

Item No. 6	Classification: Open	Date: 29 March 2023	Meeting Name: Planning Committee
Report title:		Release of £60,005,726.73 from S106 agreements across the borough to support Housing Investment	
Ward(s) or groups affected:		All	
From:		Director of Planning and Growth	

RECOMMENDATION

1. That the Planning Committee agrees the release of funds totaling £60,005,726.73 of S106 Affordable Housing funding, received against the legal agreements set out in Appendix A, to the S106 Affordable Housing Fund in order to deliver affordable housing across Southwark.

BACKGROUND INFORMATION

2. Planning obligations are used to mitigate the negative impacts caused by a development and contribute towards providing infrastructure and facilities necessary to achieve sustainable communities. In order to achieve this, the Council enters into a legal agreement with a developer whereby the developer agrees to provide planning contributions and/or enters into various planning obligations. These obligations may take the form of financial contributions, including towards affordable housing.
3. The council expects affordable housing to be provided by developers on-site. In exceptional circumstances where a developer has justified, in accordance with both the council's planning policy requirements and the London Plan, that the affordable housing cannot be built on-site, the affordable housing should be provided off-site. If this is not possible then the Council may allow a contribution to be secured by way of an in-lieu payment. All in-lieu payments received by the council in this way and approved by Planning Committee are combined to form the S106 Affordable Housing Fund. This fund is ring-fenced to help finance the council's New Homes Programme.
4. The Planning Committee approved a release report for S106 for the council's housing programme in July 2020. The funds released by that report have helped support the New Homes Programme. The units provided by this programme will deliver new affordable homes and contribute towards the council's commitment to build 11,000 new council homes by 2043, as per the Council Plan 2018-22. 2,500 of these homes have been delivered or started on site before May 2022. Current plan for 2022-26 includes 1,000 Social and 500 Key Workers Homes.

5. This release of S106 funding to the S106 Affordable Housing Fund will enable the council to support the cost of delivering affordable homes included within the council's housing investment programme. Different schemes are at different stages of development, although the Capital Programme Refresh report presented to Cabinet in January 2023 showed that the New Homes Programme expects to spend £973 million over the next six years. This is expected to be financed from several sources, such as Right-to-Buy receipts, the Section 106 Affordable Housing Fund, and external borrowing within prudential limits.

KEY ISSUES FOR CONSIDERATION:

6. Subject to Planning Committee approval, the Section 106 sums described in Appendix A will be added to the S106 Affordable Housing Fund and be used to help finance the council's New Homes Programme. The S106 sums released since July 2020 have contributed to the delivery of 305 new affordable homes to the council. By way of an example as to the progress of the Southwark Construction programme, the council has delivered the following:

- Alfred Fagon Apartment Terraces (Copeland Road Car Park)
- Harold Moody Court and Prout House (Goschen Estate)
- John Gorsuch House (Daniels Road)
- Leathermarket (Joyce Newman House)
- Lilac House (Meeting House Lane)
- Welsford Street Garages

See Appendix B for Leathermarket (Joyce Newman House) development completed in May 2022, providing 40 new council homes; Harold Moody Court (Goschen Estate), completed in July 2022, providing 17 new council homes; John Gorsuch House (Daniels Road), completed in September 2022, providing 19 new council homes; Lilac House (Meeting House Lane), completed in March 2022, providing 29 new council homes

7. The council's Southwark Construction Programme, to which these S106 sums will be contributing, has a total of 2,027 homes on site including 202 replacement homes and 287 homes are expected to commence within next 12 months, 51 of which are replacement homes. With this, the council is making significant steps toward its commitment to deliver 1,500 new council homes by 2026.
8. The S106 Affordable Housing Fund of which these sums being released will form a part will help to contribute towards the funding of the following schemes, which are currently on site:

Project	Ward	No. of New Council Homes (New + Replacement)	No. of New Council Homes (New Only)
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17-19 Wood Vale SE23 3DS	Dulwich Village	6	6
18-19 Crimscott Street SE1 S106 purchase	London Bridge & West Bermondsey	13	13
2 Linden Grove (hostels) Ph5b	Peckham Rye	6	6
35-41 Nunhead Lane	Rye Lane	12	12
38 Mary Datchelor Close SE5 7AX	Nunhead & Queens Road	13	13
87 Gosvenor Park	Newington	2	2
Adrian & Dennis (39-44 Rutley Close)	Newington	25	25
Aylesbury_FDS Package A	Faraday	229	229
Aylesbury_FDS Package B	Faraday	352	352
Bassano Street (Garages)	Goose Green	4	4
Bells Gardens Community Centre	Peckham	83	83
Breamore House	Old Kent Road	1	1
Canada Water (Plot K1) S106 Purchase	Rotherhithe and Surrey Dock	79	79
Cator Street Extra Care Phase 2	Peckham	58	58
Cherry Gardens School, Macks Road SE16 [A4] [Development Agreement]	South Bermondsey	26	26
Comber House Drying Rooms	Camberwell Green	6	6
Commercial Way	Peckham	74	74
Fendall&Maltby	London Bridge & West Bermondsey	40	40
Fenham Road Garages	Peckham	5	5
Flaxyard site, Sumner Road SE15 (Lot B) HZ [Direct Delivery] With Peckham Library Square	Peckham	96	96
Former Rotherhithe Civic Centre, Albion Street, SE16 7BS and; Rear of Albion Primary School (Southern End), Albion Street, SE16 7JD	Rotherhithe	39	39
Haddonfield Garages	Rotherhithe	14	14
Heaton House	Rye Lane	8	8
Henslowe Road (Garages)	Dulwich Hill	3	3
Lindley Estate 157-177 Commercial Way	Old Kent Road	44	44
Lomond Grove	Camberwell Green	22	22
New Almshouse at 94-116 Southwark Park Road	South Bermondsey	57	57
Penry Street New Homes (was petrol Stn. Old Kent Road)	South Bermondsey	13	13
Regina & Columbia Point (part of Canada Est QHIP row 299)	Rotherhithe	2	2

Rennie Estate	South Bermondsey	49	49
Rye Hill Park Garages	Peckham Rye	23	23
Salisbury Est Car Park (Balfour Street)	North Walworth	26	26
Sceaux Gardens (Florian and Racine inc some garages)	St Giles	79	79
Sedgemoor Place (TA)	St Giles	13	13
Shops & Council Offices, Manor Place /Stopford Road SE17 [A1]	Newington	30	30
Slippers Estate	North Bermondsey	18	18
Styles House	Borough & Bankside	25	25
TA-Contract 1	Camberwell Green	12	12
TA-Contract 2	Camberwell Green	15	15
TA-Contract 3	Old Kent Road	10	10
Tenda Road	South Bermondsey	12	12
Tissington Silverlock Estate underground garages	Rotherhithe	35	35
Tustin Regeneration	Old Kent Road	345	143
Underhill Road	Dulwich Hill	3	3
Workshops, 42 Braganza Street SE17 [A1]	Newington	0	0
Total on Site		2027	1825

9. The S106 Affordable Housing Fund will also be utilised for the following schemes which have received planning permission and are expected to commence over the next twelve months:

Project	Ward	No. of New Council Homes (New + Replacement)	No. of New Council Homes (New Only)
66 Linden Grove	Peckham Rye	27	27
Ledbury Towers	Old Kent Road	260	51

10. Resources from the S106 Affordable Housing Fund will be necessary in order to complete the financing for 1,500 new homes by 2026, of which these new homes projects are a part. It is for this reason that this report recommends that the Planning Committee release the sums described in Appendix A.

11. These projects will help deliver our Fairer Future Commitments by making Southwark a more connected and sustainable borough to live in.

12. The New Homes Programme particularly supports the second Fairer Future Commitment, *A Place to Belong*.

Community impact statement

13. The 2019 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 £521k in December 2022). 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. The 2016 average growth assumption from the GLA was 2,094 each year.
14. This proposal to increase the supply of affordable homes in the borough will benefit households in housing need from all Southwark's communities.
15. The provision of this housing is in line with community needs and will create stronger communities. This in turn will improve the quality of life of people in Southwark and encourage community cohesion.
16. It is not considered that the proposal has any impact on any particular age, disability, faith or religion, race and ethnicity and sexual orientation.
17. 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.
18. The Southwark Construction team undertakes full equalities impact assessments for each project within the programme, to be completed prior to commencement of works on each site at the feasibility stage. This is to ensure that there is no disproportionate or discriminatory impact on groups with protected characteristics.
19. By providing a stronger link between the New Homes 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

20. The developments set out in Appendix A secured of £60,005,726.73, combined, in contributions towards the provision of Affordable Housing. All of the £60,005,726.73 is currently unallocated and available.
21. The proposed allocation accords with the individual S106 agreements and would provide appropriate mitigation for the impacts of the specific and future developments.
22. Subject to Planning Committee's approval, this sum of £60,005,726.73 will be ring-fenced as S106 Affordable Housing Fund monies.

Consultation

23. Each site has been subject to the usual planning consultation process and has been assessed as being acceptable, with planning permission being granted for each site.
24. Consultation is a key part of the New Homes Programme, and will be undertaken in respect of the stakeholders concerned with each housing development at multiple stages during the project lifecycle. Some of the New Homes projects are not yet at the consultation stage, but these will in their turn be subject to the same processes of consultation and community involvement.
25. Consultation on individual sites is being undertaken in line with the council's Charter of Principles and continues to provide mechanisms for current and prospective residents to engage with the development of new homes.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Planning and Growth

26. The proposed allocation accords with the above mentioned agreements and would provide appropriate mitigation for the impacts of the specific and future developments.
27. The affordable housing contributions received can only be used for new affordable housing beyond what is required by the donor site. The affordable housing requirements for the identified donor sites have been calculated and the proposed allocation will be to the additional affordable housing beyond what is required. These accord with the justification for the contribution and the legal agreement.

Director of Law and Democracy

28. This report requests that Planning Committee authorises the release of £60,005,726.73 from a number of s.106 planning agreements which are listed in Appendix A.
29. S.106 financial contributions must be spent in accordance with the terms of the individual agreement and also in accordance with Regulation 122 of

the Community Infrastructure Regulations 2010 (as amended). The agreements listed in Appendix A have been individually reviewed and checked and the proposed expenditure is in accordance with the specific agreements and also Regulation 122. The table at Appendix A also specifies where the contribution includes interest or a late payment charge which has resulted in a slight uplift to the amount specified in the agreement.

30. The decision to consider and approve the expenditure of section 106 monies is reserved to Planning Committee under Part 3F paragraph 9 of the Constitution therefore this decision is capable of being taken by Planning Committee.

Strategic Director of Finance and Governance CAP22/075

31. This report requests the planning committee to approve the release of £60,005,726.73 section 106 Affordable Housing Funds from the agreements set out in Appendix A, towards the delivery of the Council's affordable housing programme. Details set out in the body of this report.
32. The strategic director of finance and governance notes the resource implications at paragraphs 19-21, the supplementary advice at paragraphs 25-26, confirms that the Council has received the related funds and they are available for the purpose outlined in this report.
33. Staffing and any other costs associated with this recommendation are to be contained within existing budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Copies of S106	160 Tooley Street London SE1 2QH	David Whitehead 07732 828276
Council Plan 2022-26	https://www.southwark.gov.uk/council-and-democracy/fairer-future/fairer-greener-safer-southwark-s-council-delivery-plan	
Capital programme update for 2022-23 to 2031-32	https://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7342&Ver=4	Amarjit Uppal, Chief Accountant

AUDIT TRAIL

Lead Officer	Stuart Davis, Director New Homes
Report Author	David Whitehead, Apprentice Planner
Version	Version V4

Date	9 February 2023	
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
Director of Planning	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		16 March 2023

APPENDICES

No.	Title
A	S106 agreements delineated by funds available and intended purpose
B	Evidence of homes delivered by Southwark Construction Programme

APPENDIX A

Profit Centre	App Ref	New Ward	Address:	Available Balance
W06901	13/AP/0966	Borough & Bankside	169-173 Blackfriars Road (bounded by Surrey Row and Pocock Street), London, SE1 8ER	£163,795.62
W08891	17/AP/3281	London Bridge & West Bermondsey	11-13 Spa Road, London, SE16 3RB	£1,625,000.00
W08881	19/AP/2087	Peckham	Eagle Wharf 90-96 Peckham Hill Street, London, SE15 5JT	£500,000.00
W08841	18/AP/0156	Old Kent Road	272 St James's Road, London, SE1 5JX	£1,176,835.82
W08841	18/AP/0156	Old Kent Road	272 St James's Road, London, SE1 5JX	£1,176,835.82
W08841	18/AP/0156	Old Kent Road	272 St James's Road, London, SE1 5JX	£1,176,835.82
W09121	20/AP/0039	Old Kent Road	Bianca Warehouse, 43 Glengall Road & 1 Bianca Road, London	£1,268,779.5
W09091	21/AP/0307	Chaucer	Travel Lodge Hotel Ceramic Building, 87 Newington Causeway, London, Southwark, SE1 6BD	£140,000
W08841	18/AP/0156	Old Kent Road	272 St James's Road, London, SE1 5JX	£80,255.01

W06781	12/AP/3558	Borough & Bankside	90-91 AND 92 Blackfriars Road, London, SE1 8HW	£550,000.00
W08281	14/AP/3104	Dulwich Village	The Workshop Site, Land Bounded by Gilkes Place, Gilkes Crescent and Calton Avenue to the rear of 25 Dulwich Village, London, SE21 7BW	£259,645.06
W08881	19/AP/2087	Peckham	Eagle Wharf 90-96 Peckham Hill Street, London, SE15 5JT	£1,147,208.12
W09061	18/AP/0900	London Bridge & West Bermondsey	Capital House, 42-46 Weston Street, London, SE1 3QD	£12,735,518.29
W09221	18/AP/3991	North Bermondsey	386 Southwark Park Road, London, SE16 2ET	£136,776.58
W09221	18/AP/3991	North Bermondsey	386 Southwark Park Road, London, SE16 2ET	£136,776.58
W08901	18/AP/2295	South Bermondsey	77-89 Alscot Road, London, SE1 3AW	£2,850,000.00
W08901	18/AP/2295	South Bermondsey	77-89 Alscot Road, London, SE1 3AW	£2,850,000.00
W05701	11/AP/0963	Rotherhithe	41-55 Rotherhithe Old Road, London, SE16 2PR	£1,200,000.00
W08891	17/AP/3281	London Bridge & West Bermondsey	11-13 Spa Road, London, SE16 3RB	£3,579,850.75
W08891	17/AP/3281	London Bridge & West Bermondsey	11-13 Spa Road, London, SE16 3RB	£1,789,925.37
W08881	19/AP/2087	Peckham	Eagle Wharf 90-96 Peckham Hill Street, London, SE15 5JT	£2,933,164.13
W08321	17/AP/0367	Borough & Bankside	Southwark Fire Station, 94 Southwark Bridge Road, London, SE1 0EG, Grotto Place and Grotto Podiums	£13,856,722.00
W07811	14/AP/3842	Borough & Bankside	185 Park Street, London, SE1 9BL	£8,627,454.76
W05701	11/AP/0963	North Bermondsey	41-55 Rotherhithe Old Road, London, SE16 2PR	£44,347.50
				£60,005,726.73

Source of funding by Ward:

Ward	S106 generated
Borough & Bankside	£23,197,972.38
Chaucer	£140,000.00
Dulwich Village	£259,645.06
London Bridge & West Bermondsey	£19,730,294.41
North Bermondsey	£317,900.66
Old Kent Road	£4,879,541.97

Peckham	£4,580,372.25
Rotherhithe	£1,200,000.00
South Bermondsey	£5,700,000.00
	£60,005,726.73

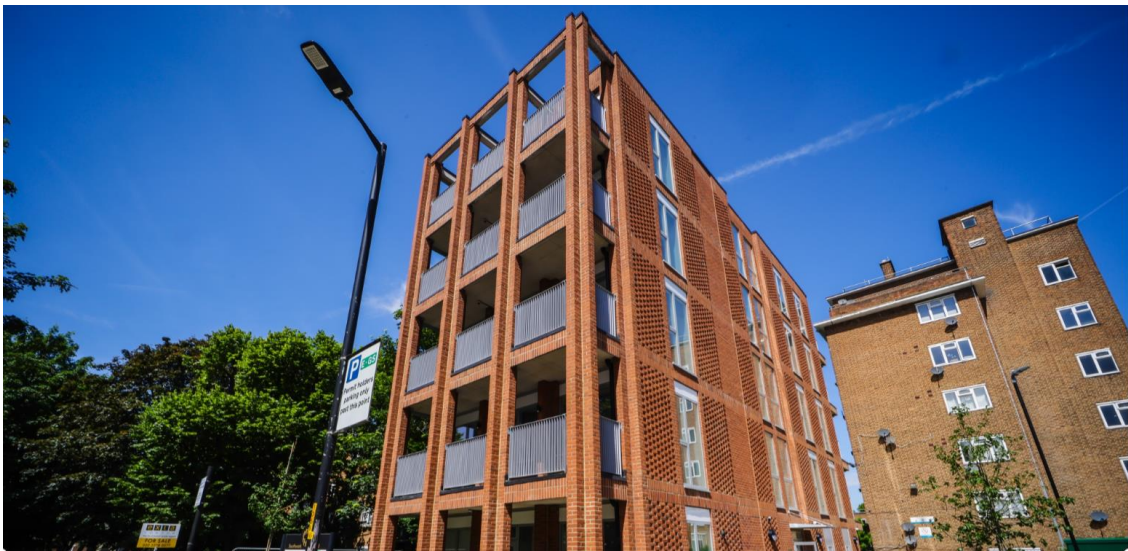
Indexation and Late Payment Interest:

Concerning the available balances above, of the £60,005,726.73 collected, £4,187,015.07 represents indexation and £22,939.05 is late payment interest.

APPENDIX B



Leathermarket (Joyce Newman House)



Harold Moody Court (Goschen Estate)



John Gorsuch House (Daniels Road)



Lilac House (Meeting House Lane)