

Item No.	Classification: Open	Date: 16 May 2019	Decision Name: Cabinet Member for Social Regeneration, Great Estates and New Council Homes
Report title:		New Homes Delivery Budget Approval – Copeland Road Car Park Site	
Ward(s) or groups affected:		Rye Lane	
From:		Director of Regeneration	

RECOMMENDATIONS

That the cabinet member for social regeneration, great estates and new council homes.

1. Approves the total scheme budget of £18,255,000 for the direct delivery of the Copeland Car Park site, which includes the professional fees and on-costs outlined in paragraph 15 to 20 of this report.
2. Approves the funding for this project to come from the Housing Revenue Account.

BACKGROUND INFORMATION

3. On 27 January 2015 the Cabinet agreed the Southwark Regeneration in Partnership Programme (SRPP) which identified a number of council owned sites which had development potential. The sites were packaged into 2 Lots that allowed for a more manageable delivery for their development and Copeland Road Car Park site was included in Lot B.
4. On 20 September 2016, a Gateway 2 report detailing a proposed award of a development agreement (DA) for Lot B of the Southwark Regeneration in Partnership Programme to Clarion Housing Group and their subsidiary, Affinity Sutton Homes, was approved by Cabinet.
5. On 8 November 2016 the Planning Committee granted a resolution to grant planning consent for the erection of 67, one, two and three bedroom flats within 4 - 8 storey development with associated parking, cycle and refuse/recycling stores and landscaping including re-provision of (enlarged) ball court. Full planning permission was achieved in December 2017 following the completion of the Section 106 agreement, which is now in the process of being changed to a unilateral undertaking.
6. On 21 March 2017 a Cabinet report gave confirmation that the Copeland Road Car Park SE15, was no longer required for the purposes for which it was being held and approved the appropriation of the land for planning purposes to facilitate the carrying out of the development proposals for the area in accordance with section 226 of the Town and Country Planning Act 1990 and section 122(1) of the Local Government Act 1972, subject, in the case of two

sites, to compliance by officers with the advertisement requirements of section 122(2A) of the Local Government Act 1972

7. In May 2017, Clarion Housing Group undertook a competitive tender for the development of the Copeland Road Car Park site via the Hyde Main Contractor and MCC Framework and Purelake New Homes Ltd was the successful bidder.
8. On 21 November 2018, the development agreement with Clarion Housing Group for the Southwark's Regeneration in Partnership Programme Lot B was terminated by mutual agreement. Terms of this agreement included an agreement for The council to continue with the appointment of Purelake New Homes Limited to develop the Copeland Road car park site.
9. On 20 March 2019, the Leader delegated authority to the strategic director of Housing and Modernisation for the Gateway 2 approval.
10. The Gateway 1 for the Southwark Regeneration Partnership Programme Lot B – Copeland was approved on 20 March 2019.
11. This report deals with the award the SRPP, Lot B, The Copeland Car Park Site, to Purelake New Homes Limited, to deliver 67 new homes, of which 24 will be council owned and 18 will be intermediate e.g. shared ownership.
12. In December 2018 a combined Gateway 1 and 2 for employers agent services with fees of £153,000 was approved by the strategic director of housing and modernisation.
13. The Gateway 1 report, Procurement Strategy Approval Southwark Regeneration Partnership Programme Lot B - Copeland Road Car Park Procurement, was approved on 20 March 2019. It outlined an estimated contract works value of £16,145,000 and a 5% contingency of £807,250.
14. On 11 March 2019, the Leader delegated authority to the strategic director of housing and modernisation for the Gateway 2 approval.
15. On 11 April 2019, the Leader delegated authority to the cabinet member for social regeneration, great estates, new council home for the new homes delivery budget approval of the Copeland car park scheme.

KEY ISSUES FOR CONSIDERATION

16. This budget approval is required to enable the award of the JCT contract to Purelake New Homes Limited to develop the Copeland car park site is a fixed contract sum of £16,654,772.
17. The Gateway 2 report approval was achieved on the 9th May 2019 in order to achieve start on site by 21 May 2019.
18. The total budget of £18,255,000 is comprised of the contract sum plus £153,000 for fees and contingencies, £404,043 for on-costs and previous spend of £211,445.

19. This approval will enable the direct delivery of 67 new homes of which 24 will be council homes, 25 will be for private sale and 18 will be for shared ownership.
20. The project has been approved by the Housing Programme Delivery Board and forms part of the New Homes Delivery pipeline towards achieving the council's commitment to build 11,000 new council homes 2043.

Policy implications

21. The SRPP has been shaped by the promises and commitments made in the council plan, such as building more quality affordable homes of every kind and revitalizing our neighbourhoods making them places in which we can all be proud to live and work.
22. The development plan for the borough consists of the Mayor's London Plan, the Core Strategy 2011, the Southwark Plan policies, the Aylesbury Area Action Plan, the Canada Water Area Action Plan, the Peckham and Nunhead Area Action Plan and a revised Canada Water Area Action Plan.
23. The council is now reviewing the Southwark Plan and core strategy to prepare a local plan, the new Southwark Plan. This new plan will set out the council's regeneration strategy from 2017 to 2033 and will also be used to make decisions on planning applications. The new Southwark Plan was approved by council assembly on 27th March 2019 and is now out for consultation until 17th May 2019 and will:
 - a) Set policies to support the provision of new homes including 11,000 new council homes.
 - b) Protect our existing schools and community facilities in the borough and provide more where this needed.
 - c) Protect local businesses and attract more businesses into the borough to increase job opportunities.
 - d) Support our high streets and increase the range of shops to increase their vitality. Introduce policies to improve places by enhancing local distinctiveness and protecting our heritage assets. Set policies to provide greener infrastructure and to promote opportunities for healthy activities.
 - e) Provide visions and policies for the many different areas within Southwark.
 - clear whether proposals potentially conflict or support an existing policy
 - Where the policy is 'owned' by council assembly recognising that the cabinet will need to seek agreement of council to substantial changes
 - Recognising the existence of the priorities of the administration: indicating clearly any links between the proposal being put to members and these priorities. Links to the cabinet's priorities should not be exaggerated to build support for the officer proposal

- Where the need for the proposal is driven by other imperatives such as government policy, legislation or previous decisions this should be clearly stated.

Community impact statement

24. Since the inception of this project there has always been a strong emphasis on inclusion with the local community regarding this project. To date there have been four resident consultation events. Contractual agreement has been made to ensure that the Contractor sets up an introductory meeting with the local residents and TA to inform them of the proposed works and to take on board their concerns to minimise any potential inconvenience to them during the works. Contact details of the site manager who will be the day to day contact for the local community during the construction period will be provided.
25. The next stage of engagement to fully meet obligations under the Equalities Act 2010 are as follows:
 - Provide an in-depth equality data collection and analysis.
 - Use information to mitigate any negative impact to known protected groups.
 - Data collection processes will incorporate households and businesses in the vicinity of the site
26. The contractor will have a duty to ensure they work to agreed hours of working and noise levels as set out in the planning approval to minimise disruption to the local residents. Appointed Principal Designer (CDM), will ensure that works will not commence on site without a satisfactory Construction phase health and safety plan being in place.
27. The contractor is required to participate in a local employment and training initiative administered by the London Borough of Southwark. The local authority will expect the contractor to help place unemployed jobseekers from the local area into jobs within the construction stage of the development. This will be through the agreement of targets and an obligation for the contractor to provide their own programme and/or work with council programmes to achieve them.
28. To mitigate the impact of the loss of the public car park spaces, a letter was sent to residents highlighting alternative car parking spaces in the area, including the public car park at Choumert Road.
29. To mitigate the significant loss of daylight to one of the adjacent dwellings, the occupant (a council tenant) has been given Band 1 status to enable the household to find alternative accommodation via Homesearch and will receive Home Loss and disturbance payments.
30. Re-letting of dwelling adjacent to the site will be carried out under Southwark's choice based lettings scheme.
31. An improved council managed multi-use games area will be provided to replace the existing ball court which will be closed during construction.
32. The site has been appropriated for planning purposes, which removes all rights and interest in the land. However, a new deed of easement will be granted to the Lobos Fish Shop, which relies on the road within the site for its deliveries.

Resource implications

33. Funding for this project will be coming from the Housing Revenue Account.
34. The scheme will be managed using existing staffing resources with the Capital Works and Development in Regeneration.

Legal implications

35. See legal concurrent

Financial implications

36. Projected spend for the duration of the project have been shown in the table below:

Years	Annual Spend Totals
Previous Years	£211,445.00
2019/20	£9,202,213.00
2020/21	£8,300,036.00
2021/22	£541,307.00
Total Scheme Cost	£18,255,000.00

37. The estimated GLA grant for the 24 social rental units is £1,440,000 which will be payable to the council from the GLA to subsidise the council's scheme cost.
38. The projected capital gain from sales is £13,334,567 for the private units and £2,603.133 (25% minimum equity) for the shared ownership units. The capital gains from the sale and shared ownership units return entirely to the council's new homes fund. Unlike the SRRP programme, Purelake are appointed as a contractor not a developer.

Consultation

39. A robust consultation strategy involving internal and external stakeholders was undertaken. There were six consultation events carried out between 30 June 2015 and 23 June 2016. There were two online exhibitions in January 2016 and March 2016, two public consultations on 10 June 2015 and 22 February 2016, and a resident event on 28 April 2016. The final consultation was in the format of an exhibition held on 24 June 2016. Once the contractor is appointed, they will set up a meet and greet event inviting all local residents to attend.
40. Ward councillors have been updated on progress so far and they will continue to receive updates throughout the programme delivery.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

41. This report seeks the approval of the cabinet member for social regeneration, great estates, New Council Homes to approve the scheme budget of £18,255,000 for the Copeland Road car park site project, to be funded from the Housing Revenue Account, as further detailed in paragraphs 18 and 36.

42. The council is in the process of procuring a works contractor to deliver new homes at the Copeland Road car park site, and is seeking approval from the strategic director of housing and modernisation to an appointment with Purelake New Homes Limited, who has been identified as the successful contractor for this project. Contract standing order 2.3.1 provides that contracts may only be awarded if the expenditure has been included in approved revenue or capital estimates, or has been otherwise approved by, or on behalf of, the council. The Gateway 2 approval is therefore subject to the funding being approved.
43. As noted in paragraph 15 the Leader of the Council has varied the executive scheme of delegation to permit the cabinet member for social regeneration, great estates, and new council homes to approve the budget for this project. Full details of the budget required are noted in paragraph 18.

Strategic Director of Finance and Governance

44. This report seeks approval from the cabinet member for social regeneration, great estates and new council Homes to provide a budget £18,255,000 for direct delivery scheme at the former Copeland Road car park site. Once approved, the scheme will form part of the council's housing investment programme.
45. The scheme had previously formed part of the SRPP Lot B development agreement with Clarion Housing Group, which was subsequently terminated by mutual agreement. Once complete, the development is expected to provide the council with 24 new council homes as well as 18 other affordable homes and 25 homes for private sale, which will generate a capital receipt for the council. Paragraphs 18 to 21 set out the financial implications of the proposed scheme. Approval of the budget will enable the council to proceed with the award of the contract to deliver the new homes.

AUDIT TRAIL

Background Papers	Held At	Contact
Gateway 1 G1 Copeland Road Procurement Final v00 (2).docx	Place & Wellbeing Regeneration Capital Works & Delivery 5th Floor Hub1/Area B	Evelyn Thomas DD: 0207 525 1643
Gateway 2 Copeland Road Cark G2 FINAL.docx	Place & Wellbeing Regeneration Capital Works & Delivery 5th Floor Hub1/Area B	Evelyn Thomas DD: 0207 525 1643

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Bruce Glockling, Head of Regeneration	
Report Author	Evelyn Thomas, Project Coordinator	
Version	Final	
Dated	16 May 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	16 May 2019	