of Cabinet approval.

Recommendation Five: RCP and Housing Scrutiny Committees should monitor performance against these targets.

Recommendation Six: Details relating to CIP, both strategically and in relation to individual sites, should be available at one central, publicly accessible, location (for example, a dedicated spreadsheet on the CIP website) as well as published as an Annex to the CIP Annual Report.

Recommendation Seven: RCP and Housing Scrutiny Committees should develop a set of data that the Cabinet member should publish and updated annually.

Current financial position and level of risk

Recommendation Eight: As part of its overall review of CIP objectives, the Council should consider the benefits of a diversifying its overall delivery strategy, to reduce the Council's exposure to future sales risk.

Project delays

Recommendation Nine: Camden should publish a publicly accessible CIP project tracker setting out, for each of the main project benchmarks: the originally anticipated date for completion and the current anticipated date for completion. If there is a material change in any of the main project benchmarks, the tracker should be updated and actively shared with affected communities, local organisations and ward councillors.

Benchmarking CIP against other London Authorities

Recommendation Ten: Camden should continue to benchmark its performance against other local authorities on an annual basis.

Recommendation Eleven: Camden should explore opportunities for more formalised partnership working, sharing of resources and best practice.

Build Costs

Recommendation Twelve: Cost benchmarking should be an integral part of the CIP process going forward. When developing a business case for a particular project, anticipated costs should be benchmarked against other CIP projects, other private development projects in Camden, and where possible against other projects being delivered by other local authorities outside of Camden.

Recommendation Thirteen: In making benchmarking comparisons between different projects, the Council should fully account for any abnormal and additional costs associated with estate regeneration proposals.

Viability Assumptions

Recommendation Fourteen: The Council should review the assumptions it uses to assess the financial viability of proposals in comparison to other Council development programmes and ensure that it is fully accounting for future revenue income from new homes and facilities.

Democratic oversight

Recommendation Fifteen: The Council should maximise the involvement of ward councillors in the CIP gateway process.

Recommendation Sixteen: The Council should review the practice of the Cabinet Member responsible for CIP sitting on the Planning Committee when CIP applications are being decided.

Delivery model

Recommendation Seventeen: Given the size of the Council's housing waiting list, the focus for the future CIP programme must be on the delivery of new additional social-rented homes, rather than replacement homes, new schools or community facilities.

Recommendation Eighteen: The Council should develop clear metrics for assessing the environmental, social and opportunity cost of different delivery options.

Recommendation Nineteen: A standardised approach for assessing value for cost should be adopted across the CIP programme and used to compare different delivery options.

Recommendation Twenty: The key question when deciding on future CIP projects should be whether a particular proposal delivers sufficient value for cost in comparison with alternative options.