

<b>Meeting Name:</b>	Cabinet
<b>Date:</b>	22 July 2024
<b>Report title:</b>	Southwark's New Homes Programme Update
<b>Cabinet Member:</b>	Councillor Helen Dennis, New Homes and Sustainable Development.
<b>Ward(s) or groups affected:</b>	All
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not Applicable

## **FOREWORD - COUNCILLOR HELEN DENNIS, CABINET MEMBER FOR NEW HOMES AND SUSTAINABLE DEVELOPMENT**

Southwark has been at the forefront of building new council homes, with one of the most ambitious programmes in the country, and to date over 3,000 homes completed or on site. Visiting these projects and especially meeting residents who have moved into new homes, is one of the best parts of this job, as a decent home is so fundamental to everything else and can be transformational for people and their families. In the last year I've spoken with people who have moved into new homes on Daniels Road in Nunhead, Ivy Church Lane off the Old Kent Road and the First Development Site on the Aylesbury, and all have spoken about the hugely positive impact of these new homes on their lives.

Our programme continues to deliver at a pace with recent completions at Commercial Way in Peckham and at Roberts Close in Canada Water, and I'm delighted that in 23/24, Southwark was the London borough responsible for most completions of council homes<sup>1</sup>. New homes will soon be ready for residents on Nunhead Lane and on the former Cherry Gardens school site in South Bermondsey, and our estate renewal programmes on the Ledbury and Tustin estates are progressing well, demonstrating how we can work with residents and partners to deliver replacement homes plus additional council homes for those in housing need.

This report pulls together our delivery record to date, but also highlights the significant challenges that we face as we move forward with our ambitious plans. Over the last year, house-building has been hugely impacted by escalating build-cost inflation, regulatory uncertainty and rapidly escalating interest rates. Across London there was a 90% decrease in affordable housing starts in 23/24 and that trend has been borne out in Southwark as we have had to pause some of our programme and consider how we continue to deliver new council homes in a financially viable way, whilst also ensuring that resources from our Housing Revenue Account are dedicated to our existing stock.

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<sup>1</sup> [GLA stats on site and completion council homes \(london.gov.uk\)](https://www.london.gov.uk/press-releases/major/2024/07/gla-stats-on-site-and-completion-council-homes)

I'm incredibly proud of what we have been able to achieve to date and am excited about the next phase of delivery, as Southwark continues to play its part in delivering council-managed social rent homes that are fit for the future and which local residents can afford.

## RECOMMENDATIONS

1. That the cabinet note the update position on the council new homes delivery programme along with the achievements to date.
2. That the cabinet note this report sits alongside the GW1 Southwark Construction New Homes Programme 2022-2026 Procurement Strategy which sets out the delivery route for the next portion of the council homes programme.

## REASONS FOR RECOMMENDATIONS

3. To provide an overview of the new homes delivery led by Southwark Construction.

## ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

4. This report provides a programme update including the achievements of the new build programme to date as well as key issues for consideration. There are no options presented nor decisions sought in this report.

## POST DECISION IMPLEMENTATION

5. This report provides a programme update, there are no changes or decisions presented for approval that require implementation. The new build programme will continue to be delivered in line with its current approvals.

Key Activity	Target completion date
Delivery of 'Routes to 11,000 – a new council homes strategy for Southwark'	Ongoing

## BACKGROUND INFORMATION

6. Southwark leads the way nationally in delivery of new council homes; bold investment at scale over the past nine years has delivered quality homes to meet local need with a programme of over 3000 new homes completed or on site. Furthermore, Southwark's new homes programme delivers more than new homes and provides a range of other benefits and improvements including play areas, enhanced public realm, commercial space and community facilities.
7. The '[Routes to 11,000 – a new council homes strategy for Southwark](#)' was adopted in April 2020; it sets out the Southwark Construction mission statement and the council's priority to deliver 11,000 new homes by 2043. The strategy sets out several possible delivery models to enable the council to achieve this

ambitious target and ensure that approaches can be flexible to suit market conditions and the availability of funding and grant funding regimes.

8. The first major tranche for these new homes (2018-22 programme) delivered nearly 2500 new homes and the second major tranche (2022-24) aims to deliver 1000 new council homes, across more than 190 individual schemes varying from hidden homes (single dwellings or less than five homes) to multi-phase regeneration schemes that deliver hundreds of new homes wider improvements other community benefits.
9. During 2022-23 unexpectedly high inflation increases placed significant cost pressures across the Council's Housing Revenue Account (HRA) portfolio including Southwark's new homes programme, these pressures started to realise quickly and two years on nearly all schemes on site are facing significant cost increases that go beyond the planned contingency levels. The funding that the council what would have expected to have available to take forward the future pipeline is now needed to cover costs in the committed programme. This was outlined in a report to cabinet in March 2023.
10. Changes in the economy, not just inflation, but associated issues of interest rates, Brexit and war in Ukraine have exacerbated build costs, this is in the addition to the significant changes to the sector that also adversely affect the availability of finance and affordability of schemes. Namely; 7% rent ceiling in 2023/24 has reduced the Council's rental income by approximately £10m per annum; changes to Building and Fire Safety regulation have significant cost implications to Southwark due to the size of its housing stock and number of tall buildings; availability of skills and labour; and, balancing Net Zero and enhanced energy efficiency standards with financial parameters and housing need
11. To date Southwark's new build programme has been predominately achieved through direct delivery based on a mixed financial model that combines HRA borrowing, S106 receipts and grant funding. However, several schemes in the current programme are already successfully being delivered through development agreements (e.g. Cherry Gardens, 345 Southwark Park Road, Aylesbury and Tustin Estates, Manor and Braganza) and/or are mixed tenure schemes where the shared ownership and private sales properties are contributing to the affordability of the project.
12. Southwark, along with all other councils continue to face a range of financial pressures that has been compounded by inflation and interest rate rises. During this period there have been a number of roundtables between local authorities facilitated by London Councils and the GLA to discuss the difficult context for local authority-led house building programmes. The range of typical issues and responses taken by other council's with delivery programmes include:
  - Programmes being paused in full or part with some councils also reducing their development teams
  - Changing tenures across programmes to improve viability

- Shifting from direct delivery to sharing risk through formal partnership working
  - Taking forward disposals of poorly performing stock to generate capital receipts to be used to help build new homes.
13. **Overall programme;** In the context of this incredibly challenging period for the economy and within the house-building sector Southwark’s commitment to delivery at scale means a pipeline of new homes has continued at pace. Appendix 1 list all schemes in the programme by, ward, number of new homes and delivery status. The following sections provide a summary of the key deliverables to date.
14. There are currently 27 schemes on site and 16 schemes in the defects period, all other schemes are now out of defects and are part of mainstream council services. In the past six months three schemes within Southwark’s 2018-22 programme were paused due to financial constraints, these were Bells Gardens, Lindley Estate and Sceaux Gardens. In addition Styles House was also paused due to new fire regulations that meant that plans for the scheme were no longer deliverable.
15. **Start on sites to date** – To date the programme, across both tranches, has started almost 3060 new council homes and a total of 3900 new homes including intermediate and private for sale, the tenure breakdown is detailed in the table below;

Table 1: Total number of homes started across both tranches (up to 20 May 2024 and includes those now completed).				
Programme	Council homes	Intermediate	Private	Total New Homes
1000	708	130	285	1,123
2500	2,349	182	210	2,741
<b>Total</b>	<b>3,057</b>	<b>312</b>	<b>495</b>	<b>3,864</b>
<b>As a % of starts</b>	<b>79%</b>	<b>8%</b>	<b>13%</b>	

16. For the financial year 2021/22 Southwark had the largest council house building in the programme in the country reflecting the overall scale of delivery. The council has continued to make a significant contribution to the overall volume of new affordable homes built nationally and regionally. As set out in the London Assembly’s Affordable Housing Monitor 2023 the council’s new homes programme has significantly contributed to the volume of social rent starts between 2015-16 and 2022-23.
17. **Completions to date** – To date the programme, across both tranches, has completed almost 1500 new council homes and a total of 1750 new homes, the tenure breakdown is detailed in the table below.

Table 2: Total number of completed homes across both tranches (up to 20 May 2024).

Programme	Council homes	Intermediate	Private	Total New Homes
1000	6	0	0	6
2500	1,480	134	130	1,744
<b>Total</b>	<b>1,486</b>	<b>134</b>	<b>130</b>	<b>1,750</b>
<b>As a % of completions</b>	<b>85%</b>	<b>8%</b>	<b>7%</b>	

18. **Delivery by Ward** – Of the 192 schemes completed (including some acquisitions) or on site across both programme tranches development has taken place across the borough as illustrated on the summary by Ward.

Table 3: Number of schemes and new homes delivered by Ward

Ward	Number of Schemes (completed or on site)	Number of new homes (completed or on site)
Borough & Bankside	1	1
Camberwell Green	11	77
Champion Hill	10	27
Chaucer	5	44
Dulwich Hill	4	10
Dulwich Village	2	12
Dulwich Wood	10	16
Faraday	7	613
Goose Green	1	4
London Bridge & West Bermondsey	5	102
Newington	14	82
North Bermondsey	10	49
North Walworth	3	32
Nunhead & Queens Road	12	71
Old Kent Road	26	750
Peckham	12	346
Peckham Rye	6	60
Rotherhithe	8	94
Rye Lane	5	58
South Bermondsey	12	246
St George's	3	136
St Giles	20	124
Surrey Docks	5	103
<b>Grand Total</b>	<b>192</b>	<b>3,057</b>

19. **Delivery by size of new homes** – A breakdown of unit size delivered;

Table 4: A breakdown of unit sizes delivered						
Studio Flat Units Social	1 Bed Units Social	2 Bed Units Social	3 Bed Units Social	4 Bed Units Social	5+ Bed Units Social	Total
4	538	491	359	79	15	1,486

20. **2023/24 Delivery** – The programme is at a peak of activity and the last financial year, 2023/24, 16 schemes completed delivering a total of 557 new homes including 470 new council homes, 57 intermediate homes (Shared Ownership) and 30 private for sale homes to help pay for them. In addition 248 of these homes were family homes (two bedrooms or more) and 54 of the homes were for designed for 'over 55's'. These schemes were;

Development Scheme Name	(New) Block Name or Address
17-19 Wood Vale SE23 3DS	17-19 Wood Vale
18-19 Crimscott Street SE1 S106 purchase	18 Crimscott Street
87 Grosvenor Park	Flat 1 and Flat 2 87 Grosvenor Park
Adrian & Dennis (39-44 Rutley Close)	1-12 Adrian Court & 1-13 Dennis Court
Aylesbury_FDS Package A	Wallington Court Amodio Court
Bassano Street (Garages)	Dill Terrace
Breamore House	Breamore House
Canada Water (Plot K1) S106 Purchase	Roberts Close
Commercial Way	Block A - George Williams House Block B - Mary Ellery House Block C - Ridgeway House Block D - Bridgetower House
Fenham Road Garages	Clotelle Court
Haddonfield Garages	1-14 Cecily Dunn House
Heaton House	Heaton House
Henslowe Road (Garages)	78, 80 and 80a Henslowe Road
New Almshouse at 94-116 Southwark Park Road	Appleby Blue
Underhill Road	275, 275a and 275b Underhill Road
Workshops, 42 Braganza Street SE17	1-3 New Frederick Mews

21. In the last financial year, 2023/24, one new scheme started on site at 66 Linden Grove. This scheme will deliver 28 new council homes of which 19 are family homes (two bedrooms or more) and one four bedroom family house. The level of start on sites in the past financial year is a reflection of the challenging economic climate.

22. There are currently three major estate redevelopment schemes within the programme; Tustin Estate, Ledbury Estate and Aylesbury Estate. New homes, a range of community facilities and improvements will be delivered across multiple phases working with partners;
23. **Tustin Estate** – The Tustin Estate redevelopment will provide nearly 700 new homes, including 250 replacement council and shared equity homes, an additional 220 new council and keyworker homes, and 220 homes for private sale to help pay for it.
24. The redevelopment will also create a new central park, refurbish some of the existing council homes and create new commercial spaces in the estate. The Council is also improving the outside communal areas and creating new pedestrian and cycle routes, as well as improvements to Tustin Common.
25. Building works started on Tustin Estate in autumn 2022, and the first phase of works is expected to finish in spring 2025. The entire redevelopment is projected to be finished in 2030.
26. **Ledbury Estate** – The Ledbury Estate redevelopment will provide 340 new homes, 224 of which will be council homes to replace those from the old towers. The council will also build an additional 36 new council homes, taking the total to 260 council homes, as well as 15 shared ownership homes and 65 homes for private sale.
27. The wider neighbourhood will also benefit from landscaping and new outdoor communal areas with a large, multi-purpose garden courtyard with space for community growing, a play area and tree-lined paths creating new pedestrian and cycle friendly connections between the Old Kent Road, Pencraig Way and Bird in Bush Park to the south-west.
28. The first phase of building works on the Ledbury Estate is expected to complete in spring 2026 and the entire redevelopment is expected to be finished by 2030.
29. **Aylesbury Estate** – The Aylesbury Estate redevelopment will see 3,575 new homes and 7,800 sqm of employment, retail, healthcare and community spaces built over the coming years. The Council's Aylesbury Estate Masterplan aims to create new neighbourhoods which are integrated into the wider network of streets and spaces in Walworth.
30. There are 581 new council homes and 223 new housing association social rent homes already completed or on site on Aylesbury. This makes the estate the largest single council home building site in the country. Homes are being built in phases as older homes on the estate reach the end of their life, so residents can make one move to their new home. The redevelopment will also provide a brand new medical centre, extra care facility, green spaces, and the new Una Marson library that opened earlier in 2024.
31. **People Powered** – The new homes programme is committed to working closely with local residents to shape the way we design and build new council homes.

We value our residents' opinions, insights and knowledge of their local areas, and we want to collaborate with them to provide new homes that are not just places for people to live, but thriving, resilient communities where people of all ages can come together to support each other, succeed and enjoy life.

32. The Council's Charter of Principles sets out its approach to resident consultation and engagement, and ensures that the process of providing new council homes is inclusive and resident-led. Resident engagement is embedded in every stage of building new homes, from identifying new sites, to consultation, design, planning and delivery.
33. When new homes sites are in the early consultation phase, the council sets up small Resident Project Groups who represent the local community and meet regularly to feed in thoughts, opinions and ideas on the designs and improvements of each scheme. These groups are set up on every site where the council is considering building new homes, and use residents' opinions, insights and experiences to shape the design of the new homes and improve and enhance the surrounding area. This approach empowers residents to voice their priorities and raise any concerns relating to the design and construction of new council homes in their local area, giving the council valuable, granular insight into what works effectively at the local level.
34. At Ledbury Estate, the council's extensive pre-design community consultation work meant that local communities shared their views on what makes a successful housing estate. The council's resident engagement approach was intentionally multi-layered and was defined by its in-depth resident co-design process with the Resident Project Group and local estate residents who made critical decisions on many aspects of the project.
35. The pre-consultation concluded in a resident ballot in 2021 where 86% of the estate community voted in favour of a full estate redevelopment. The project gained unanimous approval at planning committee, a great achievement for a council-housing scheme on a dense urban site. The community engagement activity was a great success in meeting its aims to involve as many estate residents as possible in the design and decision-making process, build support for the redevelopment and ultimately design new council homes that are reflective of the needs of the community. The first phase of building works to redevelop the former Bromyard House site are now underway at Ledbury.
36. **Design Standards;** Building high quality and well-designed homes is a core mission of Southwark's new homes programme. The standards are informed by a range of policies and regulations that sit alongside Southwark's Employer's Requirements.
37. The design standards of new homes adopt green energy systems with the aim of reducing energy costs and fuel poverty and contribute towards the council's carbon net zero target. Internal and external design reflects the needs of Southwark residents and recognizes the importance of quality housing to support wider health and wellbeing of residents. In addition to homes the approach to design extends to improvements in public realm and other facilities for local communities delivered through the programme.



38. 70% of our new homes that are currently under construction will be supplied by 100% green energy systems. That proportion will rise even further as we phase out new homes reliant on fossil fuels, meaning all new homes will use alternative energy sources such as ground or air-source heat pumps.
39. All of the council's schemes with planning consents and in pre-planning have been designed with low energy provision, maximizing thermal efficiency and reducing omissions. These environmentally sustainable methods are less costly to operate, so will bring financial benefits to our residents.
40. Southwark's Employers Requirements (ERs) establish what and how the council would like new homes to be built. There have been two iterations of the ERs to reflect the changing policy and legislative landscape and build on lessons learnt throughout the programme. There are a number of key documents and policies that sit alongside the ER's to inform the design standards for the new homes programme;
  - Southwark Plan – Is also known as the Local Plan and was adopted in February 2022. It sets out the overarching vision, strategic objectives, and planning policies for development in Southwark for the period 2019 to 2036.
  - Residential Design Standards Supplementary Planning Document (SPD) – 2015 Technical Update – This is part of the supplementary planning documents within Southwark Council. This document provides a set of standards to guide and support the design of residential developments. It takes into account a range of unit types to meet housing need.
  - London Plan 2021 - This is the Spatial Development Strategy for Greater London. It sets out a framework for how London will develop over the next 20-25 years and the Mayor's vision for Good Growth. The Plan is part of the statutory development plan for London, meaning that the policies in the Plan should inform decisions on planning applications across the capital. Our Southwark Plan would typically aim to align with the London Plan, ensuring that the planning system for London operates in a joined-up way and reflects the overall strategy for how London can develop sustainably, which the London Plan sets out. Currently the requirements of the London Plan are slightly higher than what is stated in the Southwark Plan.
  - Building Regulations - The building regulations set minimum standards relating to a building's design and construction. They promote energy efficiency in buildings and contribute to meeting the needs of the people who use the building, including those with disabilities. Recent changes in to Building Regulation came into force from October 2023 along with the implementation of the Building Safety Act 2022.
  - Space standards – the Nationally defined Space Standards (NdSS) referred to as the Technical Housing Standards and seek to replace documents like the LHDG (London Housing Design Guide) and HQI (Housing Quality Indicators). This standard deals with internal space within new dwellings and is suitable for application across all tenures. It sets out requirements for

the Gross Internal (floor) Area of new dwellings at a defined level of occupancy as well as floor areas and dimensions for key parts of the home, notably bedrooms, storage and floor to ceiling height.

- South East London Housing Partnerships – Wheelchair Homes design guidelines – This document has been devised to ensure that new affordable homes for wheelchair users are provided to the necessary standards. This document exceeds the Building Regulations and is still required as a key design document to achieve wheelchair housing.
- In addition to this the GLA Housing Design Standards guidance brings together, and helps to interpret, the housing-related design guidance and policies in the London Plan. This guidance relates to London Plan Policy D6 (Housing quality and standards) and other relevant policies. In order to support designers and council officers, the document signposts and cross references the relevant policy or policies in the London Plan. It also sets out what type of development each standard applies to such as whether it is applicable to new-build development, change of use, conversions or all of these.

41. **Resourcing delivery;** Southwark Construction team has been in place for two years, since May 2022, and is charged with leading the delivery of the new homes programme and bringing together capacity and expertise. With one of the largest council house delivery programmes in the country the team has been developed to meet the changing needs of the programme and comprises a blend of in house and external skills and capacity. The team comprises around 50 industry professionals divided across three key areas;
42. Firstly, identifying potential future sites and enabling functions that focus on creating a pipeline of new homes, the delivery mechanism(s) by which this is best achieved and all the necessary due diligence, soft market testing and procurement to take schemes to market and through to contract award. The accompanying procurement paper, *GW1 Southwark Construction New Homes Programme 2022-2026 Procurement Strategy* also presented to Cabinet this month, presents the recommended approach to deliver the next tranche of new council homes in the short-medium term. In order to meet the council target of 11,000 new homes by 2043 site review and enabling will continue to be an ongoing activity undertaken by the team. The council will need to identify all opportunities and work collectively leverage its assets to maximize the number of new affordable homes.
43. Secondly, the majority of the Southwark Construction comprises teams of skilled project managers overseeing the construction and completion of new homes to exacting high quality standards, and into mainstream council services. This function includes the overall management of main contractors, development partners and professional services to ensure schemes are tightly managed whilst working closely with residents to balance new legislation, external market changes with local need and council objectives.
44. Thirdly, within Southwark Construction is the Programme Management Office that adds rigour, governance and partnership working to ensure that longer term aspirations are met and that all deliverables are carefully monitored and

controlled. This is a multidisciplinary function which also brings together shared resources such as communications, design and technical lead to maximize the quality of the homes built and seeks to ensure the council is constantly seeking to learn from experience and embed best practice into new schemes as they are built and handed over. More recently the team also includes sales and marketing expertise to support the sale of the Shared Ownership and outright sale properties within the current programme.

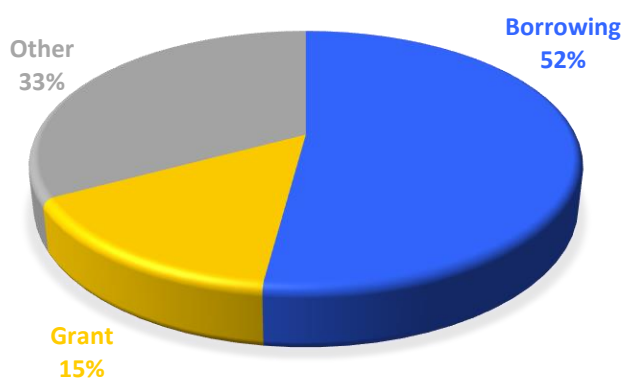
45. **Programme financial position;** the financial position of the programme is report regularly to Cabinet. As of May 2024 the overall spend and forecast position is as follows;

	Previous years spend	2024/25 Forecast	2024/25-3033/34 Total Forecast	Total projected spend
Borrowing	£396,242,079	£133,646,294	£432,749,500	£828,991,580
Grant	£168,796,495	£11,600,638	£70,745,813	£239,542,308
Other	£472,451,492	£27,008,568	£114,008,817	£586,460,309
Total	£1,037,490,066	£172,255,500	£617,504,130	£1,654,994,197

46. Southwark’s new homes programme adopts a blended funding model utilizing GLA grant funding, borrowing, Section 106 receipts for affordable housing as well as Right to Buy Receipts and capital receipts generated from the sale of new shared ownership or outright sale homes. Chart 1 below illustrates that over half of the investment is made directly in the form of council borrowing.

Chart 1: Total funding split for all committed schemes in the programme, based on April 2024 forecasts.

### TOTAL PROGRAMME FUNDING SPLIT



47. **Sales portfolio;** within the current programme there a limited portfolio of almost 130 shared ownership and outright sale properties being built as part of mixed tenure schemes. Shared Ownership homes provide an alternative affordable tenure for many local people and private sale help to pay for the delivery of new council homes.
48. **Lessons learnt;** reviewing all aspects of performance is embedded into the

project and programme management. Since the programme started delivering at scale lessons learnt have been shared and supported ongoing improvements. Some of the key lessons learnt to date include;

- Increased pre tender site investigations: contamination and obstruction has been a key issue in contributing to cost pressures on some schemes. In some instances these issues could have been identified with a wider scope, beyond the industry standard for pre tender site investigations. The future pipeline of schemes accounts for an enhanced approach of intrusive surveys that are being carried out to identify and mitigate site risk.
- Scale and timing; the majority of schemes were procured at a similar time and just before a period of high inflation, increased construction cost, material and labour shortages and other factors compounded by the Covid-19 pandemic. The impact of Covid-19 was that schemes were limited in labour on site and as a result all programs were extended in time. This meant additional costs by way of overheads and preliminaries (equipment, labour, and materials). Whilst this could not have been foreseen it illustrates how a diversified approach across a medium term pipeline can help to manage and mitigate major externalities.
- Regulatory change and costs: The majority of the schemes achieved planning approval a number of years ago and since this, there has been a series of changes in building regulations and fire safety guidance. This has resulted in Southwark Council being required to amend specifications to meet the new or enhanced requirements.

## **KEY ISSUES FOR CONSIDERATION**

49. The overwhelming success of Southwark's new homes programme sets the foundation for the next phase of delivery that balances the challenging market conditions with the ongoing commitment to build new high quality homes for residents. However, it will be difficult to continue to build new homes at the same scale and pace. The council will need to utilise all avenues, through council led delivery and as enablers, to maximize affordable housing supply in order to realize its ambitious targets.
50. The existing housing delivery strategy, *'Routes to 11,000 council homes for Southwark'* sets out a range of routes for the delivery of new council homes and so the next tranche of new homes will utilise development partnerships, a well-established delivery model in the sector and already familiar to Southwark. This is set out in the accompanying procurement paper, *GW1 Southwark Construction New Homes Programme 2022-2026 Procurement Strategy*.
51. Whilst there are many successes to celebrate there remains volatility and significant pressures across the construction sector that will continue to mean direct cost pressures on the current programme. Furthermore, the risk of main contactors going into administration remains live with two recent examples affecting schemes in the programme.
52. The impact on costs, as set out in paragraphs 7, 8 and 10 has also meant that

three schemes within the programme have been paused; Bells Gardens, Lindley Estate and Sceaux Gardens. In addition the need to respond to new fire regulations has meant that plans for Styles House also had to be paused. The commitment to deliver these schemes has not changed but it remains a challenging time and an alternative approach is needed in light of the prevailing pressures on HRA funding and lack of government funding to meet the real costs of building new council homes.

53. In the next 12 months the delivery programme reaches a peak in regards to the number of planned completions. Delivering new homes at this scale is still relatively new to the council in recent decades and impacts a wide range of services and functions across the organisation. Significant work is ongoing to ensure the handovers are as smooth as possible, however it is a complex process and should be expected that new ways of working and flexibility will be needed to ensure the council's mainstream management and maintenance arrangements can adapt and that most importantly the resident experience is positive. This is a resource intensive stage of the development journey and is mirrored by any local authority with a significant new build programme.
54. Whilst a relatively small proportion of the overall programme, the completion of schemes delivering 129 Shared Ownership and private for sale properties is another relatively new business stream for the council. For sale homes help to provide much needed income to help delivery new council homes as well as presenting an opportunity to deliver homes to a wider range of Southwark's residents.

### **Policy framework implications**

55. Council Delivery Plan; delivery of new council homes is one the council's key Delivery Plan objectives. The current target is to deliver 1,000 new council homes by 2026. As this report provides an overarching update on programme delivery there are no direct implications from this report. However, as noted elsewhere in this report recent cost pressures affecting affordability mean that some schemes have been paused thus having had a knock on impact to complete all of the 2500 homes started in the 2018-22 programme.
56. Southwark Land Commission; the emerging recommendations of the Southwark Land Commission are being considered and reflected in the future pipeline activity. There are no direct implications from this report.

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

#### **Community impact statement:**

57. This report provides an update of delivery of the new homes programme to date. Ensuring meaningful community consultation and engagement for potential housing developments as they are identified is a central part of the development process. Southwark Construction remains committed to its Resident Engagement Charter of Principles as approved by cabinet.

## **Equalities (including socio-economic)**

58. This paper provides an update on the new homes delivery programme and has no direct equalities implications. The council's equality and diversity policies will be adhered to during each stage of the development process from appointment of contractors, design consultation through to letting of new homes. The information set out in this paper illustrates the priority placed on developing genuinely new affordable homes for Southwark residents including, adaptable homes, family homes and homes for over 55's.

## **Health impacts**

59. The council's commitment to the delivery of new quality affordable homes supports improved health outcomes for residents in housing need.

## **Climate change implications**

60. In June 2019, the council's cabinet agreed the resolution passed by the council assembly on 27 March 2019 to "declare a Climate Emergency and do all it can to make the borough carbon neutral by 2030." Residential buildings have a key role to play in reducing carbon emissions during development and post occupation and the design standards set out in this report enable new homes delivered by the council to seek to meet these standards.
61. In line with this, the current programme and future pipeline schemes will seek to meet the highest energy and sustainability targets in line with both the council's and GLA policies. The targets and policies required to achieve this includes:
- A net zero carbon target for all major developments (over 10 units)
  - All Major developments to the 'be seen' level (as noted below)
  - A requirement for all for all referable planning applications to calculate and reduce whole life-cycle carbon emissions to fully capture a development's carbon impact.
62. The energy strategy will follow the four step Energy Hierarchy outlined in the London Plan:
- Be Lean: fabric first approach with low u-values and air permeability, high efficient lighting and mechanical ventilation to reduce energy demand. This achieves the Energy Efficiency Targets under the Building Regulations
  - Be Clean: connection to the local South East London Combined Heat & Power (SELCHP) district heating network for low carbon heating and hot water supply to all uses in the development
  - Be Green: solar PV will be maximized in all available roof space. This achieves the Energy Efficiency Targets under the Building Regulations
  - Be Seen: the development will incorporate a monitoring strategy to reduce the performance gap.

## **Resource implications**

63. As noted within this report the Southwark Construction team was created in order to consolidate and further develop the council's in house capacity and expertise to deliver new homes. As the bulk of the projects in the programme reach completion, or new schemes are initiated with the appointment of development partners in the coming months the team will continue to remain agile as development stages and requirements change.
64. There is no recommendation to procure as part of this report. However, all future procurement led by Southwark Construction supports the council's Fairer Futures Commitment – A place to belong to, in order to ensure the council is receiving value for money and delivering added social value.

## **Note: Legal/Financial implications (and when to seek supplementary advice)**

65. There are no legal or financial implications arising directly from the recommendations in this report.
66. As outlined, the Council's Housing Revenue Account is under considerable financial pressure, however completion of the current phase of the programme remains a priority and a Council Delivery Plan objective.
67. Financial constraints mean that alternative delivery methods are being pursued to minimize the need to borrow, this approach is set out in the accompanying procurement strategy.

## **Consultation**

68. Comments and input from internal stakeholders have been incorporated to the report. This report has not been subject to resident consultation.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Assistant Chief Executive, Governance and Assurance REF: [CON/KM/20240506]**

69. This report asks the cabinet to note the update position on the council new homes delivery programme and the achievements to date.
70. There are no legal implications arising from the recommendations in this report, but the Assistant Chief Executive and her staff will continue to provide advice to officers on any legal and governance issues arising in relation to the new homes delivery programme and individual projects.
71. The cabinet's attention is drawn to the Public Sector Equality Duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The cabinet is specifically referred to the community, equalities (including socio-economic) and health impacts statement at paragraphs 57-59, setting out the

consideration that has been given to equalities issues, which the cabinet should carefully consider when noting the update position in relation to this programme. The PSED General duty is a continuing duty and will need to be further considered when later reports are brought forward for individual projects under this programme.

**Strategic Director, Finance REF: (H&M 24/028)**

- 72. This report provides an update on the council's new homes delivery programme and notes its relationship with Southwark Construction's New Homes Programme 2022-2026 Procurement Strategy, which sets out the delivery route for the next tranche of the council homes programme.
- 73. As the report identifies, the programme is now at a peak in terms of delivery, and this comes at a time of very challenging financial pressures for the HRA, principally as a result of high inflation, significant interest rate rises impacting on borrowing and rent capping. This has impacted on the new homes programme as well as other programmes that form part of the Housing Investment Programme, and it has been necessary to pause the development of some schemes to ensure the programme overall remains affordable for the HRA. It is also important to ensure that future phases of the programme respond appropriately to the financial pressures being faced and build upon the lessons learned to date.

**REASONS FOR URGENCY**

- 74. There are none.

**REASONS FOR LATENESS**

- 75. There are none.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Routes to 11,000: A New Council Homes Strategy for Southwark <b>Link: please copy and paste into browser:</b> <a href="https://moderngov.southwark.gov.uk/documents/s88156/App%201%201000%20Homes%20Strategy.pdf">https://moderngov.southwark.gov.uk/documents/s88156/App%201%201000%20Homes%20Strategy.pdf</a>	Southwark Construction, Housing 3 <sup>rd</sup> Floor, 160 Tooley Street, London, SE1 2QH	Stuart Davis 07949 897848
Southwark Construction Strategic Plan	Southwark Construction, Housing 3 <sup>rd</sup> Floor, 160 Tooley	Zoe Davies 07543 303529



Background Papers	Held At	Contact
<b>Link: please copy and paste into browser:</b>  <a href="https://moderngov.southwark.gov.uk/documents/s112578/Report%20Southwark%20Construction%20Strategic%20Plan.pdf">https://moderngov.southwark.gov.uk/documents/s112578/Report%20Southwark%20Construction%20Strategic%20Plan.pdf</a>	Street, London, SE1 2QH	

## APPENDICES

No.	Title
Appendix 1	Southwark Construction – New homes programme scheme list

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Helen Dennis, New Homes and Sustainable Development	
<b>Lead Officer</b>	Hakeem Osinaike, Strategic Director of Housing	
<b>Report Author</b>	Zoe Davies, Strategic Lead PMO, Southwark Construction	
<b>Version</b>	Final	
<b>Dated</b>	9 July 2024	
<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 and Assurance	Yes	Yes
Strategic Director, Finance	Yes	Yes
<b>Cabinet Member</b>	<b>Yes</b>	<b>Yes</b>
<b>Date final report sent to Constitutional Team</b>		9 July 2024