

Overview & Scrutiny Committee

Monday 12 November 2012
7.00 pm
160 Tooley Street, London SE1 2QH

Membership

Councillor Catherine Bowman (Chair)
Councillor Dan Garfield (Vice-Chair)
Councillor Neil Coyle
Councillor Toby Eckersley
Councillor Gavin Edwards
Councillor David Hubber
Councillor Lorraine Lauder MBE
Councillor Paul Noblet
Councillor David Noakes
Councillor the Right Revd Emmanuel Oyewole
Councillor Mark Williams

Reserves

Councillor Kevin Ahern
Councillor James Barber
Councillor Nick Dolezal
Councillor Tim McNally
Councillor Darren Merrill
Councillor Abdul Mohamed
Councillor Lisa Rajan
Councillor Lewis Robinson
Councillor Martin Seaton
Councillor Cleo Soanes
Councillor Geoffrey Thornton

Education representatives

Reverend Nicholas Elder
Colin Elliott, Parent Governor
Leticia Ojeda, Parent Governor

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Contact

Peter Roberts on 020 7525 4350 or email: peter.roberts@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Eleanor Kelly

Chief Executive

Date: 2 November 2012



Overview & Scrutiny Committee

Monday 12 November 2012

7.00 pm

Ground Floor Meeting Room G02A - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.	Title	Page No.
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PART A - OPEN BUSINESS

1. APOLOGIES

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.

4. MINUTES

1 - 6

To approve as a correct record the Minutes of the open section of the meeting held on 15 October 2012.

5. CABINET MEMBER INTERVIEWS - COUNCILLOR PETER JOHN, LEADER, AND COUNCILLOR VERONICA WARD, REGENERATION SOUTH

Themes:

Housing Commission

Heygate regeneration

Ayelsbury regeneration

1000 new council homes and affordable housing provision

Question:

Would the Leader comment on the call by Simon Hughes MP for a re-negotiation of the Elephant and Castle regeneration agreement with LendLease (with a copy of the letter sent by Mr Hughes, and any reply issued by LendLease); and, to aid discussion of this matter, would he provide

- 1 a brief but comprehensive summary of all significant events since the signing of the Regeneration Agreement
- 2 a description of the amounts of affordable housing (broken down into dwellings at "affordable rent" and "social rent" in respect of any phase for which planning consent has been granted), and the reasons for any departure either from the standard 35% or from the 25% agreed in 2010
- 3 time-line of desired milestones going forward
- 4 a best estimate of future cash-flows to and from the council
- 5 a best estimate of future cash-flows to and from the developer
- 6 a summary of costs incurred to date by the council and the developer since the signing of the Regeneration Agreement
- 7 an up-date with regard to the position of the owner of the shopping centre
- 8 an up-date with regard to the availability of finance for an adequate remodelling of public transport interchanges

Re 4 and 5, for dates after which it is impossible to estimate quanta of cash flows, the dates at which the flows are expected should be set out.

6. FOUR SQUARES ESTATE - CONTRACT UPDATE

To follow

DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING.

PART B - CLOSED BUSINESS

DISCUSSION OF ANY CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT.



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 15 October 2012 at 7.00 pm at 160 Tooley Street, London SE1 2QH

PRESENT:

- Councillor Catherine Bowman (Chair)
- Councillor Dan Garfield (Vice-Chair)
- Councillor Neil Coyle
- Councillor Toby Eckersley
- Councillor Gavin Edwards
- Councillor Lorraine Lauder MBE
- Councillor Tim McNally (Reserve)
- Councillor Paul Noblet
- Councillor David Noakes
- Councillor the Right Revd Emmanuel Oyewole
- Councillor Mark Williams

OFFICER SUPPORT:

- Jon Abbott, Elephant & Castle Project Director
- Shelley Burke, Head of Overview & Scrutiny
- Norman Coombe, Legal Services
- Sam Fowler, Project Director, Southwark Schools for the Future
- Graeme Gordon, Head of Corporate Strategy
- David Lewis, Investment Manager, Environment & Housing
- David Markham, Head of Major Works
- Stephen Platts, Acting Director for Regeneration
- Gerri Scott, Strategic Director of Housing and Community Services
- Peter Roberts, Scrutiny Project Manager

1. APOLOGIES

- 1.1 Apologies for absence were received from Councillor David Hubber. Councillor Tim McNally attended as a reserve.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

2.1 There were no urgent items of business.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

3.1 Councillor mark Williams declared a non-pecuniary interest in item 8, Management of risk in Major regeneration Projects, as an employee of the Greater London Authority.

4. MINUTES

RESOLVED:

That the minutes of the meeting held on 17 September 2012 be agreed as an accurate record.

5. CABINET MEMBER INTERVIEW: COUNCILLOR CLAIRE HICKSON, COMMUNITIES & ECONOMIC DEVELOPMENT

5.1 This item was deferred to a future meeting.

6. FOUR SQUARES ESTATE - CONTRACT UPDATE

6.1 A member highlighted paragraphs 21 to 24 of the report and the last four bullet points on page 4 and asked whether there was a contingency plan if the Arup survey suggested that the estate no longer had a viable life. Gerri Scott, strategic director of housing and community services, stated that it was too early to say what the Arup survey would contain but that its conclusions would be fed back directly to tenants on the estate. In response to further questions, David Markham, head of major works, stressed that there was no contractual commitment to carry out works.

6.2 Members asked whether there was a standard protocol to decide the level of survey carried out before any works were undertaken. They particularly queried why a full structural survey had not taken place before a contract was drawn up. The head of major works referred to the council's own stock condition survey and also the survey commissioned by the regeneration department and carried out by Mace. The Mace survey had appraised the different options for the estate and had picked up some of the structural issues, like the gable ends, which were then included in the major works programme. Brick slippage on the towers had only been picked up in May of this year.

6.3 Members asked officers how confident they were about the safety of other buildings and estates. The strategic director of housing reported that Arup had been asked to give an opinion on whether the problems were specific to 4 Squares

or could affect other Wates estates. The council was monitoring other blocks built in the same way and believed that the 4 Squares was the only estate in which there were issues at this point in time.

- 6.4 A member raised problems at Nelson Square where metal railings were breaking into concrete. The head of major works stated that when repairs were ordered any safety issues would also be addressed. The strategic director of housing added that estate inspections should pick up issues such as falling concrete or brick slippage.
- 6.5 Members of the committee asked for more information about the impact of major works on leaseholders. The head of major works reported that meetings had been held with leaseholders and that different payment options were available. The strategic director of housing confirmed that there were a number of different alternatives to spread costs including a forty-eight month option. She also added that tenants were being kept informed. The chair of the housing scrutiny sub-committee referred to a previous scrutiny review, of security works on two of the four squares, which had made clear the need for better consultation. The head of major works responded that the project team had a good relationship with tenants and that a number of meetings had been held which were well attended by residents.
- 6.6 Some members reported that a number of residents were concerned about the condition of the estate and that works were viable in the long term. The strategic director reported that an explanatory letter with a point of contact had been sent to residents the day after the initial demolition. The council was in close contact with the chair of the tenants' and residents' association and keeping ward councillors fully informed. A meeting would be held at the beginning of November to feed back to residents the results of the Arup survey.
- 6.7 In response to questions about the Frankhams report (paragraphs 20 onwards of the agenda report), the strategic director stated that Frankhams were well-known in the sector. Arup had been employed to look also at any factors which were not structural, such as the possible impact of the Jubilee Line. The strategic director also confirmed that, in accordance with standard practice, the council's liability insurer had been put on notice. Some members were concerned that Arup being the original structural engineer when the estate was constructed introduced a conflict of interest and questioned whether the finance director had been aware of this.
- 6.8 Members asked whether the council had clear and accessible records as to which other estates in Southwark had been built by Wates in the 1970s. The strategic director explained that many records had been archived. Members felt that the quality of archives generally might be in question.

RESOLVED:

1. That Cabinet be asked to assess the quality of archives in respect of construction of housing estates and consider whether additional investment is merited.

2. That the cabinet member for housing be asked to consider the undertaking of more full structural surveys before any major works contract is let.
3. That officers report back to the November meeting of Overview & Scrutiny Committee on the results of the Arup survey.
4. As part of the report back, that officers confirm the Finance Director's understanding in respect of Arup being the original structural engineer for the estate.

7. HOUSING REPAIRS AND MAINTENANCE SOUTH OF THE BOROUGH - CONTRACT UPDATE

- 7.1 A member highlighted paragraph 11 of the report which suggested that two services might be suitable to be provided in-house and asked whether consideration had been given to more substantive parts of the contract being placed in-house. David Lewis, head of maintenance and compliance, explained that this was not considered appropriate.
- 7.2 Members asked whether a full review was being carried out of lessons learned from the Morrison contract. Gerri Scott, strategic director of housing and community services, confirmed that a project board was working on this.
- 7.3 A member of the committee highlighted point 15 of the commitment leaflet set out on page 6 of the report, the direct employment of all repair operatives recruited from the local area. The head of maintenance and compliance confirmed that this could be incorporated in long-term contract requirements and that the local area included Southwark and the area surrounding. He explained that the Mears commitments were influenced by what Southwark wanted.
- 7.4 Members stressed the importance of Mears and the call-centre working closely together and that, in terms of apprentices, there was co-ordination with the council's economic development section. The strategic director of housing confirmed that discussions were taking place.

RESOLVED:

That officers ensure that joined up working takes place between Mears and the council's economic development section in respect of recruitment from the local area.

8. MANAGEMENT OF RISK IN MAJOR REGENERATION PROJECTS

- 8.1 Jerry Flynn and Richard Lee of the Elephant Amenity Network addressed the committee and circulated written comments. The speakers were particularly concerned about the financial viability of the Elephant & Castle regeneration and risks to the delivery of affordable housing.
- 8.2 In response to questions from members of the committee, the members of the

deputation explained that they felt that the council could do more to clarify the benefits of the current deal with Lend Lease. The deputation also believed that the planning application would not comply with Southwark's own policies in terms of providing 35% affordable housing and questioned the viability assessment of the Heygate site. In the deputation's opinion there was a lack of transparency in terms of the council's priorities.

- 8.3 Members asked the deputation for their view on what might be the most beneficial way to involve residents. The deputation felt that community councils remained a good forum and suggested that processes at Planning Committee might be revised when large applications were being considered. Members agreed that the processes employed to deal with large and complex planning applications could be reviewed.
- 8.4 Some members pointed out that, particularly in comparison with developments in other boroughs, the figure of 25% affordable housing was an achievement. In addition, financial viability tests could result in a much lower percentage of affordable housing. The representatives from the Elephant Amenity Network pointed out that half of this amount would be social rented housing, a new category of affordable rented housing.
- 8.5 A member highlighted the Amenity Network's concerns about compliance with the new National Planning Policy Framework and suggested that it would be worthwhile for the council to look into this. Stephen Platts, the director of regeneration, commented that this was a matter for planning. He recognised that there was not currently a fully funded transport solution but that the council was working with the GLA and TfL to resolve this.
- 8.6 Sam Fowler, SFF Project Director, briefed the committee on risk management in major regeneration projects. He also introduced examples of risk logs. In response to questions from members, the director of regeneration, stated that the council would like to be more transparent. The council would be able to, for instance, publish a live risk register on its website. This would show that the council was taking risks seriously and putting things in place to mitigate risks. The extent of openness often depended on the concerns of commercial partners.
- 8.7 Members of the committee were interested in how projects responded to changes in government policy. The director of regeneration stressed the need to deliver to the core aims of the council's original policy. In the case of the Elephant & Castle there was a strong local policy context which at the same time had to be flexible to any changes in government policy. Jon Abbott, Elephant & Castle project director, explained that the council had to monitor the impact of policy changes on the viability of the project and ensure that any problems were dealt with. The director of regeneration emphasised that there was a strong policy context derived from the core strategy and planning guidance on affordable housing.
- 8.8 In response to further questions, the director of regeneration clarified the issue of financial viability. He explained that this covered both the financial viability of the scheme and the specific financial viability of the planning application. The council used the district valuer to analyse the viability and made use of review mechanisms to reassess viability over time. The director of regeneration also

explained how the council was able to enforce the elements of a planning application.

8.9 Having considered the deputation and officer presentations, the committee

RESOLVED:

1. That Cabinet be asked to explore ways in which regeneration risk registers can be placed online in a form digestible to the public.
2. That Cabinet be invited to review relevant risk logs in the light of paragraph 173 of the National Planning Framework.
3. That the Leader be asked to look into creating more responsive and flexible systems at Planning Committee in order to process applications which relate to large and complicated regeneration schemes such as the Heygate, perhaps using Camden Council's approach to King's Cross as a model.
4. That planning officers be asked to provide a briefing note on the use of affordable housing review mechanisms, including within phased developments, and whether the council's current approach has been successful in clawing back additional affordable units from developers.

The meeting ended at 10.00 pm

OVERVIEW & SCRUTINY COMMITTEE**MUNICIPAL YEAR 2012-13****AGENDA DISTRIBUTION LIST (OPEN)****NOTE:** Original held by Scrutiny Team; all amendments/queries to Peter Roberts Tel: 020 7525 4350

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