

Item No. 17.	Classification: Open	Date: 23 October 2012	Meeting Name: Cabinet
Report title:		Directly Funded Housing Delivery	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

In May this year the cabinet announced our intention to build 1,000 new council homes in Southwark by 2020. This will be more new council homes than have been built across the whole of London in the last decade and the biggest programme of council house building in our city for over a generation. We know that we need to build more council homes because the continuing recession, changes in Government policy and a failure to increase affordable housing supply over successive years have left Southwark and London facing a desperate affordable homes shortage. Building 1,000 new council homes will form a major part of the way that we will respond to this immediate affordable housing crisis. The Housing Commission report – also included on this cabinet agenda – concerns how we secure the long-term future of our housing stock.

This report marks the next step on the journey toward meeting the immediate need for affordable housing by turning our intention to build 1,000 new council homes into a reality. It sets down the financial basis for those homes and outlines the proposed sites for the first phase of building, estimated at 286 new homes. The report also stresses the importance of meeting housing needs in our borough by ensuring that the homes we build are qualitatively of the right kind. As such, it includes our commitment to building new specialist housing for vulnerable adults as an alternative to institutional residential care homes, to meet the needs of our borough's aging population.

Building 1,000 new council homes will not solve all of the housing challenges that we face in our borough, but I am confident that by making rapid progress on meeting our commitment alongside the improvements we are making to housing services and plan to secure the long-term future of council housing in Southwark, we are moving in the right direction.

RECOMMENDATIONS

Recommendations for the Cabinet

That the cabinet

1. Agrees a range of priorities and the outline delivery mechanisms, as outlined in paragraphs 23-25, for the development of new homes using the Affordable Housing Fund.
2. Agrees that the schemes listed at paragraph 41 are worked up in accordance with the individually identified recommendations as Phase 1 of an overall programme for direct delivery of new council housing on council owned sites.

3. Agrees to work up proposals for an extra care facility at Cator Street as part of Phase 1, to assist with meeting the objectives of the Housing Strategy (2009-2016), Older People's Delivery Plan and the Council's Future Vision for Social Care to deliver a further 150 units of extra care housing and increase housing choices for adults living with a disability.
4. Agrees that formula rents are charged for new social rent homes.
5. Notes the conclusions drawn from the Grant Thornton report on financing new homes delivery and the analysis of costs by Davis Langdon that inform the conclusions.
6. Instructs officers to establish a financial and governance framework to generate and manage resources to deliver the programme.

Recommendation for the Leader of the Council

That the Leader

7. Agrees to delegate the approval for the procurement approaches for the Sumner Road scheme in Phase 1B to the Deputy Leader and Cabinet Member for Housing Management.

BACKGROUND INFORMATION

8. This report follows on from a report considered by cabinet in July concerning the delivery of new affordable council homes using the resources in the affordable housing fund (AHF). Cabinet agreed in principle to the council directly building and providing new affordable homes in the borough within the financial limits of the AHF set out in this report and in line with the council's local planning policy framework.
9. Cabinet also required a costed range of options for the delivery of new affordable council homes and that they should take account of the broader impact on council and local services. This report deals with those issues for proposed delivery, and will also consider the planning framework (including the need to ensure mixed balanced communities) and circumstances that give rise to AHF, the obligations arising from the relevant planning agreements and the allocation of AHF resources to particular schemes. The report also considers delivery arrangements, governance, the composition of the proposed first phase, and financial resourcing of the overall programme.

KEY ISSUES FOR CONSIDERATION

Affordable Housing Fund

10. The funds generated as a result of in lieu payments are pooled into the Affordable Housing Fund (AHF). When sufficient funds are accumulated, they are used to fund specific new affordable housing schemes, normally in conjunction with Housing Associations. To date this has been a fairly modest activity; use of £7m AHF across the last 10 years has supported the delivery of 66 social rented homes. Approval for the use of in lieu payments is reserved to Planning Committee. It is noted that the AHF is ring-fenced for use towards new affordable housing and as such any financial arrangements or delivery

mechanisms must ensure the fund contributes towards new affordable housing. In addition, if funds are to be spent in a different community council than from where the 'donor' scheme is located, both the donor and community council will be consulted on the proposal and regard will be given to the need to ensure mixed tenures across the borough. An individual scheme can not receive contributions from more than five donor schemes from agreements made after the adoption of Southwark's Community Infrastructure Levy (CIL) in accordance with the CIL Regulations 2010 or from April 2014 (whichever is earliest). In evaluating schemes, consideration has been given to Mayoral CIL and the proposed Southwark CIL. Relief can be claimed from CIL for the proportion of affordable housing floor space developed; however private units that include temporary accommodation may incur CIL liability depending upon the existing use of buildings on site.

11. The planning agreements already in place, which are considered to be exceptional, will provide substantial resources for affordable housing delivery. Table 1 below, which was included in the July report to cabinet, shows the AHF resources and the anticipated timing from agreements already in place; as such these resources can only be used for the provision of new affordable housing. The anticipated dates for receipts of payments are based on milestones in the legal agreements triggered by stages reached in the development process, and are subject to some variation. For the current year, the Union Street payment has already been received.

Table 1

Resource Expected £	2011-12	2012-13	2013-14	Total
Kings Reach	0	22,400,000	0	22,400,000
Potters Field	0	0	10,500,000	10,500,000
Union Street	0	1,600,000	0	1,600,000
Neo Bankside	9,000,000	0	1,000,000	10,000,000
				0
TOTAL	9,000,000	24,000,000	11,500,000	44,500,000

12. As stated, the payments in Table 1 arise from agreements already in place and as such can only be used for new affordable housing. Therefore, the council is legally obliged to secure the new affordable housing because it would otherwise have been delivered in or associated with the developments listed in Table 1. In respect of the King's Reach, the development has not been implemented therefore the obligation to pay the above sums will not be triggered until the developer has notified the council of implementation. The remaining schemes have commenced or are substantially advanced. Therefore the sums identified will be forthcoming in the financial years indicated above.
13. It is noted that planning committee resolved at their meeting on 9 October 2012 to grant planning permission for the 1 Blackfriars Road scheme pending negotiation of a Section 106 agreement and given its strategic importance Stage II referral to the Mayor of London. The s106 agreement will provide (among others) a commuted sum in lieu of affordable housing for the proposed development and thus further resources for the AHF to deliver new affordable homes.

Planning policy

14. The Southwark Core Strategy (2011) sets a target of 8558 net new affordable homes between 2011 and 2026. The London Plan (2011) sets Southwark a target of 20,050 net new homes between 2011 - 2021. The Core Strategy requires housing developments of 10 or more units to provide as much affordable housing as is financially viable, requiring a minimum of 35% of the development as affordable housing. The presumption is that affordable housing will be delivered on site as part of the development. The Affordable Housing Supplementary Planning Documents (draft 2011 and adopted 2008) provide further guidance on the sequential process which should be followed if the required affordable housing cannot be provided on-site. The guidance, which follows national and regional planning policy, requires developers to follow a sequential approach to ensure as much affordable housing as possible is delivered.
15. The 2011 draft SPD sets out the sequential approach and that it applies to all types of development, including small schemes and student housing schemes. It requires:
 - All housing, including affordable housing should be located on the development site.
 - In exceptional circumstances, provision of the affordable housing off-site may be allowed. In these circumstances we require that affordable housing is provided on another site or sites in the local area of the proposed development.
 - In exceptional circumstances a pooled contribution in lieu of on-site or off-site affordable housing may be allowed. In these circumstances we require a payment towards providing affordable housing instead of the affordable housing being built as part of the proposed development.
16. New national planning policy is set out in the National Planning Policy Framework (NPPF), which was published on 27 March 2012, replacing Planning Policy Statement 3. The NPPF continues to require boroughs to set policies for meeting the need for affordable housing on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified. This is also the case within regional policy through the London Plan (2011) which sets out that affordable housing is normally required on-site.
17. The GLA recently consulted on a revised Early Minor Alteration to the London Plan which amends policy 3.12 to set out that: 'A cash in lieu contribution should only be accepted where this would have demonstrable benefits in furthering the affordable housing and other policies in this Plan and should be ring-fenced and, if appropriate, pooled to secure additional affordable housing either on identified sites elsewhere or as part of an agreed programme for provision of affordable housing'. The supporting text in paragraph 3.74 sets out that the Mayor does not consider it appropriate for boroughs to use cash in lieu of on/off-site affordable housing for any other purpose than maximising the delivery of additional affordable housing.
18. The suggested change to the London Plan effectively seeks to restrict boroughs from using a commuted sum for means other than delivering additional affordable housing. The council has submitted a response on the early alteration, requesting that the GLA review this wording to make it consistent with the new

direction in the NPPF which clearly envisages that local planning authorities can make policy decisions allowing expenditure on existing stock where this would promote mixed and balanced communities. Southwark will be represented to put this point to the Inspector at the Examination in Public in November.

19. If the principle is applied as outlined in the NPPF, this will only affect new developments and therefore new contributions. It will not change the remit of expenditure for existing agreements as outlined in Table 1 (which are the subject of this report and will contribute to Phase 1 of the programme), as the individual agreements specify the policy extant at the time they were signed, are legally binding and preclude using the funds for existing units and require provision of new affordable housing.

Delivery of new affordable housing

20. There is a range of ways in which new affordable housing can be delivered using the affordable housing fund (AHF). This report focuses on the council developing a first phase of homes to be owned and managed by the council, but considers the resource implications of delivering a larger programme.
21. Demand for housing of all types is undiminished, but difficulties remain with the availability of both mortgage and development finance. The council is experiencing the pressure in terms of increased homelessness, a record housing list level and reduced turnover of council stock. Public sector grant for affordable housing development is operating at reduced levels and with new requirements applied, including Affordable Rent. Delivery of new homes through the AHF in the current environment will help meet the need for truly affordable housing and enable development to take place which might otherwise not be forthcoming. It also presents the opportunity for adding to the overall stock while RTB sales or voluntary disposals of stock within current policy reduce it.
22. It is considered that a range of delivery options could be of use in different circumstances, and that a blend of them would enable significant delivery of affordable housing. There can be development of a range of unit types and sizes to best meet the council's strategic requirements – including extra care, housing for elders and housing for people with a range of disabilities.

Delivery options for affordable council housing

23. The main options are:
 - a) The council directly manages the development of new stock.
 - b) The council uses a third party agent, for example a housing association to manage the delivery of the new homes.
 - c) The council enters into a joint arrangement with a third party.
24. New stock would be developed, on council owned land, although there may be scope to consider homes built by others, either as 'off-the-shelf' purchases or as part of a funding vehicle. Whether directly delivered or with a third party, developments can be a mix of tenures: social rent, intermediate (normally shared ownership) and private housing.
25. Whichever mechanism is used, it is noted that appropriate legal, financial and governance arrangements will be necessary to ensure that use of AHF contributes towards the affordable housing element of schemes.

Delivery issues

26. Identification of sites is a key prerequisite to delivery. Generally, there are a number of opportunities to use housing land on estates, mainly garage and amenity areas that are underused or problematic. A group of sites have been identified; all have undergone initial feasibility assessments to determine if they should receive further consideration. Some sites have already been worked up further as part of other initiatives; others will require an initial assessment of capacity followed by consultation with residents. If it is decided to progress sites, where it has not already occurred, detailed design work would be undertaken, incorporating further consultation stages leading up to a planning application.
27. Where new homes are constructed on estates, the development should be delivered in such a way as to best integrate the new properties into their surroundings. Design should be to a high standard but be geared to harmonising with existing properties, and for example sharing amenity space and facilities rather than having separate provision. Some measure of re-provision or rearrangement of amenities can be achieved during the development process to mitigate the impact on residents of the development, including the construction process itself. While there is not necessarily an issue with using disused garage sites to build new affordable housing, consideration must be given to providing alternative garages or parking sites. Some physical improvements can be delivered e.g. the re-provision of play space. Where new developments are on or near estates, consideration should also be given to connecting to existing district heating systems.
28. In addition it is recommended that the potential for 'local lettings' is explored for households in priority need geared to releasing existing properties on an estate for re-letting, within the scope of the lettings policy. A recent Department of Communities and Local Government consultation paper on lettings suggests that local authorities can set up local lettings schemes under which housing is allocated 'to people of a particular description, whether or not they fall within the reasonable preference categories, provided that overall the authority is able to demonstrate compliance with the requirement of reasonable preference'. It is suggested that a proportion of properties in each development are made available for tenants living on an estate within an agreed boundary. Taking into account the modelling of potential impact outlined in paragraph 44, it is proposed that the proportion made available for local letting is 50%. These lettings would be made through Homesearch, but with a filter applied to the system that allowed only eligible local residents to bid. Offers would therefore be made to successful bidders in priority and date order in accordance with lettings policy. The remaining properties would be let under the normal arrangements. These proposals should be considered as part of the current lettings review.
29. The scale of rents to be charged also requires consideration. It is reasonable to assume that a new council home, built to up to date standards, should have a higher rent than an existing one of the same size and type. It is therefore proposed that lettings for new council social rental units should be at formula rent levels.
30. A tenant moving from typical current stock to a new build property will have a rent increase comprising the early move to full formula rent and the effect of different valuations. Possible examples are shown below, moving from an average 2 bedroom property to a new build house or flat. The difference reduces

over time as existing stock gets closer to formula rent, e.g. moving from an average 2 bed property to a typical new build flat might mean a rent increase of £14.44 in 2014/15, although this would reduce to £11.99 for a 2017/18 move. Once on formula rent, rent increases are at RPI+0.5%.

Table 2 Summary of rent implications

A) 2 bed current (transitional) rent and formula rent, assuming a 2% p.a. RPI increase
 B) recent 2 bed new build formula rents – (i) flat and (ii) house

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
A) Transitional rent (2 bedroom average) <i>Annual increase</i>	92.03	96.00 4.32%	100.08 4.25%	104.28 3.48%	107.89 3.47%	111.33 3.19%
Formula Rent (2 bedroom average) <i>Annual increase</i> Extra above transitional	100.26	102.76 2.50% 6.76	105.33 2.50% 5.25	107.97 2.50% 3.69	110.66 2.50% 2.77	113.43 2.50% 2.10
B i) Formula Rent (recent <u>new build 2 bed flat</u>) <i>Annual increase</i> Extra above transitional	109.00	111.72 2.50% 15.72	114.52 2.50% 14.44	117.38 2.50% 13.10	120.32 2.50% 12.43	123.32 2.50% 11.99
B ii) Formula Rent (recent <u>new build 2 bed house</u>) <i>Annual increase</i> Extra above transitional	116.96	119.88 2.50% 23.88	122.88 2.50% 22.80	125.95 2.50% 21.67	129.10 2.50% 21.21	132.33 2.50% 21.00

NB the above are examples only – actual transitional rents vary from average and new build rents will depend on their valuations.

31. The comparison shows that a formula rent for a new property will be higher than for an existing one of the same size, but that rent increases will be lower pro rata because they will not include the convergence element.
32. It is proposed that the new council homes will be a mix of social rent and shared ownership. In parts of the borough, the core strategy requires a minimum of 35% market housing be developed in schemes above 10 units. Some sites may lend themselves to a mixed tenure approach due to size/location and helping to promote mixed communities. Homes for social rent can meet need in priority categories helping to alleviate homelessness, overcrowding and medical needs. Intermediate homes, developed on the Social Homebuy model will meet the needs of households who cannot afford open market home ownership. The council can consider a number of shared ownership variations or the targeting by prioritisation of specific groups, which may have varying strategic aims and

outcomes. For example, such considerations may be used to ease the effect of regeneration schemes, providing additional options for leaseholders who cannot easily rehouse themselves or for whom the existing range of council assisted routes are not entirely appropriate. One approach could be units sold on a shared equity model (i.e. without an equity rental charge). Housing for sale, built as part of mixed tenure developments will meet demand in the open market. Any capital receipts generated by market or intermediate housing will be re-invested into the programme. The council has discretion in setting terms for non RTB sales. For example, the council is obliged to charge a ground rent of only £10 per annum for a disposal under the right to buy. A modern rising ground rent can be imposed in relation to outright or shared ownership sales.

33. The quality of design and construction will be geared to management and maintenance of the new homes as a long term asset. An overarching design brief has been produced (attached at Appendix 1) which sets high standards of design and construction for the benefit of residents and the council. Management of the stock by Housing Services is the default position for social rented and shared ownership / Social HomeBuy. Where the sites fall within the areas covered by Tenant Management Organisations, the relevant organisation will be specifically consulted about proposed developments and their future management. Newly constructed estate features/amenities will eventually become part of the fabric of the estate. Existing leaseholders cannot be recharged for the construction as they would be considered to be improvements. However, any repairs and maintenance to them post construction would be chargeable and this must be identified. In the case of an infill or addition adjunct to an existing block, it is preferable that the new block is constructed and treated as a separate block in every manner eg in terms of name, services provided, structural elements and access, or there will be a need to vary leases within the existing block at the council's expense. Should leases not be varied, there will be a risk of either over or undercharging leaseholders.
34. Sites which have already been identified for disposal would not be suitable as these have already been accounted for in supporting the Housing Investment Programme.
35. A number of different delivery options could be considered including direct build, partnership or framework contracts. Mixed tenure delivery could include joint venture arrangements. Officers will investigate further the delivery options which may vary from site to site considering value for money, risk, delivery speed and quality. The objective is to establish an efficient delivery process that achieves a good standard of design and construction at good value to the council. Schemes will be financially appraised to ensure that they represent an effective use of the resources available.
36. Members of Southwark Housing Association Group (SouHAG) have been asked if they can identify any role for their organisations to support delivery of new homes by the council, for example acting as a development agent. No proposals have yet come forward.
37. There is a risk of RTB for council rented units. However, the cost floor would act as an effective deterrent for 15 years from the date of construction by removing any entitlement to discount for this period as long as the cost of construction (or acquisition) is greater than the tenant's discount entitlement (which cannot exceed £75,000) however this is mitigated due to cost floor rules and end value

of units compared to maximum discount. Under CLG guidelines the receipt can be reinvested into the programme.

Specialist housing

38. There is significant need for social rented specialist housing provision in Southwark for our most vulnerable residents. Due to the rising size of the population of older people and the need for more personalised and affordable care as an alternative to the institutionalised residential homes, the housing strategy highlighted the need for three additional extra care schemes in the borough, only one of which has been delivered to date. With limited grant funding to support extra care facilities for the elderly the AHF can be used to develop such facilities direct. Officers will consider options for the delivery of such facilities and report back with a preferred option which offers value for money, quality and speed of delivery. New extra care social housing will provide self contained, residential accommodation (within Use Class C), let at formula rent and with secure tenancies. The development of extra care housing could also create significant revenue savings for the council. Other forms of specialist housing provision, particularly for working age adults with learning disabilities will be considered on a case by case basis. Direct delivery increases the opportunity to deliver housing that would meet the needs of types of disability other than wheelchair users.

Governance

39. The internal governance arrangements will be for the Housing Investment Board (HIB), chaired by the Strategic Director of Finance and Corporate Services to take responsibility for the overall programme and agreement to particular packages subject to the established approval procedures depending on the strand of delivery, and making recommendations for scheme allocations from the AHF. The terms of reference for the HIB will need to be amended to take account of the extra responsibilities beyond the responsibility for the Housing Investment Programme. Reporting to HIB will be the Housing Projects Group (HPG), chaired by the Director of Regeneration and its responsibilities will include making recommendations to HIB, allocating resources, approving scheme progression, unlocking barriers to delivery and ensuring investment is linked to strategies and corporate priorities. Specifically, this group will also be responsible for monitoring delivery to ensure that the overall programme will be consistent with planning policy to deliver mixed tenure development throughout the borough. The key teams within the Regeneration Division responsible for reporting to HPG and managing the programme on a day to day basis will be Housing Regeneration Initiatives and Capital Projects. The governance arrangements will outline the key responsibilities of all divisions within the council that will have a role within the programme. Approval to proposed internal governance arrangements for the HIB will be sought in a future report.
40. Constitutional requirements will also apply, particularly that Planning Committee approves the use of AHF for identified schemes, because the resources in the fund have accumulated through previous planning decisions.

Phase 1 sites

41. It is proposed that a number of schemes that have already had some design or consultation work undertaken and two other suggested sites are worked up to create an initial delivery phase. The schemes are outlined in the table at Appendix 2.

In summary the proposed sites are:

Phase 1A

- a) Willow Walk: The site is currently occupied by temporary accommodation. The proposed scheme includes for the development of a new temporary accommodation hostel of around 54 units, to be funded separately from the housing investment programme. There is capacity for 21 new additional general needs housing units. The consultants for the scheme have already been appointed using the Improvements and Efficiency (iESE) / Government Procurement Services (GPS) framework, and the programme is for a planning application to be submitted in October. Officers met with the Setchell TRA in August, and a consultation event was held in September to discuss the proposals. Local residents and businesses were invited, and 33 people attended. The main areas of interest were the children's play area, the suggested road access, the short stay accommodation serving families, the heights of buildings, and a joined up cleaning regime. There was also a preference among some residents for the development of sheltered housing. The procurement process for the constructors has commenced, using the iESE contractors framework. It is proposed that the scheme continues to be progressed with the general needs homes being constructed as part of the short stay development process and that consultation processes are continued.
- b) Nunhead Green: The site is currently occupied by the former Nunhead Lane community centre adjacent to Citron Terrace. It is currently proposed that replacement community provision is developed on an adjacent site (site A), along with new build private housing. This presents the opportunity for new council homes to be developed on the former community centre site (site B). An initial information event was held in July, and a consultation event is being held on 17 and 20 October. Architects originally appointed for site A have undertaken initial design work for site B and have been involved in the consultation. It is proposed that a scheme for site B be progressed in association with the development of private housing / community provision on site A, to ensure a coordinated approach across the two sites.

Phase 1B

These sites are at earlier stages, ranging from feasibility to pre-planning.

- c) Long Lane: Former Borough / Bankside Housing Office. A consultant has been appointed to produce some initial design work to assess capacity. It is proposed that this work is used to inform consultation with residents and further design development and procurement. The site is on the edge of the area managed by Leathermarket Joint Management Board. The JMB will be consulted about the prospect of their managing of the new homes.

- d) Cator Street, area fronting Learning Resource Centre. A consultant has been appointed to produce some initial design work to assess capacity. It is proposed that this work is used to inform consultation with residents and further design development and procurement.
- e) Sumner Road, vacant former housing site. This is one of the last undeveloped sites in the former Peckham Partnership area. A consultant has been appointed to produce some initial design work to assess capacity. A marketing exercise with a view to disposal carried out in early 2010 did not raise sufficient interest to proceed. Given the size of the site and the planning policy requirement, it would be appropriate to pursue a mixed tenure approach with a constructor partner potentially taking development risk for the private housing. It is proposed that a combined disposal and development exercise is undertaken to seek a development partner, and that once an approach has been worked up in more detail, the procurement decision should be delegated to the Cabinet Member for Housing. The resulting design work should explore the practicality of including non residential space eg for community use by local residents.
- f) Sites of Southdown House, Gatebeck House, East Dulwich Estate. These sites have arisen because of the demolition of former housing blocks. The estate has been the subject of a long standing regeneration scheme that is reaching its final stages. The current intention is to dispose of the sites to a housing association to generate capital receipts for the wider scheme and new affordable housing. Since this approach was adopted, the development finance arrangements for housing associations have altered drastically, with substantially reduced grant allocations and the introduction of the new Affordable Rent regime. Design work and consultation with residents has been ongoing for a considerable time. It is proposed that planning applications are pursued for affordable housing on the two sites and that an updated report is brought to cabinet on the overall East Dulwich Estate regeneration scheme to include consideration of pursuing development by the council.
- g) Clifton Estate, garage site fronting Clayton Road; no design or consultation work has been done to date. A consultant has been appointed to produce some initial design work to assess capacity. It is proposed that further outline design work is undertaken to inform consultation with residents to include the need for replacement parking provision.
- h) Masterman House, garage site: To the rear of Masterman House with amenity space on top. Some consultation took place with residents in 2009 when the site was being considered for the next stage of the Homes and Communities Agency challenge fund that is contributing to the current development at Lindley Estate. A consultant has been appointed to produce some initial design work to assess capacity. It is proposed that a design consultant is procured and that outline design work is undertaken to inform consultation with residents to include the need for replacement parking provision.

42. As outlined in Appendix 2, initial estimates indicate that 286 homes could be built, of which 173 would be for social rent, 44 for Social HomeBuy and 69 for private sale. The appendix also sets out the estimated development costs and values, which are also summarised in the financial considerations paragraphs. The range of characteristics would enable a number of different types of properties to be constructed, using different delivery approaches. The development of these sites will allow a detailed assessment of the delivery mechanisms used, which will inform any subsequent development activity by the council. The sub-phasing suggested above is indicative and relates to the

background work that has been done to date. It is proposed that the sites are worked up as indicated in the individual paragraphs.

43. An indicative development programme has been drawn up for the nine Phase 1 sites. It is projected that the sequence of the construction stages across the sites will range from November 2013 to December 2015.

Lettings implications

44. As discussed at paragraph 28, it is suggested that a proportion of new properties in each development are made available to existing tenants living on an estate within an agreed boundary. It is proposed that this proportion is 50% of units. Modelling has been undertaken to provide an indication of demand from local tenants and three potential sites in two locations have been used to demonstrate this. This work is outlined at Appendix 3, and shows that there are households registered in the area of the three sites who could bid for the new homes; any homes not taken up by eligible applicants locally would be made available to other applicants in the normal way. A review of the lettings policy is currently under way, and should incorporate this proposition in its deliberations.

Policy implications

45. The homes delivered as part of the AHF programme will assist in increasing the supply of good quality affordable housing and will contribute the following targets;
 - Policy 5 of the Core Strategy sets a housing target for the borough of 24,450 net new homes between 2011 and 2026 (1,630 per year).
 - The London Plan sets the borough a housing target of 20,050 net new homes between 2011 and 2021 (2,005 per year)
 - Core Strategy policy 6 sets an affordable housing target of 8,558 net affordable housing units between 2011 and 2026.
46. The proposed Extra care provision would assist in meeting the aim in the Mayor of London's draft revised Housing Strategy to increase the supply of extra care housing, with an estimated 16,700 homes required over the next six years.
47. Sharing the benefits of economic growth and regeneration is an underpinning principle in implementation of the Southwark Economic Development strategy 2010 - 2016. The AHF has the potential to support the strategy by engaging with housing partners and council contractors to identify and develop entry points for priority groups to access local employment and training opportunities, promote and develop apprenticeships and work placements and embed local economic benefits into procurement

Community impact statement

48. Southwark is a borough with high levels of deprivation, low median income levels, and high levels of housing need. Southwark's Housing Strategy 2009-2016 identified that there is a shortage of affordable housing in the borough, particularly of larger homes. Households from black and minority ethnic communities tend to be over-represented among those living in overcrowded, poor quality housing.

49. Southwark has an ageing population, particularly those aged 85 plus. By 2020 the number of older people over the age of 85 is expected to grow by 21.0%. There is a shortage of extra care sheltered housing for older people as an alternative to residential care. Surveys of older people have found residential care to be an unpopular housing option among older people.
50. There are similar demographic pressures arising in the disabled population in Southwark. The number of people with learning disabilities is projected to increase by 22% by 2030; this will inevitably create increased demand for ordinary housing options for people with disabilities living in the borough.
51. The proposals to increase the supply of affordable, good quality homes will benefit households in need from all Southwark's communities, and will increase the housing options available for older people and people with disabilities living in Southwark
52. Those living in the vicinity of the new developments may experience some inconvenience and disruption in the short-term, while works are taking place but that communities as a whole will benefit in the longer term from the new homes. In local areas, the effects will be eased, in part by working closely with residents on the delivery process, and also through the specific planning requirements to mitigate the effect of development in that local area.

Investment implications

53. The housing investment programme summary reported to housing investment board includes allocations of affordable housing fund when agreed by Planning Committee. It is proposed that allocations for Phase1 direct delivery will be monitored in the same way. Funds generated by the legal agreements currently in place cannot be used for development of private housing. Resource allocations will therefore need to be managed to ensure that other funds are utilised eg RTB receipts.
54. Resources for directly funded housing delivery are additional to those identified for the existing housing investment programme, which will not be adversely affected by these proposals.

Resource implications

55. The external finance work commissioned for this work has been used to model resource requirements across a potential programme to deliver 1000 affordable homes by 2020. The modelling is based on a range of assumptions including tenure mix, sales values and indexation. Grant Thornton advises that a programme of this scale is likely to have a base cost of between £131 and £153m at current cost levels. There is scope to generate economies through the procurement and delivery processes. Using the assumptions in Appendix 2, if 300 of the 1000 affordable homes were shared ownership units with 25% initial equity sold, £21m would be generated for recycling. Furthermore, if an additional 200 units were directly developed for sale, a surplus of £24m would be produced. In addition, if RTB sales continued at the projected 2013/14 level for a further 5 years, £40m of recyclable receipts would be generated.
56. In terms of the sales administration, in the interest of consistency with other home ownership products offered by the council, it is recommended that the team of officers within HOS already dealing with financial assessments of

tenants purchasing homes under Social HomeBuy or Cash Incentive schemes and rehousing assistance for leaseholders affected by regeneration also provide this service for those purchasing under shared ownership terms for these new build properties. Their input will be necessary in ascertaining the viability of minimum purchase levels, equity rent levels, etc for individual schemes which impact on financial modelling.

57. It may be beneficial to have additional resources/support for the existing resident services officers on these estates, depending on the size of the proposed new developments. As the flats will be newly-built, issues such as disturbance during construction (existing residents) and snagging items post construction (new residents) are likely to arise.

Financial implications

58. This report considers the use of the affordable housing fund, and in particular the significant resources generated by a small number of exceptional recent schemes.

59. Grant Thornton have been commissioned to ensure that the proposals of this report are robust and substantiated. They have examined the planning and value assumptions used in compiling the proposed Phase 1 list of sites and have commented on the development proposals.

60. A range of shared assumptions was used for the Grant Thornton work to model the Phase 1 sites and a further programme. The financial elements have been worked through to compile the estimated Phase 1 development cost to the council of £36.1m (including £1.4m for 9 private units) to be met from the AHF. The receipts delivered from receipts from private sale and Social HomeBuy are estimated at £22.4m.

61. For a further programme to reach 1000 council units, Grant Thornton conclude:
 - The council will require funding from the AHF of between £131m to £153m to deliver this programme; this range increases if costs are assumed to increase by 2.5% p.a. to between £154m and £175m.
 - If market sales are achieved earlier in the programme the lower points of these two bands could be reduced to £119m and £146m respectively.
 - The AHF could be supplemented by the use of Right-to-Buy receipts, which the council estimate to be in the region of £12m over the next two years.
 - Generally across all 50 HRA sites which have been identified so far, there are widely differing opportunities from small sites (as small as one or two units in some cases) to larger mixed tenure developments of up to 80 units, and in one case 268 units. The different tenure mix, capacity and location of each site indicate that one particular delivery/funding route is unlikely to be universally applicable. For example, smaller sites within estates will generally not be attractive to developers looking for market sale opportunities and would tend to be suited for direct development by the council. However, larger mixed tenure sites offer the opportunity to leverage cross-subsidy from sales to provide additional affordable housing units and in these cases the council should consider some form of Joint Venture with a developer.
 - Site appraisals should be undertaken for each site to identify the best approach on a site by site basis. Our current analysis provides an indicative

view only of the scale of funds required to deliver this programme and individual site appraisals will enable the assumptions we have used here, for example in terms of costs and sales value, to be refined on a site-by-site basis taking into account local factors, and for the council to maximise, where appropriate, opportunities to generate income from private sales on mixed tenure sites.

62. Davis Langdon have been commissioned to work on guideline development costs for new housing, both for planning the overall programme strategy and to assist the council in setting budgets for individual projects. Davis Langdon cost advice has been used in the summaries of development above and will provide a cost framework for further working up the schemes.
63. As outlined above, some developments would be a mix of socially rented units, part-buy / part-rent and housing for sale. For the market housing, the council could expect to use the surplus between sales value and construction costs / overheads as a receipt for recycling. For the shared ownership properties, there will be an element of initial capital receipts and potential future receipts if further equity is purchased, as well as revenue income. The new developments will generate a new long term rental stream for the HRA, with repair and maintenance, and major repair requirements lower than average in the early years. The rental stream will be subject to reduction through stock lost to the RTB. As pointed out in paragraph 37, the loss will be mitigated by the cost floor regulations; also, most proceeds of any RTB sales of new stock will be available for use for further development.
64. Following the introduction of the new RTB regulations increasing maximum discount to £75,000, the CLG issued guidelines about the retention of capital receipts from the RTB sale of additional units for authorities to invest in new affordable rented homes. The CLG have calculated Southwark's anticipated level of sales as 40 per year. Beyond 40 properties, most of the receipts would be retained for development of new stock. The CLG guidance explains RTB receipts can be used for a full range of expenditure relating to new build, but only up to 30% of the cost of providing each new unit. Development would need to commence within 3 years of the receipts being generated.
65. CLG has confirmed its consent for the council to retain RTB receipts for the development of new homes. It is proposed that the receipts would supplement the other resources in the AHF. The increase in discount has led to a substantial increase in the number of RTB applications submitted, but as yet, no firm projection can be made of the rate of conversion to completed sales. If 100 RTB sales were completed in 2012/13 at average values, approximately £4.4m would be available for development of new homes. If 150 RTB sales were completed in 2013/14, approximately £8m would be generated for development purposes.
66. There is a requirement for feasibility and design fee expenditure to be met from the HIP prior to scheme resource allocations being made from the Affordable Housing Fund by Planning Committee. In addition some resources will be needed for the development of housing for sale prior to its disposal. The Phase 1 table identifies 9 units to be delivered in this fashion, to be funded from the HIP if necessary and reimbursed, along with the surplus to the AHF.

Property and home ownership considerations

67. Appraisals have been undertaken for sites in the proposed Phase 1 and consideration has been given to the potential capital receipt that has been foregone by not disposing of them on the open market and the impact that this will have on the Housing Revenue Account, and in particular the housing investment programme.
68. Sites selected for direct delivery will be regularly scrutinised to ensure that they deliver the optimum number of units. In the case of the for sale and shared ownership units delivered as part of the overall programme, it will be vital that the council regularly reviews market information and procures professional opinion to ensure that these units satisfy market demand and maximises return to the council. This could provide an important and significant cross subsidy to the delivery of the social rented units.
69. The General Consents are regularly revised every five to seven years. The latest incarnation has a number of what appear to be elementary drafting errors, the effect of which has been to restrict the types of disposal which can be made in comparison to the previous version. From the consultation that CLG carried out, it is clear that this is not what was intended. In fact, CLG's aim, as stated in their consultation with local authorities, was to simplify and streamline processes rather than add complexity to them. The HOS officers have written to the CLG, alerting them to these issues and laying out the effects they have on existing and proposed disposals policies including that expressed in this paper. CLG have responded positively and it is anticipated that the General Consents will then be further revised well before the time the council is in a position to commence its first disposal.

Procurement considerations

70. A separate Gateway 1 report is in preparation (in consultation with corporate procurement and the council's contracts section) for the Phase 1 programme, which will set out the recommended procurement strategy for formal approval. A preview of the strategic options and considerations for procuring professional services and construction is summarised, as follows:
 - EU procurement route. Estimated costs indicate that the European public contracts directive (2004/18/EC) will apply to both professional services and construction for the Phase 1 programme. Procurement under EU regulations is a relatively lengthy statutory process, which would constrain progress in starting up the programme at a time when the council would wish to gain momentum. It also does not add balancing advantages over other approaches outlined below. Use of an appropriate existing EU-compliant arrangement (such as those described below), however, would both save time and offer other benefits to the programme.
 - Use of the LEP. Southwark completed procurement of its Local Education Partnership (LEP), 4 Futures, in May 2009 to deliver the council's £200m BSF programme. The OJEU notice for the LEP included an upper threshold of £400m. The Council therefore has the flexibility to procure up to an additional £200m worth of works and services through 4 Futures. The OJEU notice defined the nature of the works and services that can be procured through 4 Futures and the notice was drafted widely to give the council flexibility, including building, facilities management, ICT and

advisory services. When considering 4 Futures for the delivery of new projects consideration needs to be given to the potential for any legal challenge by alternative suppliers and the need to align projects with the 4 Futures' core business either with similar clients and/or similar services. 4 Futures' involvement in the delivery of residential developments is considered to represent an increased risk of legal challenge when compared to education or community/leisure projects. Also, in the short and medium term there is a significant investment programme anticipated within the schools estate. It is expected that 4 Futures will form a key part of the overall procurement solution to deliver this programme and as such the headroom remaining within the original procurement value should be focussed on the delivery of these projects.

- Use of iESE framework arrangements. The Improvement & Efficiency South East (iESE) regional framework arrangements were established in 2007 by OGC Buying Solutions (now known as Government Procurement Services or GPS) in conjunction with a consortium of public bodies in the south-east region led by Hampshire County Council in order to assist authorities in the efficient and effective delivery of construction projects of over £1 million in value. The arrangements comprise two regional frameworks, namely, a construction framework with eight contractors and a professional services framework with twelve multi-disciplinary professional consultants (based on the GPS framework). Southwark Council is one of over 70 public sector organisations eligible to use the arrangements. Use of the iESE framework arrangements would bring the following benefits:
 - The time and costs of running tender processes in compliance with the Public Contracts Regulations 2006 would be avoided as the iESE Framework already complies
 - The framework arrangements and processes offer flexibility in the choice of form of contract, including design and build
 - The early involvement of the contractor by means of a transparent two-stage appointment process, facilitating a highly integrated design and build approach
 - The framework arrangements and processes actively promote value for money, cost and programme certainty, high quality performance and effective control of risk.
 - The iESE arrangements usually employ a design and build approach. Typically, the professional services consultant is responsible for producing a scheme design, obtaining planning consent, preparing the Employer's Requirements, tender invitation for works and evaluation, acting as Employer's Agent and providing technical and design advice as necessary. The contractor's appointment is in two stages: first, for pre-construction services, comprising advice on buildability, development of the design in detail, packaging and pricing the works in the form of Contractor's Proposals and, second, for construction on site. The selection of both professional services consultant and contractor is by mini-competition from within the respective, framework. The iESE framework arrangements have been previously used by the council with considerable success, for example, in the design and fit-out of office accommodation at Queens Road.
- Use of other frameworks. Use of arrangements managed by Scape, a local authority controlled company based in the Midlands, has been considered. Their framework for construction work has been rejected, however, as it includes (amongst other limitations) a single contractor only. This would preclude the option of dividing the Phase 1 projects into, say, two packages

for construction, each with its own contractor, should the council wish to spread its risk. It may be possible to buy into existing frameworks managed by individual organisations but this would need considerable research and is unlikely to offer any greater benefit than the iESE regional framework arrangements, which have been tailored to the needs of the constituent authorities, including Southwark Council.

71. The component schemes in Phase 1 have been worked up individually to a greater or lesser extent previously. It is envisaged that a range of procurement approaches will be used as described in paragraph 41 and summarised below:

Phase 1A

- i. Willow Walk: Gateway 1 approval for this project already exists for a design and build approach using iESE framework arrangements. The design and construction of the general needs housing and temporary accommodation elements are to be combined in a single works contract. The professional services consultant is already appointed and a Gateway 2 decision on the appointment of the works contractor, initially for pre-construction services, is imminent.
- ii. Nunhead Green Site B: The procurement of the professional services consultant using the iESE/GPS framework is in progress. This includes provisions to ensure close co-ordination with the development of proposals for private housing and community centre on Site B. It is envisaged that the procurement of the works contractor will be through use of the iESE contractor framework either as a stand alone appointment or as part of a package comprising projects from Phase 1B.

Phase 1B

- iii. It is envisaged that a single professional services consultancy will be procured using the iESE/GPS framework for the remaining projects. The professional services consultancy will comprise a multi-disciplinary team and the mini-competition is likely to stipulate a minimum of two architects with highly developed skills and experience in social housing is to be included in the team. An exception may be made in respect of the Gatebeck House and Southdown House sites at East Dulwich Estate, where the existing architect, Baily Garner, has already developed design proposals in considerable detail and a planning application is imminent. In order to ensure continuity in design approach and to achieve the fastest start on site, it may be beneficial to the council to negotiate an extension to their existing appointment, provided the cost of fees does not exceed the EU procurement threshold for services and acceptable value for money can be demonstrated. The approach envisaged for the procurement of works is, similarly, through the iESE contractor framework, but comprising two packages so that the council spreads the risk in terms of contractor performance. Soft market testing indicates keen interest among the iESE framework contractors to bid for work based on such packaging.

Planning considerations

72. The principal assessment from the Planning perspective will relate to the delivery of new affordable housing, beyond what any site may be providing in its own right. From July 2013 only five S106 agreements signed after the 1 April 2010

can be pooled for each scheme which will require close liaison between Housing and Planning to ensure the identified funds can be effectively used.

73. As set out in paragraphs 14 to 16, national, regional and local policy make the presumption that affordable housing will be delivered on-site as part of the development. Where it is robustly justified that affordable housing cannot be delivered on-site or off-site, a financial contribution will be considered. Southwark's policy and guidance on this process is set out in the Core Strategy 2011, draft Affordable Housing SPD (2011) and the adopted Affordable Housing SPD (2008). This is in accordance with national and regional policy.
74. The SPDs currently set out that where a financial contribution is acceptable this is used to deliver new affordable housing. This is in accordance with the London Plan. However, the NPPF envisages commuted sums may be spent on existing housing.
75. As set out in paragraphs 17 and 18, the GLA are currently not supportive of the NPPF approach, and through their revised Early Alteration to the London Plan (currently out for consultation), propose to introduce wording into policy 3.12 to require commuted sums to be ring-fenced for affordable housing, as well as specifying that it is not appropriate to use a commuted sum for any other purpose other than maximizing the delivery of additional affordable housing. However, the London Plan policy needs to be in general conformity with national policy, and the proposed alteration would be contrary to the NPPF. The approach to spending commuted sums on existing housing stock will need to be reviewed following the London Plan Examination in Public into their alterations to the London Plan.
76. Southwark's Affordable Housing SPD would also need to be updated to reflect the priorities to spend the AHF on existing housing as well as new affordable housing.

Economic considerations

77. The council has a good record of delivering initiatives that increase access to jobs, apprenticeships, skills training and supply chain contracts to Southwark people and small businesses through its regeneration programmes and existing Decent Homes programme. The delivery of new homes and improvement of existing stock through the AHF has the potential to generate substantial economic benefits in the borough, requirements should therefore be built into tender criteria, contracts and planning agreements that secure engagement with economic development officers and commitment to delivering access to jobs, apprenticeships, skills training and supply chain contracts locally. Detailed mechanisms for securing such local economic benefits will vary across the potential delivery options for use of the AHF; in particular a substantial council-led build programme may provide opportunity for an innovative and co-ordinated programme across multiple sites.

Other service considerations

78. Children's Services are currently preparing a strategy to meet the need for additional primary school places as a consequence of the forecast growth in the borough's school population and this strategy is taking into account the additional population that is forecast as a result, among others, of the provision of additional housing.

79. The Future Vision for Social Care approved by the cabinet in April 2011 commits the council to shifting the balance away from residential care to community based provision and most notably extra care housing. Where elderly residents and people with disabilities, can maintain choice, independence and control over their life, regardless of their despite level of frailty or disability.
80. The Shadow Health and Well Being Board agreed that promotion of independence and self reliance would be one of the core themes of the Health and Well Being Strategy in Southwark. Again extra care will be a key vehicle to support the delivery of this key theme for our older population.
81. Southwark Adult Social Care Business Plan 2010-2013 stresses the council's commitment to 'Review and further develop extra care sheltered and supported housing models' The provision of additional units of extra care is a significant aspect of the council's budgetary plans to shift the balance of care away from over reliance on unsuitable and expensive residential care for older people and people with disabilities. Currently the average unit cost of extra care is £175 per week compared to £600 per week for residential care.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

Governance and Planning Legal Issues

82. Members of cabinet are requested to make an 'in-principle' decision concerning the strategy for investment of commuted sums currently comprised or expected in the Affordable Housing Fund (AHF) towards the provision of new affordable housing in the borough. The decision is within the remit of cabinet's responsibilities for:
 - resources and priorities (function 3, Part 3B of the Constitution) and
 - devising strategies and programmes for the implementation of the planning policy framework set by the council (function 4, Part 3B of the Constitution).
83. The AHF comprises a pool of financial contributions obtained pursuant to planning agreements under Section 106 of the Town and Country Planning Act 1990 which are ring-fenced for the delivery of new affordable housing. Any future decisions to expend Section 106 contributions would be subject to the following considerations:
 - a. The specific and legally binding provisions and restrictions of the extant S106 agreements which form the source of the AHF funding and which will require expenditure towards provision of new affordable housing;
 - b. Regulation 122 of the Community Infrastructure Regulations 2010 imposes certain limitations on the form, nature and expenditure of obligations such that any financial contributions must be:
 - i. Necessary to make the development acceptable in planning terms;
 - ii. Directly related to the development;
 - iii. Fairly and reasonably related in scale and kind to the development;

- c. Regulation 123 of the Community Infrastructure Regulations 2010, with effect from April 2014 restricts the ability of local authorities to pool more than five financial contributions if by that date the authority in question has adopted a charging schedule, namely a tariff based system for the provision of infrastructure pursuant to the Regulations. Whilst Section 106 agreements will continue to regulate in-kind and financial provision for new affordable housing, the council will effectively be able to pool no more than five contributions once it has adopted a CIL Schedule.

- 84. The report sets out the planning policy implications in terms of achieving the requisite affordable housing targets which these recommendations will contribute to. As the investment programme develops appropriate financial and governance arrangements are needed to ensure strategic oversight of the project and in particular the compliance with the objectives of national and local planning policies to achieve balanced mixed tenure communities.
- 85. It is noted that this report does not propose expenditure of existing AHF sums towards any other activity but new affordable housing. As such legal, financial and transactional arrangements to deliver Phase 1 of the wider Direct Delivery programme should ensure that AHF investment is ring-fenced for use towards new affordable housing and associated costs. This will need to be reflected in any planning, contractual, procurement or land transaction mechanisms used to deliver Phase 1.
- 86. It is recommended that members may make this in principle strategic decision which is within cabinet's constitutional remit. Members are advised to note that future decisions concerning specific expenditure would be taken in accordance with the above considerations, in consultation with community councils (Part 3H of the Constitution) and the matters reserved to planning committee in respect of expenditure of Section 106 monies which exceeds £100,000.

Property Issues

- 87. Should the council opt to deliver the new housing and retain ownership and management of it, sales of units via outright sale or shared ownership would need to be effected via s32 of the Housing Act 1985, as amended, for which the consent of the Secretary of State is required. A number of general consents have been issued in the General Housing Consents 2012("the General Consents"). Consent for individual disposals would be covered by the General Consents or by specific consent for individual units should the type of disposal not be covered by those.
- 88. It is noted that disposals of land or property may be necessary to implement investment of AHF funds. In the case other disposal of land and property where the market value exceeds £500,000, approval is reserved to cabinet under Part 3C of the Constitution, excluding Right to Buy and Leasehold Reform Act cases.

Procurement

- 89. The report also sets out the options available to the council in relation to future procurement of Phase 1. In view of the anticipated value of the construction works and associated technical consultancy services which would be required and the profile of the scheme, the procurement exercises involved are likely to be "strategic procurements" as defined within the council's Contract Standing

Orders ("CSOs") and, as such, decisions relating to the procurement strategy and contract award/s must be taken by the cabinet in line with CSOs.

90. Under the Constitution certain decisions may be delegated by the prescribed decision maker. The cabinet may delegate decisions relating to procurement issues to chief officers but not to individual cabinet members. However, under the Strong Leader model reflected in the Constitution, the Leader may exercise his discretion to delegate a decision to a cabinet member.

Strategic Director of Finance and Corporate Services (CR/F&CS/04/10/12)

91. This report is recommending that cabinet agree to a number of delivery priorities for the Affordable Housing Fund as outlined, instructing officers to develop a medium and long term affordable housing fund programme with supporting financial framework.
92. The delivery options and investment areas outlined in the report are noted; investment in new housing in the borough is a key strategic priority and the financial framework to generate, map and manage reinvestment of affordable housing receipts should be robust and supportive of Southwark's core strategy.
93. Delivery of new housing presents significant risks to the council, and officers should ensure that programming and use of affordable housing monies is realistic, transparent and viable, and adheres to decision-making and policy requirements. Consideration of funds for use in any development should always be with a view to mitigating the council's financial risk exposure whilst supporting scheme delivery.
94. The cost of officer time taken to administer the fund and on decision-making and reporting through the housing investment board will be met from within existing staffing establishments.

REASONS FOR URGENCY

95. Due to a London-wide shortage of affordable housing, the council's housing waiting list is growing on a monthly basis. This general shortage, as well as placing extra financial pressures on the council through our duty to house individuals in need in temporary accommodation, has left many individuals in Southwark in need of decent stable housing. The council has set an indicative development programme for delivery of Phase 1 of our directly funded housing as referenced at paragraph 43 to take steps to address this housing need with the first stage of delivery by November 2013. Delivery by 2013 will require work to begin on gateway reports for Willow Walk, Nunhead Green and the East Dulwich Estate before the end of October 2012. Failure to begin to deliver Phase 1 by November 2013 will by implication lead to a continued higher financial burden on the council and continued higher level of local housing need.

REASONS FOR LATENESS

96. The report requires financial estimates and assumptions from 2 firms of external consultants. Their input was received, but the validation and incorporation of their work into the report continued up to the submission deadline.

97. Paragraph 13 provides details of a very recent decision of Planning Committee concerning a consent at 1 Blackfriars Road and its Stage II referral to the GLA. GLA officers have advised that they would like to consider the Stage II referral in respect of Blackfriars Road site in the light of firm proposals for the use of in lieu payments generally. This report has also been delayed to enable discussions to take place with the GLA as to the direct delivery programme.

BACKGROUND PAPERS

Background Papers	Held At	Contact
None		

APPENDICES

No	Title
Appendix 1	Draft design brief
Appendix 2	Phase 1 sites proposed
Appendix 3	New homes and local lettings modelling

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Tim Bostridge, Principal Project Officer (Development)	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
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Cabinet Member	Yes	Yes
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