

Item No. 17.	Classification: Open	Date: 18 July 2022	Meeting Name: Cabinet
Report title:		Tustin Estate Low Rise Redevelopment Programme (Phase 1) Demolition and Enabling Works	
Ward(s) or groups affected:		Old Kent Road	
Cabinet Member:		Councillor Darren Merrill, Council Homes and Homelessness	

FOREWORD - COUNCILLOR DARREN MERRILL, CABINET MEMBER FOR COUNCIL HOMES AND HOMELESSNESS

This report details the funding requirements for the enabling and demolition works in Phase 1 of the Tustin Estate Low Rise Redevelopment Programme. Even though this is a dry business-like report detailing the progress and requirements to undertake this project, what this represents is life changing for the residents of the Tustin Estate and the wider area.

After years of working with residents who lead the project, giving up their time and expertise, and after a successful ballot process in 2021, the cabinet approved the procurement strategy to appoint a developer for the scheme to translate the residents' vision into reality with Phase 1 delivering high quality replacement council homes, which are much needed in the area and will transform residents' lives.

This report is the starting gun to what will be the transformation of a much-loved Estate, bringing the estate into the modern world and providing state of the art council homes that will give our residents secure, safe, warm homes to bring their families up in.

In the autumn I will bring a cabinet report that will set out the full Development Agreement. There is still a long way to go to complete the vision and I wish to thank residents for their work and time to get us to this stage.

RECOMMENDATIONS

That cabinet

1. Approves a further variation to the Housing Investment Programme for funding of up to £4,633,000 to undertake enabling works and demolition for Phase 1 of the Tustin Estate Low Rise Redevelopment Programme.

2. Notes that the decision to award the enabling works and demolition contract will be taken by the Strategic Director of Housing and Modernisation as a Chief Officer Decision, in accordance with the council's Contract Standing Orders.
3. Notes that a future cabinet report will request budget approval for the delivery of the overall scheme and for entry into a Development Agreement.

BACKGROUND INFORMATION

4. The Tustin Estate Low Rise Redevelopment Programme is the outcome of a resident-led investment decision into the low rise homes on the Tustin Estate following a feasibility process and a resident ballot in March 2021.
5. In July 2021, cabinet approved the delivery programme and a further variation to the Housing Investment Programme for funding of up to £14.24m to achieve planning consent, procure a developer through a Pre-Construction Services Agreement, acquire leasehold interests and provide tenant home loss and disturbance payments.
6. The programme comprises:
 - Demolition of 251 homes (200 council rented and 51 leasehold).
 - Construction of an estimated 690 homes including 200 replacement council homes, 243 additional affordable homes including council homes and keyworker homes, 27 shared equity homes and 220 homes for private sale.
 - Refurbishment of 18 council homes in Manor Grove.
 - Development of a new park in the centre of the estate.
 - Demolition and replacement of Pilgrims' Way School.
 - Construction of new commercial spaces.
7. The new council homes included within the programme are being delivered as part of the council's commitment to build 11,000 new council homes by 2043.
8. The programme will be delivered in four phases. Phase 1 will deliver 167 replacement homes for existing council tenants and resident leaseholders. Works in Phase 1 are planned to start in late September 2022 and expected to complete in early 2025. Later phases will deliver additional council homes, keyworker homes and private sale homes, as well as the replacement primary school and new commercial spaces. Completion of the whole scheme is currently expected in summer 2030.
9. A planning application was submitted in March 2022, requesting detailed consent for Phase 1 and outline consent for Phase, 2, 3 and 4. Determination is expected in July 2022.
10. The scheme has been allocated Greater London Authority (GLA) grant funding which is subject to the construction works starting by the end of

September 2022.

11. The cabinet agreed the procurement strategy for a delivery partner in July 2021, approving the use of a two-stage procurement process using the Pagabo framework. The two-stage process comprises of a Pre-Construction Services Agreement (PCSA) to deliver pre-construction services, followed by a Development Agreement for the delivery of the scheme including the construction works. The council has the option to enter into the Development Agreement subject to successful completion of the PCSA.
12. The PCSA was awarded to BY Development (trading as Linkcity) which is the development arm of construction firm Bouygues UK. The construction works will be delivered by Bouygues UK. BY Development are performing well. There have been no delays or overspend.
13. As part of the scope of the PCSA, Bouygues will obtain prices for work packages from suppliers and sub-contractors on an open book basis. The council's appointed Quantity Surveyor will review and approve these costs. The open book process is currently ongoing and final costs are expected to be obtained by the end of August 2022.
14. In order to meet the target start on site date, enabling works and demolition, which form part of the scope of the Development Agreement, are now required to be brought forward.

KEY ISSUES FOR CONSIDERATION

15. A further variation to the Housing Investment Programme for funding of up to £4,633,000 is now required to deliver enabling works and demolition in Phase 1 of the scheme.
16. The works include site hoardings, site set up, utility diversions and disconnections, asbestos removal, demolition of Hillbeck Close and Ullswater House, and piling design. These works will enable contract mobilisation to allow the construction works in Phase 1 to begin in line with the target start on site date required for GLA grant funding.
17. The enabling works and demolition contract is expected to be awarded through a Chief Officer Decision, in accordance with the council's Contract Standing Orders.
18. A future cabinet report is expected in September to request budget approval for the delivery of the overall scheme and to enter into the Development Agreement.

Policy framework implications

19. The scheme will deliver 200 replacement council homes, an additional 243 affordable homes including council homes and keyworker homes and 27

shared equity homes. Phase 1 will deliver 167 homes for existing residents of the estate. Delivering the enabling works and demolition is a critical step towards delivering the redevelopment voted for by a majority of eligible residents in the resident ballot in March 2021.

20. The programme will contribute towards the 2020-22 Borough Plan commitments to deliver 11,000 new council homes by 2043.

Community, equalities (including socio-economic) and health impacts

Community impact statement

21. Residents voted in favour of the redevelopment programme in a residents' ballot in March 2021. The scheme has been progressed in line with the council's Landlord Offer commitments and with the Tustin Resident Manifesto.
22. Delivery of the enabling works and demolition is a crucial step towards meeting the council's commitment to the result of the ballot in which residents voted in favour of redevelopment. This will help to deliver high quality replacement council homes, additional homes and community facilities.
23. Since being appointed in November 2021, the developer has attended monthly Resident Project Group meetings and has taken part in estate 'walkarounds' to better understand residents' needs and concerns about construction. The council will ensure that the developer continues to consult extensively with residents on site management through the established resident consultation structure including the monthly Resident Project Group meeting, the monthly Tustin Community Association meeting, regular drop-in sessions, the Tustin newsletter and noticeboard boards. Residents may experience some disruption during the enabling works. These impacts will be mitigated as far as possible by working closely with residents and ensuring effective communication.

Equalities (including socio-economic) impact statement

24. Section 149 of the Equality Act, lays out the Public Sector Equality Duty which 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 Approach to Equality commits the council to ensuring that equality is an integral part of all activities.
25. The Tustin Estate Low Rise Redevelopment Programme has been developed in line with the council's Southwark Stands Together (SST) programme, a borough wide initiative in response to the injustice and racism experienced by Black, Asian and minority ethnic communities and to the

inequalities exposed by COVID-19 pandemic.

26. A full Equalities and Health Impact Assessment (EHIA) was completed in December 2020. This was updated in March 2022 on the basis of the planning application (Appendix 1).
27. The EHIA found that the majority vote in the residents ballot in combination with the scheme's potential to provide improved living conditions, housing quality, accessibility, public realm and community facilities presents a compelling case that the redevelopment is in the public interest. The EHIA sets out the potential risks and how the council has sought to mitigate these risks through a range of measures focused on engagement, rehousing assistance and compensation options.
28. The redevelopment programme is informed this assessment and the enabling works and demolition will be delivered in accordance with the action plan in the assessment.

Health impact statement

29. The EHIA (Appendix 1) sets out how the redevelopment programme has the potential to contribute to improved health outcomes for existing and future residents and to help tackle health inequalities through improved living conditions and improved public realm and green space. The report also sets out a number of risks related to health including the environmental effects of demolition and construction which the council is seeking to mitigate through effective planning of the works and considerate construction impacts.
30. The Tustin redevelopment has been selected by Arup, as part of a project funded by the Urban Health Initiative, to become an exemplar construction development in tackling of air pollution and improving air quality. This includes setting a target for a 30% reduction in emissions from Non-Road Mobile Machinery. Arup designed a quality question focused on emissions during the construction phase that was included in the tender process. The developer has made a commitment in their bid to meet this target.
31. A draft Construction Management Plan has been developed which sets out how the site will be managed during demolition and construction and how health and safety risks will be minimised. Residents are being consulted on all elements of this plan before it is finalised.

Climate change implications

32. The scheme has been designed to minimise carbon emissions as far as possible. The construction of the overall scheme is expected to deliver a 94% on site carbon emissions saving. The climate change implications of the main construction works will be considered in a future cabinet report to enter into the Development Agreement.
33. During the enabling works phase, emissions will be controlled through the

target of a 30% reduction in emissions from Non-Road Mobile Machinery.

Resource implications

34. To fund the required works, a further variation to the Housing Investment Programme for funding of up to £4,633,000 is requested.
35. There are no additional staffing implications. Staffing needs will be met through existing structures.
36. External project management and Quantity Surveyor services have been appointed to support the delivery programme which are resourced from existing budgets.
37. The resource implications of the delivery of the overall scheme will be considered in a future Cabinet Report to approve the financial plan and enter into the Development Agreement.

Legal implications

38. The legal implications of the enabling works and demolition are set out in the supplementary advice of the Director of Law and Governance.

Financial implications

39. A further variation to the Housing Investment Programme is requested for funding of up to £4,633,000.
40. This cost is expected to be incurred in 2022/23 and 2023/24.
41. These costs will be funded from resources supporting the Housing Investment Programme.

Revised budget approval

Present approval	£14.84m
Variation	£4.63m
Total estimated costs	£19.47m

Spend profile of the total scheme costs

	Previous years spend	2022/23	2023/24	2024/25	Total
Scheme costs	£3,007,515	£9,753,981	£3,211,567	£3,089,937	£19,063,000
Client contingency	£0	£410,000	£0	£0	£410,000
Total	£3,007,515	£10,163,981	£3,211,567	£3,089,937	£19,473,000

Consultation

42. The redevelopment programme is the outcome of a resident led feasibility and options programme carried out between July 2019 and March 2021, culminating in the Landlord Offer and a resident ballot in March 2021. There has been ongoing consultation with residents on all elements of the scheme through the monthly Resident Project Group meeting, the monthly Tustin Community Association meeting, design meetings, regular drop-in sessions and the monthly Tustin newsletter.
43. Consultation on the developer tender process took place with the Tustin Resident Project Group and the Tustin Community Association. Residents were members of the evaluation and interview panel and took a prominent role in evaluating submissions.
44. The council will ensure that the developer continues to consult extensively with residents on site management through the established resident consultation structure including the monthly Resident Project Group meeting, the monthly Tustin Community Association meeting, regular drop-in sessions, the Tustin newsletter and noticeboard boards.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

45. This report sets out the rationale for seeking additional Housing Investment Programme funding of up to £4,633,000 to undertake the enabling and demolition works in Phase 1 of the Tustin Estate Low Rise Redevelopment Programme. On approval of this additional funding by cabinet, a separate approval via a GW2 report will be sought from the Strategic Director of Housing and Modernisation to bring forward the enabling and demolition works for the reason set out in paragraph 14 of this report.

Strategic Director of Finance and Governance (H&M 22/039)

46. This report is seeking cabinet approval for a variation to the Housing Investment Programme for funding of up to £4,633,000 to facilitate enabling works and demolition in Phase 1 of the Tustin Estate Low Rise Redevelopment Programme. As noted in the report, the works have been brought forward to allow the construction works in Phase 1 to begin in line with the target start on site date required for GLA grant funding. The Strategic Director of Finance and Governance notes that a further report to Cabinet is expected in September seeking budget approval for the delivery of the overall scheme.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Tustin Estate Low Rise Re-development Delivery Programme	Constitutional Team / Tooley Street	Paula Thornton Paula.thornton@southwark.gov.uk
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/mglIssueHistoryHome.aspx?Ild=50025098&optionId=0		

APPENDICES

No.	Title
Appendix 1	Equality and Health Impact Assessment, 21 March 2022

AUDIT TRAIL

Cabinet Member	Councillor Darren Merrill, Council Homes and Homelessness	
Lead Officer	Managing Director, Southwark Construction	
Report Author	Susan du Toit, Southwark Construction	
Version	Final	
Dated	6 July 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		6 July 2022