

Item No. 22.	Classification: Open	Date: 24 March 2020	Meeting Name: Cabinet
Report title:		Routes to 11,000: a new council homes strategy for Southwark	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councilor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

FOREWORD - COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES

Southwark’s council housing, by enabling our citizens to flourish with the stability and dignity of a high quality, secure for life, genuinely affordable home, has been fundamental to making Southwark the most diverse vibrant borough with the best foundation for a life of opportunity, mobility and community.

With unaffordability, indecent standards and insecurity marking so much housing in the city, creating intolerable health and financial pressures and overcrowding for so many of our residents, Southwark’s response has been to position itself as a the countervailing force in a lopsided housing economy. Following the 2013 housing commission, the council set a generational target of building 11,000 new council homes, and in 2018 introduced the Great Estates programme, defining the ‘Expand and Enrich’ approach to our council estates, and for any redevelopment to deliver a net increase in council homes and a right to remain, keeping communities together.

While at times the commitment to 11,000 has attracted incredulity we are now on course to making this goal a reality. We have grown our development team into one of the most respected and admired in the country; elevating our deep commitment to design excellence with a refreshed design guide and two new architects frameworks giving us access to world class housing architects and blooding the best new design talent in the UK; instituting new ways of framing the development process - always expanding an estate as part of a wider estate improvement plan, informed by a brief written with and by residents. This mobilisation has now sees over 1,000 council homes complete or under construction, a pipeline of active projects across over 200 sites, delivering well over 3,000 council homes, and an emerging pipeline that takes us half-way to that target ahead of schedule.

The new strategy set out in this report describes a number of routes and options to unfurl over the years ahead to bring our development pipeline more fully into view. From defining our priorities for new land purchases, to partnering with faith groups, adjacent land owners and large institutional land-owners in the borough. To sharing development capacity with large builders such as TfL or British Land as well as with housing cooperatives TMOs and strategic community partners like Leathermarket JMB. To setting out a funding model within a constrained housing investment environment, including setting out the council’s red lines and green lights for allowing private finance into council house-building through a new Fixed rate housing standard, ensuring such funding options always deliver additionality and always the same high quality council managed secure social rent homes that have become our standard.

We also define the fundamental mission of Southwark's New Homes Programme, to explicitly maximise the supply and proportion of social and affordable homes, as far as the programme-wide viability will allow.

The report also describe the outlines of our ambitions to achieve carbon negative development, with new standards for energy efficiency and initiatives for lowering the embodied energy of council homes schemes, as well as a pioneering Nature recovery plans accompanying each project to protect and broaden the habitats provided for through our developments. This also extends to proactively bringing forward at scale low waste, low impact forms of development such as rooftop housing and even river dwellings.

We also here set in train a refresh of the Charter of Principles for consulting on new homes projects, deepening our engagement with residents and enabling a more flexible range of engagement methods suited to the needs and interests of residents effected by a council homes project.

This report presents much of the learning the council has accumulated from projects to date, as well as from residents and partners, about how to create the broadest possible benefit to residents from council house-building. It also secures the legacy of historic commitment to 11,000 and embeds the commitment ever more deeply as part of the core mission of the council - to build a more equal society here in Southwark, and create a living environment that offer our residents the pride and dignity of a beautiful affordable secure and sustainable home.

RECOMMENDATIONS

Recommendations for cabinet

That cabinet:

1. Approves the 'Routes to 11,000' council homes strategy, setting out the framework in which the council will deliver new homes and address the lack of truly affordable housing being delivered in the private and other sectors.
2. Notes that based on this strategy a three year rolling action plan, including measures and risk register will be developed to implement the strategy and to respond to the changing opportunities and challenges. This will be monitored by the Programme Delivery Board with progress reported to cabinet.
3. Notes the delivery of truly affordable homes to address the lack of inexpensive housing being delivered in the private sector is a financial challenge that the council is stepping up to address through widening its approach in developing a pipeline of new council homes, delivered through growing partnerships and approaches to finance the programme.
4. Notes that the council aims to leave a legacy of homes that deliver a lasting mark on the borough and as well as delivering homes that will be seen as an exemplar, visually and practically as homes that people enjoy living in and are proud of.
5. Approves the work to create a new a council home equivalent standard that guarantees a similar level of affordability and security but can be delivered outside

of the housing revenue account (HRA) to allows the council greater flexibility in meeting the needs of the borough.

Recommendations for the leader

That the leader of the council:

6. Delegate to the cabinet member for social regeneration, great estates and new council homes the agreement of a revision of the consultation process in the charter of principles to allow for a more tailored approach that allows for a more meaningful consultation and also allows for a wider range of engagements techniques to be used.

BACKGROUND INFORMATION

7. A new council homes programme has been established and is delivering homes under the governance of a steering group chaired by the Leader of the Council. Delivery of the programme is the responsibility of the Director of New Homes within the Housing and Modernisation Department.
8. The programme coordinates council resources and activities to deliver new homes and resources as necessary to increase delivery capability in order to expand the programme to meet the council target.
9. The programme was originally established in January 2015 when the council agreed its new long term housing strategy for the borough including specific commitments to increase housing supply, including building 11,000 new council homes for social rent by 2043.
10. The council is already building new homes with 676 delivered, 277 under construction and a further 630 council homes with planning permission. An estimated 4,000 council homes are being worked on to bring them into the programme or are in the programme.

11,000 new council homes strategy

11. This strategy sets out the frameworks and current financial limitations in which the council operates. It sets out the innovative partnerships and delivery mechanisms that that council will employ to meet its target of 11,000 homes whilst still ensuring the residents are at the heart of the programme.
12. The mission is *To provide a fairer future for all by creating 11,000 new high quality council homes and provide affordable housing that addresses the deficit in truly affordable housing being delivered in the private sector. This will provide an affordable home for you and others living in the borough. These will be homes that everyone can be proud of.*
13. In delivering the strategy the council will aim to:
 - Build council homes residents will be proud to live in
 - Build local construction skills
 - Build sustainably
 - Build sustainable communities.
14. The council recognises that it can not deliver this scale of new homes by itself

but will utilise and expand its horizons to coordinate a growing range of delivery mechanisms and partners to achieve its ambitious build programme.

15. The council already has a huge potential forward pipeline but must continue to expand that pipeline in order to reach new council homes. This will include infill development, small sites, land redesignation, intensification, upward extensions on existing buildings purchasing land on the open market, S106 agreements and developing strategic partnerships to deliver new homes.
16. The council will finance the 11,000 homes using innovative approaches but ensuring that it acts prudently by working within a self imposed debt within the Housing Revenue Account (HRA). The council recognises the importance of grant for the delivery of council homes including supporting the delivery of low carbon homes without which the council will need to generate further income to deliver these homes. The council put in plans so that the programme will not rely on long term unsustainable debt but generate a recycled capital that, along with other sources of income, can sustain the programme.
17. The 11,000 programme will create a legacy of great design in Southwark aimed at delivering a lasting mark on the borough and delivering homes that will be seen as an exemplar, visually and practically as homes that people enjoy living in and are proud of.
18. At the heart of this legacy are the council's new Design Standards and Employers' Requirements that set a high levels that Southwark want to deliver for residents. Standards alone will not guarantee great design so the council will work with the best architects that will be made available through the council's professional frameworks. The council will work with the best practices to deliver great designs based on briefs worked up with residents.

Consultation process in the charter of principles

19. The charter of principles was last reviewed in September 2017 and has been a key success in working with residents to deliver new homes.
20. Over two years on and there are many further lessons that the council has learned and therefore it is an opportune time to review the charter again. The council wants to ensure that there is a more flexible approach to engagement that is right for each scheme and makes use of a wider availability of engagement techniques and modern technology so that there can be a more meaningful consultation. By focusing on engagement in setting the design brief with residents and stakeholders the council can set the right tone for the development right at the beginning. This alongside the finest architects being drawn from the council's new frameworks should deliver the homes that everyone can be proud of.
21. It is recommended the agreement of the revised consultation process in the charter of principles be delegated to the Cabinet Member for Social Regeneration, Great Estates and New Council Homes.

Exploration of a new homes standard

22. The strategy outlines a wider and more innovative approach required in order to meet the challenge of delivering 11,000 new homes. As part of this work the

council will work to create a new a council home equivalent standard that guarantees a similar level of affordability and security but can be delivered outside of the housing revenue account (HRA) to allows the council greater flexibility in meeting the needs of the borough. The standard will be signed off by cabinet should it be decided that it be in the best interests of the council to use this as part of its increasing programme.

Housing Strategy

23. The long- term housing strategy for the borough was agreed by Cabinet on 27 January 2014. It contains a vision for the future of housing in the borough, which consists of four principles.
- Principle 1: We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
 - Principle 2: We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.
 - Principle 3: We will support and encourage all residents to take pride and responsibility in their homes and local area
 - Principle 4: We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.
24. A refresh of the Housing Strategy is underway.

Community impact statements

25. The 2014 Strategic Housing Market Assessment demonstrated a continuing need for affordable housing, with the borough experiencing very high house prices that are outside the reach of many of its residents. It has the highest house prices in the housing sub-region (the average 2 bedroom flat being sold for £360k in 2013). At the time of the 2011 census there were 18,547 overcrowded households in Southwark, a higher number, and a higher percentage (15.3%), than any of the other four boroughs in the sub-region. Over the period 1981- 2012 the population of Southwark increased by 34%, the fastest growth in the sub-region by some margin. This helps to demonstrate a continuing need for more homes and particularly for affordable homes in the borough.
26. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. The council's consultation with residents on the 11,000 council homes programme has been specifically designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide residents with the opportunity to engage.
27. Consultation on sites is being undertaken in line with the Charter of Principles and continues to provide mechanisms for resident to engage with the development of new homes
28. By providing a stronger link between the new build programme and working with the Great Estates agenda and utilising social regeneration indicators linked to

council plan objectives, the programme will help target those most in need to deliver community benefits

Resource implications

29. There are no resource implications as all the work is currently being managed through current resources.
30. The resources required to deliver the programme will be kept under review by the Housing Investment Board, the Programme Delivery Board and financial reporting to Cabinet.
31. The resources to build the current pipeline of new homes to deliver 2,500 are in place. The resources will continue to be reviewed in line with available resources and the delivery of the strategy.

Consultation

32. The extensive consultation around this programme and the charter of principles consultations are outlined in this and previous reports.

SUPPLEMENTARY ADVICE FROM OTHER OFFICIERS

Director of Law Democracy

33. There are a number of recommendations contained within paragraphs 1 to 6 of this report but there are no specific legal implications arising from these. Annexed to this report is the strategy relating to the delivery of new homes in the Borough which sets out a framework for the proposed delivery of the 11,000 homes by 2043
34. Detailed consultation will be undertaken on specific sites. Under paragraph 6, the Cabinet Member will consider revisions to the consultation process and he should be looking for reassurance that any consultations will be conducted in a manner allowing those affected sufficient time to consider the proposal and that the outcome of any consultation is taken into account before any decision is taken.
35. The report refers to the Public Sector Equality Duty at paragraph 26. There will be specific consultations on individual sites which will be undertaken in line with the Charter of Principles.

Director of Finance and Governance (H&M 19/173)

36. This report is seeking cabinet approval for a new homes strategy, setting out the frameworks to deliver 11,000 new council homes by 2043. The strategy aims to deliver new homes to a high standard, employing a broad range of delivery routes. Governance arrangements are in place to ensure individual schemes are viable and that borrowing levels are both affordable and sustainable.
37. Alongside its ambitious aims to build new council homes, the council is also committed to maintaining its existing stock to a decent standard and is seeking to achieve carbon neutrality by 2030. In the short to medium term, it will also need to respond to the outcome of the Grenfell Inquiry. The council must ensure it has sufficient resources, capacity and flexibility to meet all of these demands. This will require careful monitoring of the Housing Investment Programme, and

re-appraisal of priorities as circumstances change

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Next Steps on Developing Long Term plans for the Delivery of New Council Homes (Item 14) 22 July 2014	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Tim Bostridge, Head of Development 020 7525 1222
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4861&Ver=4		
Progress Update on the Council's Housing investment Plans (Item 12) 21 July 15	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Tim Bostridge, Head of Development 020 7525 1222
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5138&Ver=4		
New Homes Delivery Programme (Item 15) 19 July 16	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Tim Bostridge, Head of Development 020 7525 1222
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5372&Ver=4		
New Homes Delivery Programme (Item 14) 9 May 17	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Tim Bostridge, Head of Development 020 7525 1222
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5380&Ver=4		
New Homes Delivery Programme : Delivery Review Model (Item 15) 30 October 2018	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Tim Bostridge, Head of Development 020 7525 1222
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6085&Ver=4		

APPENDICES

No.	Title
1	11,000 New Council Homes Strategy

AUDIT TRAIL

Cabinet Member	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Michael Scorer, Strategic Director of Housing & Modernisation	
Report Author	Stuart Davis, Director of New Homes	
Version	Final	
Dated	13 March 2020	
Key Decision?	No	
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	No
Date final report sent to Constitutional Team	13 March 2020	