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| <b>Item No</b><br>9.               | <b>Classification:</b><br>Open | <b>Date:</b><br>20 July 2010  | <b>Meeting name:</b><br>Cabinet |
| <b>Report title:</b>               |                                | Homes and Communities Agency Borough Investment Plan  |                                 |
| <b>Ward(s) or groups affected:</b> |                                | All   |                                 |
| <b>Cabinet Member:</b>             |                                | Councillor Ian Wingfield, Deputy Leader and Housing Management and Councillor Fiona Colley, Regeneration and Corporate Strategy |                                 |

**FOREWORD - COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT and COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY**

1. Securing funding from the Homes and Communities Agency is critical for many of Southwark's most important projects. The HCA Borough Investment Plan is in essence an overarching document setting out our aims, objectives and priorities for housing and wider investment in the borough over the next 5 years. The attached draft of the plan sets our priorities for funding including new affordable housing, assistance with our major regeneration schemes such as the Aylesbury Estate and Elephant & Castle and making all our council properties safe, warm and dry. It will form the basis of our discussions with the Homes and Communities Agency as we work towards reaching a 3 year investment agreement over the next year.
2. We have fully considered the report from officers, which commences at paragraph 6 below, and are putting forward the following recommendations.

**RECOMMENDATIONS**

That the Cabinet

3. Agrees to submit a Borough Investment Plan to the Homes and Communities Agency (HCA), as part of the Single Conversation process, with a view to entering into a Borough Investment Agreement next year.
4. Approves in principle the working draft of the Borough Investment Plan and, subject to any further refinement or amendment identified by members or as a result of further dialogue with HCA colleagues, approve submission of the plan to the HCA as Southwark's final draft.
5. Requests that officers report back to cabinet on a regular basis on the progress of the Single Conversation process the delivery programme that arises from it.

**BACKGROUND INFORMATION**

6. The Homes and Communities Agency (HCA), which was created in December 2008, announced its intention to adopt a new form of engagement with local housing authorities and with regional government, known as the 'Single Conversation'.
7. The Single Conversation is defined as the HCA's most important business process; it will enable local authorities to;

- Bridge local ambition and national targets
  - Achieve their vision through a shared investment agreement
  - Agree and secure local investment
  - Achieve positive outcomes for people and places.
8. Single Conversation is the vehicle for engaging with local and regional housing authorities for identifying, prioritising and agreeing investment in affordable housing and wider regeneration and associated infrastructure projects. It encompasses the totality of housing and regeneration priorities in a local area, including growth, renewal, affordability and sustainability, with a strong focus on the interconnectedness at the local level.
9. In outline the Single Conversation focuses on;
- **Strategy:** Coming to a shared position on the area's ambitions and objectives for housing, growth, regeneration and renewal and ensuring that these are consistent with and contribute to objectives set out in the relevant regional strategies and national priorities and targets.
  - **Investment:** reaching a broad agreement on the indicative level of investment that the local authority, the HCA and all other partners will provide in the area, where it is targeted and outcomes that are expected. In the Local Authority context this could amount to land, assets or other funds.
  - **Capacity:** clarifying delivery roles and responsibilities of the respective parties, which could include support from the HCA
  - **Delivery:** agreeing the exact form of interventions that investment will support, and the timescale and by which party.
  - **Tools:** indicating the wide range of tools which could be deployed in support of the process.
10. The intention of the Single Conversation process is for authorities to develop a 'Local Investment Plan' (Borough Investment Plan – BIP - in London). The BIP should articulate the shared priorities of the local authority, the HCA and other partner agencies. For London authorities this will include the Mayor. Within its scope the BIP should cover the following
- Spatial priorities for strategic growth sites, town centre renewal and regeneration
  - Social, economic and environmental sustainability
  - Land supply
  - Physical and social infrastructure
  - The resources required to deliver the plan.
  - Governance
  - Delivery roles and responsibilities
  - Risks and opportunities
11. As well as priorities for housing and regeneration, the investment plan also needs to outline assumptions on how affordable housing is to be funded, how Decent Homes is to be achieved, priorities around vulnerable people and resources for bringing empty homes back into use.

12. The Single Conversation guidance provided by the HCA emphasises that the BIP will be the starting point for partners to consider resource allocation to local areas, and in the case of the HCA they will assist to build their regional investment plans, which in turn will help inform the HCA's corporate plan. Draft BIPs will be subject to high level strategic appraisal before the HCA will agree the BIP with authorities.
13. The BIP will initially cover a five year period and it is the aim of the HCA to have BIPs agreed with local authorities by the close of the summer. Focus will then turn to the development of Local Investment Agreements (LIAs), which will cover individual scheme detail and will be over a three year programme period from April 2011. The HCA currently aim to have the LIAs approved by March 2011.

## **KEY ISSUES FOR CONSIDERATION**

### **Draft Borough investment Plan for Southwark.**

14. Our draft BIP is attached as appendix 1.
15. A number of meetings have been held with colleagues at the HCA to discuss initial drafts of the BIP and they have provided advice and guidance of further development. They have also benchmarked Southwark's emerging BIP against those from similar authorities.
16. In outline, the Draft BIP includes:

### **Introduction**

17. The introduction emphasises that the BIP makes the case for housing and related resources from programmes managed by the HCA and other sources as well highlighting Southwark's input. It outlines the major regeneration programmes as well as the support infrastructure needed to support, as well as noting the investment needs for the wider affordable housing programme and the challenges the borough faces in delivering its decent homes programme.

### **Section 1: Southwark Place and People**

18. This covers demographics, the local and regional; planning context and housing need.

### **Section 2: Our Strategic Ambitions**

19. This section outlines Southwark's key priorities, as set out in the Sustainable Communities Strategy 'Southwark 2016' and the corporate plan and describes the relevant housing planning and related policies. It also details the Decent Homes position, how Southwark will seek to address its housing targets and wider regeneration including Schools for the Future, Transport and Enterprise. Finally, it summarises the tools in place by which the borough will ensure targets are met.

### **Section 3: Our Plans**

20. This focuses on Southwark's approach to delivery, outlining the development capacity as identified by the Strategic Housing Land Area Assessment (SHLAA) and subsequently incorporated into the Housing Supply and Demand Model. The section then goes on to cover in detail the plans for major schemes, primarily the Aylesbury, and Elephant and Castle.

#### **Section 4: Current Investment and Delivery.**

21. Covers the investment currently coming into the borough, including funding for the delivery of affordable housing, both in terms of new and existing stock, the schools for the future programme as well as Southwark's own housing investment programme. It also shows how investment is levered in from the Private Sector and our relationship with the third sector in terms of bringing in additional resources.

#### **Section 5: Summary of Key Priorities and Resources.**

22. Sets out our proposed priorities for investment, which are as follows;
  - Meeting housing need and housing targets by provision of new good quality affordable housing and by making the most effective use of the existing social housing stock (e.g. through initiatives to reduce under-occupation), and increasing
  - Intermediate supply to meet aspirations and income levels of our current and future population e.g. rent to buy and retained equity.
  - Achieving significant regenerative impacts in several areas of the borough with mixed tenure schemes of varying sizes, from Elephant and Castle, and Aylesbury to Elmington and Wooddene. Supporting existing and new communities.
  - Supplementing traditional supply through Hidden Homes and land capacity development, in council stock, and in those of other providers e.g. RSL partners and the City of London Estates in Southwark.
  - Securing investment in infrastructure, including transport, energy and waste / recycling to support our programme of change.
  - Achieving a process of renewal for parts of the council's housing stock particularly where investment need is high and resident satisfaction levels are low. (Estimated that worst 10% of stock will take 20% of resources).
  - Raising the standard of the existing stock of all tenures, but particularly to reach and maintain the Decent Homes standard for all council stock, in particular - warmer, drier and safer by 2014.
  - Continuing a programme of carbon reduction with major interventions such as CHP delivery in suitable larger schemes, and retrofitting, PV arrays etc to existing units.
  - Securing investment from others, including energy companies, to support the council's planned investment.
  - Use resources wisely, with effective co-ordination of procurement and disposals, good partnerships and control over quality and outcomes.
  - Continue momentum in existing schemes that have already delivered well eg Bermondsey Spa and Canada Water.
  - Meeting the needs of the elderly population by the development of an extra care facility and meeting the needs of people with learning difficulties with either new small care facilities or the remodelling of existing buildings.

### **RESOURCE IMPLICATIONS**

#### **Financial Implications**

23. The Single Conversation process seeks to outline a comprehensive investment plan covering housing and the wider infrastructure and wider regeneration. It provides the opportunity for the council to set out the financial support needed to

address its priorities, as well as exploring resources it can use to support its priorities.

24. In order to crystallise the overall investment in housing and related regeneration, the SHLAA outputs have been costed. The SHLAA contains all sites in the borough over 0.25 of a hectare that might come forward for housing and when that might be. Estimated completion dates for schemes are shown in five year bands. The costs have been estimated based on the average grant rates per unit allocated to projects by the HCA for new affordable housing projects as part of the 2008/11 National Affordable Housing Programme (NAHP).

### **Policy Implications**

25. The BIP will play a key role in identifying the investment the borough needs to deliver regeneration and therefore will be crucial in supporting the increase in supply of good quality affordable housing, one of the key objectives of the 2009-2016 Housing Strategy and delivery of the council's major regeneration schemes. This will also contribute to the meeting of the Mayor's and GLA's affordable housing target for Southwark.
26. In addition, the BIP outlines the current position with Decent Homes within the council's own stock and summarises the investment needed to deliver against this standard.
27. The BIP also clarifies the Borough's wider regeneration investment needed to support the delivery of the council's major regeneration schemes.

### **Community Impact Statement**

28. The BIP sets overarching priorities for regeneration and investment in the borough and as such has the potential to positively impact on all residents in the borough and on future residents in terms of improvements in the quality of housing, addressing high priority housing needs, and ensuring the required infrastructure needed to support new housing developments is in place. The BIP will be a key vehicle for delivering improvements to the borough as a whole, and will assist in delivering changes for excluded/under-represented communities and addressing deprivation.

### **Governance**

29. The Strategic Housing Partnership will be tasked the overall responsibility for reviewing the BIP and monitoring the output delivered.
30. At officer level, the Housing Regeneration Board will be responsible for monitoring the ongoing development of the BIP, considering any developments and ensuring it is supporting delivery of the holistic regeneration aims of the borough.
31. Officers meet on a quarterly basis with colleagues from the HCA and those meeting will provide the key forum for ensuring the BIP is fit for purpose and is providing the framework for delivery, as well as assessing the resulting outputs against the council's ambitions for regeneration.

## **Risk**

32. The BIP will provide the key framework for future investment into the borough to support delivery of the council's regeneration programme. The current uncertainty on the future of public spending including support for housing delivery emphasises the importance of the BIP in identifying and stating clearly the council's needs in terms of resources and the options available to support it. The risk of a decrease in public funding available means that strain would be placed on other funding sources, including the value that the council can recognise from its own land and potentially impact on the council's ability in delivering against our identified priorities within the current timescales.
33. Furthermore, a reduction in public subsidy could mean increased competition in terms of accessing public subsidy, and therefore, the BIP is likely to play a greater role in influencing the decision making process of the HCA and other public bodies that provide funding. The need to have a comprehensive and dynamic BIP is therefore crucial.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Finance Director**

34. This report is seeking approval in principle for the final draft of the council's Borough Investment Plan and subject to any further refinement of amendment its approval as the final draft for submission to the Homes and Communities Agency. It is also recommending that Cabinet request officers to report back to it on the progress of the Single Conversation process.
35. The Finance Director notes the reason for the Single Conversation outlined in this report being a mechanism by which the Homes and Communities Agency and Housing Authorities can engage comprehensively with each other in order to identify, prioritise and agree investment in affordable housing, regeneration and infrastructure projects. It is acknowledged that the Borough Investment Plan as the first stage of this Single Conversation process is of great importance to the Borough in identifying and securing the required level of funding and support from the Agency in order to successfully take the process forward.
36. It is noted that the proposal is for the Borough Investment Plan to initially cover a five year period, following agreement by the Homes and Communities Agency to the plan in late summer 2010, with more detailed Local Investment Plans covering the detail of schemes over a three year period from April 2011.
37. Given the high level value of the financial implications associated with the plans, and the high profile nature of the key projects falling within their scope ( for example the Aylesbury Estate, Elephant and Castle, Bermondsey Spa, and Canada Water projects) it is essential that early commitment is obtained from the Homes and Communities Agency in considering the Business Investment Plan, subsequently agreeing to issue funding in line with the profile and quantum required and that flexibility in the basis of reviewing/allocating this is supported by all participants throughout the process to allow the Council's requirements to be met and mitigate the risks to it associated with any potential alterations in funding levels or regimes, with Officers engaging closely with the Homes and Communities Agency to facilitate the process as the Single Conversation moves forward and/or develops over time.

## **Strategic Director for Communities, Law and Governance**

38. At present there are no specific legal issues on which to comment. As the report progresses to implementation legal issues will arise on which officers will be able to give specific legal advice at the time.
39. In general the council may be able to have recourse to the wide powers available to it under Section 2 of the Local Government Act 2000 (“the Act”) which gives a local authority powers (“Well Being Powers”) to do anything which they consider is likely to achieve any one or more of the following objects:
- (a) The promotion or improvement of the economic well-being of their area,
  - (b) The promotion or improvement of the social well-being of their area, and
  - (c) The promotion or improvement of the environmental well-being of their area.
40. Section 4 of the Act states that a local authority should have a strategy for promoting or improving the economic, social and environmental well-being of their area and that in modifying or amending their strategy, a local authority:
- (a) Must consult and seek the participation of such persons as they consider appropriate, and
  - (b) Must have regard to any guidance for the time being issued by the Secretary of State.
41. The council will also need to have regard to current legislation applicable at the appropriate time in connection with any acquisitions and disposals of land which may be necessary to implement the BIP, and further advice will be given at the appropriate time.

## **BACKGROUND DOCUMENTS**

| <b>Background papers</b>                | <b>Held at</b> | <b>Contact</b>                 |
|---|----------------|--------------------------------|
| Single Conversation Guidelines from HCA | 160 Tooley St  | Tim Bostridge<br>020 7525 1222 |

## **APPENDICES**

| <b>No.</b> | <b>Title</b>                                      |
|------------|---|
| 1          | Draft London Borough of Southwark investment Plan |

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Cabinet Member</b>                                   | Deputy Leader and Cabinet Member for Housing Management and Cabinet member for Regeneration and Corporate Strategy |                          |
| <b>Lead Officer</b>                                     | Richard Rawes, Strategic Director Regeneration & Neighbourhoods  |                          |
| <b>Report Author</b>                                    | Tim Bostridge, Principal Project Officer (Development)   |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 12 July 2010   |                          |
| <b>Key decision?</b>                                    | No   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS/DIRECTORATES</b>    |  |                          |
| <b>Officer title</b>                                    | <b>Comments sought</b>   | <b>Comments included</b> |
| Strategic Director of Communities, Law and Governance   | Yes  | Yes                      |
| Finance Director  | Yes  | Yes                      |
| <b>Date final report sent to Constitutional Support</b> |  | 12 July 2010             |