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| <b>Item No.</b><br>5.              | <b>Classification:</b><br>Open | <b>Date:</b><br>1 March 2023  | <b>Meeting Name:</b><br>Overview and Scrutiny Committee |
| <b>Report title:</b>               |                                | Scrutiny Call-in: Abbeyfield Estate – A Way Forward<br><br>(Cabinet, 6 February 2023) |   |
| <b>Ward(s) or groups affected:</b> |                                | All   |   |
| <b>From:</b>                       |                                | Head of Scrutiny  |   |

## RECOMMENDATION

1. That overview and scrutiny committee consider the scrutiny call-in of the cabinet decision in respect of Abbeyfield Estate.
2. That having considered the call-in, the overview and scrutiny committee decide on the appropriate course of action as outlined in paragraph 14 of the report (potential outcomes available to the call-in meeting).

## BACKGROUND INFORMATION

3. On 6 February 2023 cabinet considered a report 'Abbeyfield Estate – A Way Forward'. The cabinet agreed:
  - 1) That it be noted that in 2019 the refurbishment of Maydew House was costed at £42,173,573. By 2021 these costs had risen to £69,644,677, representing an increase of £27,471,104. This increase does not include further inflation cost and the further risks outlined in paragraph 32 of the report.
  - 2) That the constraints of refurbishing Maydew House and relative advantages of wholesale redevelopment, including larger homes, an increase in the number of homes, more accessible homes, set out from paragraphs 33 to 42 of the report be noted.
  - 3) That it be agreed not to proceed with the final stage 2 tender price proposal received in relation to the refurbishment of Maydew House and the replacement of the Bede Centre on the existing Abbeyfield site.
  - 4) That it be agreed to procure a demolition contract for Maydew House, which would be subject to a separate gateway approval.

- 5) That the whole life carbon assessment for the demolition of Maydew House and that this document will be updated as set out in paragraph 39 of the report be noted, with every effort being made to minimize and mitigate the carbon impact.
- 6) That it be agreed to undertake a detailed consultation and engagement process with residents of Damory House and Thaxted Court over options for the future of their estate and improving the quality of their housing and environment.
- 7) That it be agreed to amend the housing investment programme to include £4m for demolition works for Maydew House.
- 8) That the council's commitment and support for the Bede Centre be reaffirmed and that the update on temporary and permanent options for continued operation of this important community organisation be noted.
- 9) That the outcome of the residents meetings on 9 November 2022 and 5 December 2022 and previous meetings with officers be noted.

#### **KEY ISSUES FOR CONSIDERATION**

4. The overview and scrutiny committee can "call-in" an executive decision which has been made but not yet implemented by the following:
  - a) the cabinet
  - b) an individual member of the cabinet
  - c) a committee of the cabinet
  - d) an executive decision taken by an individual member
  - e) a key decision made by an officer with delegated authority.
5. This enables the overview and scrutiny committee to consider whether the decision is appropriate.
6. It is for the committee to decide what evidence to consider and take into account when considering the call-in. The committee should however be mindful of the grounds for call-in and the specific decision(s) the call-in relates to when considering whether the decision is appropriate.
7. The committee should also be mindful of the provisions contained in the Council constitution which enable interested parties to make representations to a decision maker ahead of a decision and the onus on the decision maker to have regard to representations received when taking a decision. The committee should therefore as far as practicable not introduce new issues or rehearse points that have previously been made to the decision maker.

## Call-in request

8. On 14 February 2023, Councillor Leo Pollak requested a call-in of the decision. The call-in was supported by Councillors Ellie Cumbo and Sunny Lambe. Details of the call-in are set out in the scrutiny call-in request form, Appendix 1 (see section 1). The context for the call-in request as submitted by the requester is set out below for ease of reference.

### Call-in context (relating to recommendations 1 and 2 of the cabinet report)

- The sharp increase in given costs – from £38m initial tender to £42m to £65m after PCSA - for refurbishing Maydew is likely driven by constraints on supplies, imported materials, contractor capacity, labour shortages and energy prices.
- Given that viability is driving the conclusions of the report and the wide cost range likely involved in varying levels of refurbishment – ‘light touch’ to ‘deep green’ – have these cost options been presented?
- Have alternative viability scenarios based on varying tenure mix across a refurbished Maydew House and the neighbouring block been presented?
- Another factor affecting cost and viability assumptions concerns the structural condition surveys undertaken at Maydew. It appears that the council have received divergent professional advice from Calford Seadon and Arup. What accounts for this divergence?
- Given the availability of a comparable benchmark in the form of Aragon tower and Daubeny tower at the nearby Pepys estate in Deptford (both of which refurbished in the mid-00s), it would be helpful to detail any differences in approach to building safety, costs and sale values from these schemes and Maydew. In the case of Aragon tower, this has hosted a full refurbishment with a stepped 5 storey upward extension for over 17 years.
- What communications have there been with Lewisham council's building control and Berkeley Homes regarding the conclusions from Arup's report on Maydew?
- Excluding the non-residential Bede House element how does the cost of refurbished homes compare to other new build tenders coming in?
- Given the policy of achieving a net gain in council homes when redeveloping, how does the net gain cost of new council homes compare to other options?

- Given the Whole life-cycle carbon impact report shows over 8,000 tonnes of embodied carbon down associated with the demolished buildings, how would a redevelopment approach:
- best recycle material productively from these buildings, and
- incorporate into a subsequent brief a low or negative embodied carbon, and high energy efficiency standards in a redeveloped block, while remaining economical compared to the refurbishment option.

### Comments of the Head of Scrutiny

9. In requesting the call-in of a decision, the requesters of the call-in are required to indicate and give reasons for why they believe the principles of decision making set out in Article 1.3 of the constitution has failed to be applied.

10. In reviewing the call-in request, the following grounds for call-in were considered to be valid as it was not clear from the information provided in the cabinet report what the circumstances were in respect of these issues and whether they ought to be relevant considerations for the decision maker. The call-in will enable these elements to be further explored and clarified:

(e) Proportionality (i.e. the action must be proportionate to the desired outcome)

**Reason:** Outcome is for a more economical delivery of new council homes. Further detail is required for how the overly high refurbishment costings had been arrived at, which variations in refurbishment costs were considered, and which variations in tenure mix and viability assumptions were considered, how these options would likely compare to the square metre cost of new build.

(f) A presumption in favour of openness

**Reason:** Transparency of pricing information that has come back from the selected contractor, including a breakdown of material costs and supplier pricing.

(g) Clarity of aims and desired outcomes

**Reason:** Stated aims for low/negative embodied carbon and energy efficiency, and for net gain in new council homes.

11. The following grounds also submitted as part of the call-in request were not considered to be valid grounds for a call-in, as it was felt that the report addressed these issues as far as possible in the circumstances.

(a) The link between strategy and implementation must be maintained

**Reason:** Strategy to build an additional 1000 new council homes.  
Strategy for responding to a climate emergency.

- (d) Due consultation and the taking of professional advice from officers

**Reason:** Due consultation not followed. What consultation took place of local residents on the decision to demolish Maydew? There is no clarity on this matter other than residents were not directly consulted on the proposal to proceed with demolition, along with other refurbishment options.

- h) Consideration of the likely climate consequences and the likely equality (including socio-economic disadvantage and health inequality) consequences of the relevant decision and therefore reports for decision should include advice from officers of the likely climate and equality impacts of the decision

**Reason:** The report details a write-off of over 8,000 tonnes of embodied carbon. More information on options for productive recycling demolished material.

12. The requesters of the call-in have indicated that they believe that the decision is outside the policy or budget framework for the reasons indicated below:

**Reason:** While this decision has been arrived at due to a combination of external factors – the Grenfell tower fire, subsequent shifts in building regulations on treatment of high rise residential buildings, constantly shifting assumptions on costs and values affecting the viability of the plan for Maydew, engineering reports producing divergent conclusions etc. – the decision sits uncomfortably with commitments to delivering economical net gain of new council homes and actions to respond to the declared climate emergency.

### **Call-in Meeting**

13. The committee will consider the call-in request and whether or not the decision might be contrary to the policy framework or not wholly in accordance with the budget.

### **Potential outcomes available to the call-in meeting**

14. If, having considered the decision and all relevant advice, the committee is still concerned about it then it may either:
- a) refer it back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns, or

- b) refer the matter to council assembly if the decision is deemed to be outside the policy and budget framework.
  - c) not refer the matter back to the decision making person or body but decide to undertake a subsequent review of a policy or service issue, which shall not affect the implementation of the decision, or
  - d) not refer the matter back to the decision making person or body.
15. In an outcome of c) and d) above, the decision shall take effect on the date of the scrutiny meeting. Notice of the decision will be issued to all councillors and published on the council's website.

## BACKGROUND DOCUMENTS

| Background Papers                          | Held At | Contact |
|--|---------|---------|
| Cabinet report – (attached as an Appendix) |         |         |

## APPENDICES

| No.        | Title   |
|------------|---|
| Appendix 1 | Scrutiny call-in request form                     |
| Appendix 2 | Cabinet report, Abbeyfield Estate – A Way Forward |

## AUDIT TRAIL

|   |                                   |                          |
|---|-----------------------------------|--------------------------|
| <b>Lead Officer</b>   | Everton Roberts, Head of Scrutiny |                          |
| <b>Report Author</b>  | Everton Roberts                   |                          |
| <b>Version</b>  | Final                             |                          |
| <b>Dated</b>  | 21 February 2023                  |                          |
| <b>Key Decision?</b>  | No                                |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |                                   |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>            | <b>Comments Included</b> |
| Assistant Chief Executive – Governance & Assurance                      | No                                | No                       |
| Strategic Director of Finance   | No                                | No                       |
| <b>Cabinet Member</b>   | No                                | No                       |
| <b>Date final report sent to Scrutiny Team</b>                          | 21 February 2023                  |                          |