

# Decision taken

Made by an Executive Member or Chief Officer



**MANCHESTER**  
**CITY COUNCIL**

## Notice of Decision Made

Decision maker	Strategic Director (Development)
Date of decision	6 June 2018
What is the decision?	The disposal of 20 new build properties acquired from Taylor Wimpey.
Reasons for the decision (but excluding any exempt or confidential information)	The disposal of 20 housing units for shared ownership at a combined estimated figure of £584,230 based on a 25% share.
Alternatives considered and rejected	N/a
Interests Declared	None
Officer contact details For any further information	Name: Nick Mason Tel: 0161234-1309 Email: n.mason@manchester.gov.uk

## Register of Key Decisions

Register of Key Decisions Reference	2018/02/1B
<b>OR – if not published in the Register of Key Decisions</b>	
Reasons for <b>special urgency</b> such that this was not published in a Register of Key Decisions	Not applicable

## Scrutiny Call In

Call-in deadline	4.00pm on 13 June 2018
<b>OR – if Exempt from Call-in</b>	
Advice as to how any delay would seriously prejudice the legal or financial position of the Council	Not applicable
<b>Scrutiny Chair</b> who agreed the urgency	Not applicable
Date this notice was published	06 June 2018

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## Briefing Note

**Date:** 31 January 2018

**To:** Paul Beardmore, Director of Housing and Residential Growth  
Eddie Smith, Director of Strategic Development

**From:** Elaine Griffiths, Project Manager, Strategic Housing  
Nick Mason, Senior Development Surveyor, Development Team

### **Booth Hall New Build – update**

#### **Background**

The NMNB1 project aim was to deliver 75 new homes in North Manchester with a grant from the Homes England awarded to Northwards Housing in the AHP 2015-18 programme. However, this was not achievable due to increased development costs and ongoing programme delays to deliver the Project within the original timescales.

In order to progress the project a Continuous Market Engagement (CME) application to SO&AHP 2016-21 acquired funding for 40 new homes to be built across 5 sites in North Manchester. In addition, in December 2017, Homes England agreed via the original AHP grant (although reduced) the funding for Manchester City Council (the Council) to acquire 20 affordable housing units, required in accordance with the s106 Agreement, from Taylor Wimpey on the Booth Hall site in Charlestown.

The revised scheme will deliver more homes than the original scheme with an extra £705,000 grant funding from Homes England and an extra contribution of £48,000 from the Council. A business case was submitted to the Strategic Capital Board in November 2017 for the additional gateway spend of £753,000 that received Executive approval in January 2018.

The Council's legal team confirmed that the Council has the authority to acquire land/dwelling for the provision of housing under section 17 of the Housing Act.

Various acquisition proposals were discussed and further legal advice was sought to assess the most efficient vehicle to put in place. Advice from Trowers and the Council's legal team informed the decision by Strategic Housing Management Team to proceed to purchase the 20 housing units from Taylor Wimpey with the option to

further investigate and implement a long-term solution, if necessary. The Council will be purchasing the Taylor Wimpey homes under section 17 of the Housing Act 1985. As a result the properties will be within the HRA.

To facilitate the acquisition, the s106 Agreement was 'varied' and subsequently completed on 20 December 2017. Additional wording was inserted to reference the Council and in order to comply with the original s106 Agreement, any sale of the units to the Council will remain affordable in perpetuity and sold to persons meeting the eligibility criteria.

Heads of Terms for the acquisition of the housing units were agreed between MCC and Taylor Wimpey and contracts were exchanged December 2017.

### **Current position**

The 20 properties to be acquired from Taylor Wimpey will be disposed of by MCC by way of a shared ownership lease. The leaseholder will be required to sign a lease that sets out both the leaseholder and landlord obligations, restrictions and covenants that they must comply with under the terms of the lease agreement.

For disposal, the 'General Housing Consents 2013 Section 32 of the Housing Act 1985' document states in section A7 the conditions for the grant of shared ownership leases subject to the terms of the relevant general consent.

The Council's shared ownership lease will include the relevant conditions set out in section A7 of the General Housing Consents 2013 document and the Homes England mandatory restrictions and covenants and, any additional conditions that are applicable to the Council.

The Council and Northwards Housing are developing a shared ownership sales policy that will be used to assess and determine applicant eligibility and the priority groups for the shared ownership homes.

The day to day management of the homes and responsibility for the rental aspect of the lease will be passed to Northwards Housing subject to agreement of the scope of services and management fee. The Northwards Management Agreement will be 'varied' at an appropriate time via exchange of letters to include the 20 shared ownership homes and the 40 new build properties.

The Council, as the landlord, will be responsible for ensuring that building insurance cover is in place whilst the homes are subject to a shared ownership lease.

The leaseholder will require contents insurance as they are responsible for all maintenance inside the home. The cost of the building insurance, Northwards Housing's management fee and estate maintenance cost will be recovered from the leaseholder through an annual service charge.

The estate maintenance service charge will continue to be payable even if 100% staircasing is achieved by the leaseholder and any post 'shared ownership' document will include the appropriate covenants.

Existing Approvals for the scheme are;

Original NMNB1 scheme Executive approval – 25 January 2015.

NMNB Board approval to proceed – 19 October 2017.

NMNB Capital Expenditure approval - January 2018.

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Elaine Griffiths  
Nick Mason

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**Officers/Executive Member attending to support the decision:**

- Eddie Smith – Strategic Director (Development)
- Councillor Richards – Executive Member for Housing and Regeneration

**Members requesting the call in and the reasons why:**

Request for the call in has been made by Councillor Wheeler, with the support from the following Members:

- Councillor Clay
- Councillor Douglas
- Councillor Johns
- Councillor Curley

**Reasons given for the call in were:-**

The reasons for the call in have been provided by Cllr Wheeler which are as follows:-

- (1) Given the political salience of housing, with more than 13,000 Mancunians on the housing register, and the commitments within the 2018 manifesto which all Members of the majority party are mandated with delivering by the people of Manchester, no decision on the "disposal" of council housing stock should proceed without scrutiny by Elected Members in committee. It is not acceptable for Officers or Executive Members to approve decisions of this magnitude without democratic oversight.
- (2) This scheme follows the collapse of a previous scheme to deliver 75 houses. The current briefing note on the scheme, as written, mentions 40 houses to be built, and 20 houses to be acquired. The briefing note distributed to Members goes on to say that "*The revised scheme will deliver more homes than the original scheme*", yet fails to say where the additional minimum 16 houses are to come from for that statement to be true. As such, Elected Members can have no confidence in the paper's assertion, nor that the subsequent decision to sell 20 units of council stock was taken on a sound basis.

- (3) The private sector Cheshire estate agent, Equity Living, commissioned to market these properties began advertising them on the 25 May 2018. It is of serious concern that a private company was told to begin marketing properties, and presumably paid for their work, two weeks before Elected Members were notified of a decision. It is unacceptable for decisions over ratepayers' money and assets to be made this way. Once again, this calls into question the decision-making process.
- (4) While meant to be "affordable" properties, the marketing conditions laid out by Equity Living state that the earnings threshold to apply is up to £80,000 per annum for an individual. Given the housing crisis in Manchester this seems staggeringly high, at three times the average household income. Members must be given the chance to scrutinise and amend the eligibility criteria as they see fit.
- (5) Given that Northwards Housing will be the first point of call for many socially rented tenants and those in housing need in North Manchester, and given their unparalleled experience of appropriately matching Mancunians with housing, it is questionable why a private sector estate agent is required at all. Suitable tenants who wish to move from the social-rented sector to shared ownership can surely do so through Northwards.
- (6) The shared ownership scheme as outlined states eligibility as, "*That the applicant(s) combined monthly mortgage, rent, and service charge and debt costs for the property applied for would not exceed more than 45% of their net income.*" MCC policy is that no household should be spending more than a third of its income on housing costs. As such, this stipulation if followed would, by definition, move these homes out of the "affordable" metric, defeating the stated goal of providing affordable housing.





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## **Process for managing the Call In**

- 1. All those to be interviewed should be present throughout but seated away from the Committee.**

It is important that when someone is interviewed they have a full understanding of the Committee's concerns and what other interviewees have said. If someone is not present throughout then they will be disadvantaged in this regard. The process will not have been fair to them and their contribution will be diminished as will any decision of the Committee. There may be some interviewees whose involvement is peripheral and who may leave after interview if they wish and the Committee agrees.

- 2. If appropriate, legal and financial advice should be given and considered.**

- 3. The proposer of the Call-In may, if he/she wishes, make a presentation outlining his/her main concerns to help focus issues.**

This should concentrate on any perceived deficiencies in the process by which the decision was made, and whether all relevant issues were taken into account and given due weight; it should not be simply be an argument for an alternative decision to be made.

- 4. Decision Taker and any witnesses are to be called to the Committee table one at a time and allowed to make a presentation of up to 5 minutes without interruption.**

Thereafter Members of the Committee may ask questions. The questions must be courteous and relevant. If an interviewee does not possess knowledge or information to answer a question then he or she must not be pressed.

- 5. At the conclusion of each interview the interviewee should be asked if there is anything he/she wishes to add/clarify and should be allowed so to do.**
- 6. At the conclusion of all interviews all interviewees should be asked if they wish to add or clarify anything and should be allowed so to do.**
- 7. The Committee will consider all relevant matters, debate the issues and decide which of the resolutions set out below it wishes to adopt.**

- i. Support the decision
- ii. Refer back to Decision Taker (with or without recommendations)
- iii. Refer to Council (only applicable if the decision is contrary to the policy framework or contrary to or not wholly in accordance with the budget).

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## **GUIDANCE FOR QUESTIONING OF WITNESSES ON CALL-INS**

The purpose of a Call-In is to ensure that there is an efficient and effective scrutiny of decisions. For this to be achieved not only must all relevant information be available for the Committee, but Members in questioning witnesses should make the best use of the opportunity by focusing on the relevant issues.

Unless all relevant information is disclosed in an appropriate Executive report, then witnesses should endeavour to prepare, for prior circulation to Members, a statement of the relevant information.

To assist witnesses Members should, in calling-in a matter, be as clear as possible as to the issues that they are concerned with.

Members involved in the Call-In are consulted on the appropriate witnesses and Members may wish to advise them in advance of particular issues they wish to raise or documents which they wish to refer to.

### **Officer/Member Protocol**

The Protocol on relations between Members and officers stresses that for the effective conduct of business there must be mutual respect in all meetings and contact between Members and officers. In particular

- Members and officers should apply the rules of common courtesy to each other
- Members should be aware that officers are constrained in the response they may give to public comments by Members
- Members should not abuse officers and should not seek to undermine an officer's position by abuse, rudeness or ridicule.

This in no way reduces the Members' proper right and duty to criticise reports, actions and work of any department or section of the Council with the belief that such criticism is merited.

### **Call-In Protocol**

The Call-In Protocol confirms

- Questions must be courteous and relevant
- If an interviewee does not possess knowledge or information to answer a question then he or she must not be pressed

- At the conclusion of each interview the interviewee should be asked if there is anything he or she wishes to add/clarify and should be allowed to do so

### **General Advice on Questioning**

The following points should be borne in mind by Members in order that the debate and questioning can be focused and effective

- The purpose of the interview is to ask questions of interviewees and not to make statements. Interviewees are under no obligation to respond to statements not properly phrased as questions
- Little is gained by Members asking questions which are clearly already answered in either a report or statement already given
- Members are encouraged not to repeat questions asked either by other Members or indeed by the same Member
- The questions must be relevant to the concerns raised and should be aimed at gaining information which will assist enabling the Committee to make the appropriate decision
- The simpler and more direct that the question is then the more likely it is that an interviewee will answer directly
- If all relevant information has been obtained from a witness following questioning by other Members then Members can feel free to refrain from asking further questions as there is no obligation to ask questions.
- Purely rhetorical questions should be avoided
- If information has been obtained from one witness, there may be little point in asking the same questions of another witness



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## **CALL-IN PROTOCOL**

### **1. Purpose of Call-In and the Protocol**

- 1.1. The purpose of the Call-In process is to identify issues, explore them fully and make informed recommendations based upon a proper consideration of all relevant issues.
- 1.2. It is vital that a Call-In is perceived to be not only searching and transparent but also equitable, fair and not oppressive. All stakeholders and parties to the process must feel that they have been fairly treated. If they do not then the process and any recommendations arising from it will be diminished.
- 1.3. A well conducted Call-In process should make everyone feel that they have contributed rather than just been questioned.

### **2. The Decision to Call-In**

- 2.1. The right to Call-In applies to a decision made by the Executive or a Key Decision taken by an Officer under delegated authority.

A matter in which the final decision falls to the full Council is not subject to the call-in provisions.

Call-in provides an opportunity for Scrutiny Members to understand the process underlying the making of a decision and consider whether all relevant issues were given due consideration.

**It is not a form of appeal against a decision which has been properly made or a forum for a case to be argued for a different decision.**

- 2.2. Records of Decisions are published, normally within 2 days of the decision being made and they may not to be implemented until the expiry of five working days after the publication of the Decision Notice.

During that five-day period the Chair of the relevant Scrutiny Committee, or five Members of the Council may request a Call-In.

There are urgency exceptions to the right to Call-In. The Chief Executive will endeavour to assist Members of the Committee in requests for information about decisions which could be the subject of a Call-In.

- 2.3. A decision may not be called-in if the Committee has already made recommendations to the Decision Taker and those recommendations have been accepted by the Decision Taker either in whole or without significant addition or modification.

### **3. What is required when a Call In is made?**

- 3.1. The written notification of a Call-In shall specify reason(s) for the Call-In and any specific matters it seeks to see addressed, to assist the Decision Taker and Committee Members in preparing for the Committee Meeting.
- 3.2. Once a decision to Call-In has been properly taken then the item will be placed on the agenda for the next meeting of the relevant Scrutiny Committee.
- 3.5. The relevant Chief Officer and/or Exec Member shall have the right to attend the meeting to explain the reason for the decision and to respond to comments made at the meeting.

### **4. Issues to be addressed before the Scrutiny Committee Meeting**

- 4.1. The Decision Taker will be invited to submit a written statement for consideration by the Committee. The written statement will specify the decision, the reasons for it and all matters/factors taken into account in making the decision.
- 4.2. The Decision Taker must be able to call in support whomsoever they feel appropriate. The Decision Taker shall notify the Chair as soon as reasonably possible of the witnesses they wish to be called in support of the decision and any such persons shall be called as witnesses, if the Chair considers it appropriate to do so.
- 4.3. In addition to that the Scrutiny Committee will have a view about who they wish to interview.

When a decision to Call-In is taken at Committee then the Committee can indicate simultaneously who they wish to interview.

Where the decision is taken outside the Committee it might not be realistic to have another Committee meeting to decide who to interview. In these circumstances the Chair shall consult with those Members who were party to the Call-In as to whether any additional witnesses are to be called and any nominations made by Members on that consultation may be called as witnesses, if the Chair considers it appropriate to do so.

- 4.4. Where any person called to be a witness is unable or unwilling to attend on the required date, then the Chair of the Scrutiny Committee shall either:
  - if the person is a Member of the Executive or an Officer, insist on the Member/Officer's attendance on the required date; or
  - if the Member or Officer is willing to attend on an alternative date, amend the original request to attend by deciding to arrange an alternative date for attendance; or
  - amend the original request to attend by deciding to accept a substitute Member, Officer or other person to attend on the original required date; or
  - revoke the original request to attend and decide that the Scrutiny Committee shall proceed with the review of the decision in the absence of the Member, Officer or other person or a substitute.

- 4.5. The Decision Taker's statement should be published with the agenda of the meeting at which interviews are to take place. It should be an open item unless there are valid press exclusion reasons. Where a decision has been treated as a press excluded item previously then advice will be given upon the relevant issues for the Committee to consider as to whether there are valid press exclusion reasons.
- 4.6. If the Chief Executive or the City Solicitor believes that dealing with a Call-In as an open item could cause any Officer to publicly disclose any matter which would be prejudicial to the Council, or prejudicial to a third party or in breach of a duty of confidentiality, then either of them may instruct the Officer to give such evidence only in the press and public excluded part of the meeting.

## 5. Process

- 5.1. All those to be interviewed should be present throughout but seated away from the Committee.

It is important that when someone is interviewed they have a full understanding of the Committee's concerns and what other interviewees have said. If someone is not present throughout then they will be disadvantaged in this regard. The process will not have been fair to them and their contribution will be diminished as will any decision of the Committee. There may be some interviewees whose involvement is peripheral and who may leave after interview if they wish and the Committee agrees.

- 5.2. If appropriate legal and financial advice should be given and considered.
- 5.3. The proposer of the Call-In may if he/she wishes make a presentation outlining his/her main concerns to help focus issues.

This should concentrate on any perceived deficiencies in the process by which the decision was made, and whether all relevant issues were taken into account and given due weight; **it should not be simply be an argument for an alternative decision to be made.**

- 5.4. Interviewees are to be called to the Committee table one at a time and allowed to make a presentation of up to 5 minutes without interruption. Thereafter Members of the Committee may ask questions.

The questions must be courteous and relevant. If an interviewee does not possess knowledge or information to answer a question then he or she must not be pressed.

- 5.5. At the conclusion of each interview the interviewee should be asked if there is anything he/she wishes to add/clarify and should be allowed so to do.
- 5.6. At the conclusion of all interviews all interviewees should be asked if they wish to add or clarify anything and should be allowed so to do.

- 5.7. The Committee will consider all relevant matters, debate the issues and decide which of the resolutions it wishes to adopt set out in paragraphs 13.7, 13.8 and 13.9 of the Scrutiny Procedure Rules, those being:-
- i. To support the original decision;
  - ii. To refer back to Decision Taker (with or without recommendations); or
  - iii. To refer to Council (this is only applicable if the decision is contrary to the policy framework or contrary to or not wholly in accordance with the budget).
- 5.8 If referred back to the Decision Taker they shall then reconsider and may amend the decision or not, before adopting a final decision which will come into effect immediately.
- 5.9 If the Scrutiny Committee does not refer the decision back to the Decision Taker, the decision shall take effect on the date of the scrutiny meeting.

## **6. Call in and Urgency**

- 6.1 The call-in procedure shall not apply where the decision being taken is considered urgent. A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester.
- 6.2 The record of the decision, and the notice by which it is made public shall state whether in the opinion of the decision making person or body (having considered the advice of the Head of the Paid Service and/or the Monitoring Officer and/or the Chief Finance Officer), the decision is an urgent one, and therefore not subject to call-in.
- 6.3 The Chair of a relevant scrutiny committee must agree both that the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency.



**Note to:** Economy Scrutiny Committee – 20 June 2018

**Title:** Item 4b - Call In – The disposal of 20 new build properties acquired from Taylor Wimpey (Booth Hall New Build) – Response of the Decision Maker

**From:** Strategic Director (Development)

**Date:** 18 June 2018

**Subject:** The North Manchester New Build (Phase 1) NMNB1 Scheme

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## **1.0 Introduction**

- 1.1 This paper sets out the background on the North Manchester New Build Phase 1 programme (NMNB1). The paper also briefly introduces details on a second phase of this programme – NMNB2.
- 1.2 The paper then addresses the matters raised by Cllr Wheeler and the signatories of the call-in notice.

## **2.0 North Manchester New Build (Phase 1) NMNB1 - Background**

- 2.1 North Manchester New Build 1 (NMNB1) is a scheme to develop affordable housing and is funded through Homes England grant and the City Council's Housing Revenue Account (HRA). The original NMNB1 scheme had grant funding to deliver 56 new homes for Affordable Rent across a large number of infill sites in North Manchester
- 2.2 In July 2015 Manchester City Council was awarded £1,064,000 Homes England Affordable Homes Programme (AHP) grant for the delivery of 56 new homes, equating to £19k per unit.
- 2.3 In terms of delivery NMNB1 the original intent was to deliver high quality modular homes for affordable rent. The intention was to use the AHP grant to part fund the development of modular homes. As such the Council entered into procurement exercise and then a series of discussions with a selected modular homes contractor and manufacturer. However, by November 2016 it was clear that a modular homes based solution could not be delivered within the cost parameters set for the NMNB1 scheme.
- 2.4 In December 2016 the project team had no alternative but to begin the procurement process again from scratch to secure a construction partner for the delivery of 56 units. The project team used the North West Construction Hub and sent out an Invitation to Scheme Tender inviting tenders for a Design and Build contract that would reach practical completion by March 2018.

- 2.5 Only two bidders responded and one was selected as preferred developer based on their cost and quality submission. Contract negotiations and Pre Contract Services Agreement works were undertaken to deliver a scheduled final cost plan submission and contract agreement in July 2017.
- 2.6 On 10<sup>th</sup> July 2017 the contractor submitted a 2<sup>nd</sup> stage detailed cost estimate of £8,993,476, which was over £1m more than the anticipated contract sum. Two key factors led to the contractors high cost estimate:
- Low unit numbers across a larger number of sites had a significant impact on the site prelim costs; and
  - Site abnormalities, including topography and utilities, led to a much increased cost per unit for remediation.
- 2.7 The contractor was unable to make any meaningful reduction to their cost proposal based on the existing scheme and so a two-pronged approach was taken to secure a viable scheme. Firstly the contractor was asked to identify the most expensive units from the scheme and, secondly detailed discussions began with Homes England to explore options in terms of time and grant rate to deliver affordable homes. The outcome of this work led to the conclusion that a number of the sites would be withdrawn as a result of the costs associated with delivering those sites. This obviously, had the effect of reducing the number of units for Affordable Rent (from the original 56)

### **3.0 The North Manchester New Build 1 Scheme: A revised Grant Agreement with Homes England**

- 3.1 Following extensive discussions with both the contractor and Homes England, the Council proposed to deliver 60 new affordable homes in the following ways:
- Reduce the original programme from 56 units to 20 units. These 20 units would be delivered through the purchase of 20 Taylor Wimpey new build homes at Booth Hall Hospital development. This was in line with the S106 agreement between the City Council and Taylor Wimpey, the tenure of the units would remain as shared ownership.
  - Homes England provided resources from another funding programme to deliver 40 new build Affordable Rent homes. This grant was awarded in December 2017 and the City Council entered into contract with the contractor in December 2017.
- 3.2 Rather than the original 56 units being built to be let at an affordable rent, NMNB1 is now delivering 40 units to be let at an affordable rent and a further 20 units to be sold as Shared Ownership. Following the budget difficulties in agreeing a contract value, it would not have been possible to deliver 56 units for affordable rent. However NMNB1 is delivering four additional “affordable homes” as part of the grant agreements with Homes England.

### **4.0 The North Manchester New Build 1 Scheme: The Shared Ownership Timeline**

- 4.1 In respect of the process to realign the original NMNB1 programme from 56 units of Affordable Rent to one of 40 units of Affordable Rent plus acquiring 20

units for Shared Ownership the following decisions were made in respect of the Shared Ownership properties:

- **October 2017** – The North Manchester New Build (NMNB) Officer Project Board endorsed the revision to programme to include 20 acquisitions for Shared Ownership. This proposal was subsequently discussed and supported by Councillor Priest;
- **1st Nov 2017** - The acquisition of new build homes on the Booth Hall site was recorded on the Forward Plan (ref: 2017/11/01B) requesting additional capital expenditure approval for North Manchester New Build;
- **13<sup>th</sup> Nov 2017** - Request to increase NMNB1 budget to cover acquisitions sent to the Officer Strategic Capital Board and the Officer HRA Project Board;
- **13<sup>th</sup> Dec 2017** – As part of the Capital Programme – Proposed Increases report to this Executive approval was granted for NMNB1 delivery of 40 units to be let at affordable rent and 20 units to be disposed of via shared ownership;
- **18<sup>th</sup> Dec 2017** - Homes England grant approval for amended scheme received;
- **20<sup>th</sup> Dec 2017** - Cllr Ollerhead approved Urgent Key Decision, allowing MCC to enter construction contract for delivery of 40 new build units, scheduled to reach Practical Completion by Homes England grant deadline of March 2019;
- **23<sup>rd</sup> Jan 2018** –Advice received from Legal Services:

*'The Council has authority to acquire land for the provision of housing under s 17 of the Housing Act with consent under the General Housing Consent to dispose of such land at a consideration equal to market value. A disposal in the Consents is defined to include the grant of a shared ownership lease.'*

## **5.0 North Manchester New Build Phase 2: the proposed second scheme**

- 5.1 The City Council has secured £2.85m from the Homes England Shared Ownership & Affordable Housing Programme (SO&AHP) 2016-21, to deliver a new second phase of the North Manchester New Build programme (NMNB2). This should deliver 75 new homes. The profile of the Phase 2 programme is: 25 shared ownership and 50 Affordable Rent homes. An initial desktop study assessing financial and commercial feasibility of a number of infill sites has been undertaken. Full site investigation works are being commissioned for the sites, with intrusive ground works envisaged being undertaken by September 2018. This work will confirm the viability of the sites for development.
- 5.2 Local member consultations and engagement will start in July 2018, following which the procurement of a contractor will start, with a preferred partner being announced in early 2019. Completion of the houses is envisaged for March 2021

### **Response to Queries Raised by:**

**Councillor Sam Wheeler**  
**Councillor Ben Clay**

**Councillor Adele Douglas**  
**Councillor Basil Curley**  
**Councillor Marcus Johns**

- 6.0 Given the political salience of housing, with more than 13,000 Mancunians on the housing register, and the commitments within the 2018 manifesto which all Members of the majority party are mandated with delivering by the people of Manchester, no decision on the "disposal" of council housing stock should proceed without scrutiny by Elected Members in committee. It is not acceptable for Officers or Executive Members to approve decisions of this magnitude without democratic oversight.**
- 6.1 The disposal of the 20 properties are intrinsically linked to the delivery of the 60 new affordable homes scheme as detailed above.
- 6.2 The Key Decision for the acquisition of the properties in advance of the onward sale for shared ownership and following Gateway approval to Council funding together with the HE grant, was made in December 2017 by the Strategic Director (Development) following the decision by Executive to increase the Housing Capital Programme
- 6.3 The Council subsequently exchanged contracts with Taylor Wimpey for all 20 housing units and will complete on all the acquisitions as and when the units are completed. Following the phased completion of the units, the Council will dispose of the units by way of shared ownership on an individual basis as agreed in the grant agreement with Homes England.
- 6.4 However, in recognition of the concerns raised by the members, it is proposed that the decision is withdrawn and the matter is to be referred to Executive for a decision to be made
- 7.0 This scheme follows the collapse of a previous scheme to deliver 75 houses. The current briefing note on the scheme, as written, mentions 40 houses to be built, and 20 houses to be acquired. The briefing note distributed to Members goes on to say that "The revised scheme will deliver more homes than the original scheme", yet fails to say where the additional minimum 16 houses are to come from for that statement to be true. As such, Elected Members can have no confidence in the paper's assertion, nor that the subsequent decision to sell 20 units of council stock was taken on a sound basis.**
- 7.1 The first section of this report sets out the history to the NMNB1 programme. The Briefing Note circulated to Members contained an error in stating NMNB1 was originally 75 units. The original grant allocation was for 56 units.
- 7.2 NMNB2, the second phase programme, will deliver 75 units.
- 8.0 The private sector Cheshire estate agent, Equity Living, commissioned to market these properties began advertising them on the 25 May 2018. It is of serious concern that a private company was told to begin marketing**

**properties, and presumably paid for their work, two weeks before Elected Members were notified of a decision. It is unacceptable for decisions over ratepayers' money and assets to be made this way. Once again, this calls into question the decision-making process.**

- 8.1 The handover of the first units from Taylor Wimpey were required before 31st March 2018 to meet Homes England grant conditions. In December 2017 the NMNB Officer Project Board agreed to begin preparations to take on the new homes. Northwards Housing would have been the first choice of organisation to help sell the new units, however Northwards don't possess the necessary skills and capacity to undertake this work so it was necessary to look to external agencies. In February 2018 the NMNB Officer Project Board were presented with recommendations for the appointment of a sales and marketing agent.
- 8.2 A procurement exercise was undertaken in line with the MCC Constitution May 2017 Part 5 Section E Contract Procurement Rules paragraph 8.5 'The Appointment of Consultants to Provide Services', which outlines the arrangements for the direct appointment of Consultant architects, engineers, surveyors and other professional consultants and how they should be selected and commissioned in accordance with procedures and within the contract rules.
- 8.3 Five Registered Providers who also undertake shared ownership sales and marketing were approached for quotes. Equity Living, a direct subsidiary of the Registered Provider Equity Housing Group, provided the most competitive quote for services.
- 8.4 In order to maximise rental income and minimise security and holding costs early marketing of the units began in late March 2018, however until strategic approval is secured for the disposal of the homes via shared ownership, sale contracts cannot be entered into. On balance this approach was considered more cost effective for the City Council as it maximised rental income and minimised site security fees.
- 9.0 While meant to be "affordable" properties, the marketing conditions laid out by Equity Living state that the earnings threshold to apply is up to £80,000 per annum for an individual. Given the housing crisis in Manchester this seems staggeringly high, at three times the average household income. Members must be given the chance to scrutinise and amend the eligibility criteria as they see fit.**
- 9.1 The eligibility criteria proposed by Equity Living in the Sales Policy are taken from the Gov.uk website (<https://www.gov.uk/affordable-home-ownership-schemes/shared-ownership-scheme>). This represents the national criteria.
- 9.2 Equity have been instructed by MCC to target the sales of the homes at Booths Hall to the priority groups identified in our marketing. These criteria are:
- Social housing tenants living in Manchester
  - People currently living and permanently employed in Manchester.

- Persons who have a family connection that have continually lived in Manchester. Family connection for the purposes of this clause shall be defined as Mother, father, sister or adult dependent children.
  - Persons who are former residents of (North) Manchester who have moved away because of a lack of affordable housing in the area.
  - Earning on or below the average household income of (£27,000) as stated in the Housing Affordability Policy Framework (HAPF) June 2016.
- 9.3 All eligibility will be in line with Manchester's Housing Affordability Framework and Manchester City Council's Sales Policy and process for Shared Ownership properties will be updated will be presented to Executive in July 2018 for consideration.
- 10.0 Given that Northwards Housing will be the first point of call for many socially rented tenants and those in housing need in North Manchester, and given their unparalleled experience of appropriately matching Mancunians with housing, it is questionable why a private sector estate agent is required at all. Suitable tenants who wish to move from the social-rented sector to shared ownership can surely do so through Northwards.**
- 10.1 Northwards Housing will be taking on the management of the 40 rented homes. In line with the grant agreement with Homes England these will be let at an Affordable Rent (which is 80% of market rent). They will be let through Manchester's Housing Allocations Policy through Manchester Move and will rehouse 40 households in current housing need (Reasonable Preference) from the Housing Register.
- 10.2 Equity Living who are part of the Registered Provider Equity Housing Group are only providing the sales and marketing service for the 20 shared ownership homes. The administration and rental element of these homes will be undertaken by Northwards Housing.
- 10.3 The preferred route would have been for Northwards to undertake the sales and marketing of the shared ownership units, however they currently do not have the capacity or expertise in-house to take on this function. If shared ownership as an affordable product is something that the City Council intends to significantly scale up in future, then Northwards would look at the feasibility of expanding their capacity to offer this service.
- 11.0 The shared ownership scheme as outlined states eligibility as, "That the applicant(s) combined monthly mortgage, rent, and service charge and debt costs for the property applied for would not exceed more than 45% of their net income." MCC policy is that no household should be spending more than a third of its income on housing costs. As such, this stipulation if followed would, by definition, move these homes out of the "affordable" metric, defeating the stated goal of providing affordable housing.**
- 11.1 Please accept my apologies as this was an administrative error in the sales policy circulated as it was an early draft which had an incorrect figure of '45% of

net income'. This has been revised as officers are refining and finalising the policy. All eligibility will be in line with Manchester's Housing Affordability Framework and Manchester City Council's Sales Policy and process for Shared Ownership properties will be updated will be presented to Executive in July for consideration.