

Item No.	Classification: Open	Date: 9 March 2020	Meeting Name: Delegated Decision
Report title:		SRPP Lot A4 – Increase in council retained units	
Ward(s) or groups affected:		South Bermondsey	
From:		Bruce Glockling, Head of Regeneration – Capital Works and Development	

RECOMMENDATION(S)

That the Director of Regeneration

1. Approves the proposed changes of tenure to the former Cherry Garden School site to increase the council retained housing to achieve 50% (based on habitable room) council homes which results in the net contribution of £2,600,000 to Higgins for the loss of sales revenue on the intended intermediate units.
2. Notes that the cost to the council for increasing the social housing units from 32.2% to 50% (based on habitable room) equates to a net cost to the council of **£292,308** per unit. The cost of this will be met from resources supporting the Housing Investment Programme (HIP), as further detailed in financial implications of the closed report.

BACKGROUND INFORMATION

3. This scheme is part of the Regeneration Programme delivering mixed tenure developments on brown field sites in the borough. The Lot A4 (former Cherry Garden School site) Gateway 2 report for the award of contract to Higgins Group PLC for was approved by the Strategic Director of Place and Wellbeing on 15 January 2019. Whilst Higgins had been informed of the intended decision, the contract has not yet been awarded pending finalisation of the terms and conditions, which are in discussion.
4. Concerns were raised by members of the need to maximise council retained social rented units on the site. This was due to the council's new policy focus to provide 50% council rented units, where feasible and viable, to maximise council homes; this proposed change would address those concerns.
5. A report was endorsed at the Housing Investment Board (HIB) on 27 August 2019 to acquire the intermediate units in order to increase the social housing units to 50% from Higgins. The additional units that are being "acquired" to increase the number of social housing units were originally proposed as intermediate units which Higgins were disposing of to a Social Landlord as shared ownership units. This also has a positive effect on the number of 3 bed units retained by the council, which increases from 5x 3 bed units to 11x 3 bed units. The council requires more family dwellings and the provision of additional 3 beds is favourable to the council.
6. The HIB report was endorsed by the Strategic Director of Housing and Modernisation and also by the Head of Regeneration – Capital Works and Development on behalf of the Director of Regeneration. The report was also

discussed with the Strategic Director of Finance and Governance and the Cabinet Member of Social Regeneration, Great Estates and New Council Homes.

7. Lot A4 Accommodation Schedule - Cherry Garden Land - The table below is the accommodation schedule as was submitted at the final ITT.

Table 1:

	Council Retained units	Intermediate	Private Developer's units	Total Units/Hab. Rms
1 Bedroom (2 Hab. Rms)	4 (8)	5 (10)	11 (22)	20 (40)
2 Bedroom (3 Hab. Rms)	7 (21)	2 (6)	14 (42)	23 (69)
3 Bedroom (4 Hab. Rms)	5 (15)	2 (8)	4 (16)	11 (39)
4 Bedroom (5 Hab. Rms)	2 (10)	0 (0)	0 (0)	2 (10)
Total Units (Habitable Rms)	18 (54)	9 (24)	29 (80)	56 (158)
Percent (%) by habitable Room	34%	15%	51%	100%

8. Higgins has now redesigned the scheme to incorporate council planner's advice and a 50/50 private/social rent scheme. The table below shows the revised social rented units, to be retained by the council, as a result of the redesign.

Table 2:

	Council Retained units	Private units	Total Units / Hab. Rms
1 Bedroom flat (2 Hab. Rms)	7 (14)	7 (14)	14 (28)
1 bedsit (1 Hab. Rms)	0 (0)	1 (1)	1 (1)
2 Bedroom flat (3 Hab. Rms)	6 (18)	17 (51)	23 (69)
2 Bedroom WC House (3 Hab. Rms)	2 (6)	4 (12)	6 (18)
3 Bedroom (4 Hab. Rms)	1 (4)	0 (0)	1 (4)
3 Bedroom Duplex (4 Hab. Rms)	8 (32)	1 (4)	9 (36)
3 Bedroom House (4 Hab. Rms)	2 (8)	0 (0)	2 (8)
Total Units	26 (82)	30 (82)	56 (164)
Percent (%) by habitable room	50%	50%	100%

9. The HIB considered and endorsed the approach to convert the intermediate units into council units on 27 August 2019 which is now subject to a formal approval by the Director of Regeneration, this report.
10. The Director of Regeneration already has delegated authority to acquire sites and housing units. *Note: Recommendation 4 of Cabinet minute 18, 22 January 2019 provides: That authority be delegated to the director of regeneration in consultation with the strategic director of housing and modernisation, the strategic director of finance and governance and the cabinet member for social regeneration, great estates and new council homes to acquire sites in furtherance of the delivery of the council's housing delivery programme. Consultation with all parties has taken place as confirmed by the HIB report endorsement.*

KEY ISSUES FOR CONSIDERATION

11. The purpose of this report is to seek formal approval from the Director of Regeneration to confirm the increase in council retained units, which results in a net contribution of £2,600,000 to Higgins. This figure covers the redesigning of the scheme to provide the additional social housing units which allows the council to achieve 50% council retained units. This will maximise the number of council retained units and also enhance the scheme's chances of obtaining planning permission.
12. Higgins will be responsible for all development, programme and construction risks.

Policy implications

13. As stated in the Gateway report dated 15 January 2019.

Community impact statement

14. As stated in the Gateway report dated 15 January 2019

Resource implications

15. As stated in the Gateway Report dated 15 January 2019

Legal implications

16. Full legal implications are set out in paragraphs 8 and 9 of the closed report.

Financial implications

17. Full financial implications are set out in paragraphs 10 to 17 of the closed report.

Consultation

18. As stated in the Gateway report dated 15 January 2019 and further consultation as stated in paragraph 6.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

19. Legal advice has previously been given to the gateway report dated 15 January 2019. Further legal advice is noted in paragraphs 18-19 of the closed report.

Strategic Director of Finance and Governance (H&M19/170)

20. This report seeks delegated approval from the director of regeneration to change the tenure mix of the development on the former Cherry Garden School site for the reasons set out in paragraph 4 of this report. The proposal, which has been considered and approved by the Housing Investment Board at their meeting on 27 August 2019, will provide an additional eight new council homes, resulting in 26 new council homes overall at a net cost to the council of £292,308 per dwelling.

Head of Procurement

- 21. This report seeks approval for the proposed change in tenure, for a cost of £2.6m to the council, as detailed in paragraphs 1 and 2.
- 22. External legal advice has been sought in relation to procurement risk as set out in paragraph 9 of the closed report.
- 23. The proposal works to deliver in line with the council’s ambitious target to deliver 11,000 new social homes by 2043

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council’s constitution, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).



Signature:

Date: 15.04.2020

Designation: Director of Regeneration

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers (including contract reports)
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)

2. REASONS FOR DECISION

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*

*Contract standing order 4.5.1 states that for contracts with an Estimated Contract Value of over £100,000, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>

6. DECLARATION ON CONFLICTS OF INTERESTS
<p>I declare that I was informed of no conflicts of interests.*</p> <p>or</p> <p>I declare that I was informed of the conflicts of interests set out in Part B4.*</p> <p>(* - Please delete as appropriate)</p>

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
X:\Housing\Housing regeneration initiatives\Major regeneration projects & SEI schemes\Housing Regeneration Programme\SRiP - Sites\Sites\Cherry Gardens School, Macks Rd\GW reports\GEN - Lot A4 Disposal GEN v2 (3).pdf	Housing Regeneration	Prince Kamanda-0207-525 748

(X:\Housing\Housing regeneration initiatives\Major regeneration projects & SEI schemes\Housing Regeneration Programme\SRiP - Sites\Sites\Cherry Gardens School, Macks Rd\GW reports\GW2 Southwark Regeneration in Partnership Programme Lot A4 (5).pdf	Housing Regeneration	Prince Kamanda-0207-525 7480
X:\Housing\Housing regeneration initiatives\Major regeneration projects & SEI schemes\Housing Regeneration Programme\SRiP - Sites\Sites\Cherry Gardens School, Macks Rd\GW reports\LOT A4 APPROVALadditional acquisition.pdf	Housing Regeneration	Prince Kamanda-0207-525 7480

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Bruce Glockling, Head of Regeneration – Capital Works & Development	
Report Author	Prince Kamanda, Project Manager	
Version	Final	
Dated	9 March 2020	
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
Head of Procurement	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		9 Mar 2020