

Item No. 15.	Classification: Open	Date: 19 July 2016	Meeting Name: Cabinet
Report title:		New Homes Delivery Programme	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES

Southwark Council continues to tackle the housing crisis head-on by delivering new homes of all kinds for our residents, a key part of this work is our ground-breaking programme to build 11,000 new council homes, with the first 1,500 delivered by the end of 2018. To date 159 new council homes have already been completed, with a further 157 to complete this financial year with a further 554 to start on site. We continue to identify new sites and consult with local residents on these proposed sites before a decision is taken on whether to proceed with them or not.

The new homes we are building are of the highest quality and the new homes at Willow Walk have been recognised by the national Local Authority Building Control Awards. We are ensuring that quality in delivery continues by using our Southwark Council Housing Design Guide which sets out clearly the standards that our architects and delivery partners must meet or exceed. Working in partnership with our residents is key to the success of this programme, and this report sets out the thorough consultation process for all of the sites where we intend to build new council homes.

RECOMMENDATIONS

1. Notes the progress at the end of May 2016 on the new build programme and the interim target to deliver 1500 homes by 2018.
2. Notes that the business plan supports the delivery of 1500 homes.
3. Recommends that a further paper be brought to cabinet later in autumn 2016 outlining options for the long term plan for the provision of homes as part of a refresh of the wider housing strategy.

BACKGROUND INFORMATION

4. The cabinet established the Independent Housing Commission in January 2012 in order to secure an unbiased perspective and make recommendations and conclusions for an investment strategy of up to 30 years. On 16 July 2013 cabinet considered the conclusions and next steps following community and stakeholder engagement and set out the council vision to deliver 11,000 new homes by 2043.
5. On 27 January 2015 cabinet agreed its new long term housing strategy for the borough including specific commitments for increasing housing supply, including building 11,000 new council homes for social rent by 2043 (including

1,500 by 2018), 'delivering the successor to our 'warm, dry and safe' housing investment programme', as well as taking a longer term view of measures to improve the housing stock over the duration of the strategy.

6. On 25 February 2015 council assembly endorsed the Council Plan to 2017/18 which included the Fairer Future Promise, Quality affordable homes, which states 'We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.'
7. The council has set out its vision for the future of council housing and has continued its detailed conversation with residents about this.
8. In September 2015 cabinet received an update on the new homes delivery programme, approved new sites and delegated the approval of future schemes for inclusion in the New Homes Programme to the cabinet member for regeneration and new homes.
9. On 12 May 2016 Royal Assent was given to the Housing and Planning Act 2016 dramatically changing the landscape in which social housing providers and Southwark are operating. The impact, alongside the 1% rent reductions included for 2016 to 2019 enacted in the Welfare Reform and Work Bill 2015-16 that received royal assent on the 16 March 2016, will dramatically change the sector. Organisations across the country, including Southwark, will need to assess how to respond to these changes.

KEY ISSUES FOR CONSIDERATION

What has been achieved – overall position

10. The council has already delivered 159 council homes for residents across Southwark.
11. A further 244 council homes are on site.
12. There is already an approved pipeline of estimated over 1200 council homes for 2018, see appendix 1b for further details of the pipeline.
13. Initial consultation with residents is underway in line with the Charter of Principles at further sites prior to seeking delegated approval for inclusion in the New Homes Programme from the cabinet member for regeneration.
14. These new schemes along with section 106 (s106) purchases, building on top schemes (where the council will build on top of existing homes) and the on-going hidden homes programme will make up the remaining homes pipeline for the delivery of 1500 council homes by 2018.
15. The business plan, based on current assumptions of resources and expenditure, continues to support the delivery of 1500 council homes by 2018.

Legislative changes implications – overall position

16. The Welfare Reform & Work Act 2016 gained Royal Assent on 16 March 2016. A key policy change prescribed in the Act was an annual 1% reduction in social

housing rental income for four years starting from 1 April 2016. The original guidance had been that social housing rents would increase by CPI+1%. This is the first time that there has been a legislative requirement on social housing providers to set rents at a certain level, as previously Government rent setting policy was offered only as guidance. This policy equates to a £62.5m loss in rental income to the Council's Housing Revenue Account (HRA) over those four years. This increases to a loss of £820m over the thirty years of the business plan, a significant decrease in resources.

17. The Housing & Planning Act gained Royal Assent on 12 May 2016. Within the Act there are a number of areas which will have a negative financial impact on the HRA. One of these areas is where Councils will be required to consider selling their vacant higher value assets. The Government will issue a levy at the start of the year based on estimates of voids but the Council does not have to sell every individual higher value vacant property as it can consider the overall resource position and the impacts of different scenarios on the business plan. However, the Council will still be required to pay the levy no matter how it is resourced. The payment could be reduced if the money is spent on housing or things that will facilitate the provision of housing. In London the council 'levy' could be reduced if councils build two replacement homes, though not necessarily of the same type of affordable housing. At this stage there is no indication of the scale of the levy payable and the business plan assumes a neutral impact i.e. the actual receipts received from the sale of voids equals the levy payable. In practical terms, the levy may be set at such a high level that it may not be possible to sell void properties to match the levy, which would have a further detrimental impact on the HRA. Additionally, selling high value voids will result in a loss of rent income from properties with proportionately higher rents.
18. Another policy change within the Housing & Planning Act is the "Pay to Stay" policy. 'High income' local authority tenants will have to pay a higher rent from 2017/18. The high household income threshold will be set at £40k in London increased annually by CPI. Although the impact of this policy is intended to be cost neutral to the Council, in reality there will be an administrative burden which may not be fully funded. The Council will be able to retain an administration fee but obtaining and checking the incomes of our tenants, and issuing rent adjustments could be a very expensive exercise and could exceed this. The policy will have a significant impact on some existing residents' disposable incomes, which could potentially lead to increased arrears and homelessness. The policy change is also likely to lead to increases in right to buy applications in order to avoid paying higher rents.
19. The resources available to fund the overall HRA capital programme should be reviewed to ensure we are maximising all potential sources of funding. This may include policy changes which could increase resources, for example, requesting that developers provide financial contributions rather than provide affordable housing.
20. The policy changes have created a more challenging environment for social housing providers with considerably less resources available to meet required local demands and ambitions.

What has been achieved – direct delivery of new homes

21. The Willow Walk site previously housed temporary accommodation and was developed to create a total of 75 council homes through two blocks of accommodation. Ros Stark house was completed in August 2015 and is now providing 54 short stay accommodation units. 1 O'Reilly Street, completed in November 2015 is now providing residents homes in 21 general needs housing units in the form of flats for social rent. This development has been recognised and placed as highly commended at the LABC Building Excellence Awards 2016 within the “Best social or affordable new housing development” category.

22. There are a further 8 developments that are on site, delivering 162 council rented homes, 30 intermediate homes, 9 homes for outright sale, a commercial unit and a community centre. Appendix 3 includes pictures of the completed scheme at Willow Walk, along with others currently on site. These homes are expected to be completed by quarter 2 of 2016/17, except Sumner Road which has just started. A number of these developments have been named following consultation with local residents. The new addresses are noted in brackets.

- Gatebeck House
- Southdown House
- Clifton Estate Garages (Parish Apartments)
- Cator Street Extra Care (Tayo Situ House)
- Masterman House Garages (Piper Court)
- 169 Long Lane (Villiers Court)
- Nunhead Site B (Candle Grove / Nunhead Lane)
- Sumner Road

23. There are a further 24 sites identified where consultation is continuing in line with the Charter of Principles.

- Daniels Road Car Park
- Lugard Road Garages
- Fenham Road Garages
- Haddonfield Estate garages
- Commercial Way
- Pelier Street
- Welsford Street Garages
- 95A Meeting House Lane
- Goschen Estate
- Renforth Street Car Park, Canada Estate
- Tenda Road Car park
- 35-41 Nunhead Lane
- Kinglake Street Garages
- Lakanal Shops New Build
- Rye Hill Park Garages
- Edmonton Court
- 39-44 Rutley Close
- Seavington House and Garages
- Salisbury Est Car Park (Balfour Street)
- Mayflower T&RA Hall
- Tissington/Silverlock Estate underground garages

- Sceaux Gardens (Florian and Racine inc some garages)
 - Abbeyfield Estate - Bede Centre site
 - Maydew House (additional build on top).
24. Employers Agents and Architects have been appointed through an existing OJEU compliant frameworks available for use by local authorities. Approval was given to enter into joining agreements with Peabody and Hyde to use their framework agreements. The architects will design the schemes to achieve planning and enable the schemes to be tendered on a design and build basis.
 25. Three gateway 1 reports have been approved to procure contractors for schemes listed above and future schemes up to March 2019, the Gateways covers; schemes under OJEU procurement levels (£4.1m), over OJEU levels up to £10m, and over £10m, which was approved by Cabinet on 7 June 2016.
 26. Consultation is underway with residents on a number of other potential sites for inclusion in the programme, in line with the process agreed by Cabinet on 15 September. These sites will then be included in an IDM for the cabinet member for new homes and regeneration.
 27. A number of local people have benefited from employment (54) and apprenticeships (2) from the new homes delivery schemes currently on site, and targets will be established for contractors to meet in line with KPIs established this year.

Hidden Homes Programme

28. Hidden Homes programme delivers new homes in existing properties or estates. The programme has already delivered 28 new council homes and aims to deliver a further 72 homes by 2018. In the last financial year new council homes have been delivered at Dombey House, Nickleby House and Tapley House.

Building on top

29. The council is currently investigating whether it will be possible to build additional units on top of the existing homes.
30. Some possible opportunities are being investigated further and discussed with residents in line with the Charter of Principles. If residents support in principle the possibility of helping deliver more homes then more detailed structural surveys would be carried out to see if the proposals were technically feasible and viable.
31. Building on top has a number of potential advantages including the extra council homes that it will deliver and there being no additional land requirement. It is expected that the residents of the blocks will benefit from additional works such as roofing work and building cladding that will improve thermal comfort and reduce resident's bills.
32. Officers are investigating a number of existing buildings where additional units have been added on top in order to learn lessons and find innovative design. This will ensure that any project involving building on top in Southwark will deliver homes that the borough can be proud of for years to come.

What has been achieved –Southwark Regeneration

33. The Southwark Regeneration in Partnership Programme (SRPP) is currently made up of 18 sites, packaged into two lots (Lot A and B), that will deliver over 500 new council homes of which approximately 288 will be delivered in 2018.
34. Design feasibility and pre-application assessments have been undertaken for all of these sites. Consultation is underway in line with the Charter of Principles for all of these sites (except for Southwark Park Road and Fred Francis Day Centre which were undergoing service user consultations). A majority of the sites have completed Stage 2 design and feasibility and planning applications are being progressed for the following sites within as 'quick win' sites, in order to achieve start of site within 2016/17:
- Civic Centre, Albion Street, SE16
 - Shops & Council Offices, Manor Place/Stopford Road, SE17
 - Workshops, 42 Braganza Street, SE17
 - Car Park Site Copeland Road, SE15
 - Flaxyard Site Sumner Road, SE15
 - Petrol Station, 233-247 Old Kent Rd, SE1
 - Land at Peckham Library Square Peckham High Street, SE15
 - 21/23 Parkhouse Street, SE5
35. Design development is also progressing on South Dock Marina Boatyard. Following feedback from earlier consultation, the original proposals are being revised with new designs that will address concerns about height and massing. These will be presented to the public in September 2016 and it is expected that the scheme will be procured separately later in the year.

Scheme Category	Site Name	Social Rent	Intermediate	Market	Grand Total
SRiP Phase 1 Lot A	South Dock Marina Plough Way SE16	65	42	107	214
	Kennington Business Centre, 42 Braganza Street SE17	18	0	15	33
	Civic Centre, Albion Street SE16	22	0	0	22
	Manor Place Terrace, Manor Place SE17	30	0	30	60
	Day Centre, 345 Southwark Park Road SE16	15	0	20	35
	Cherry Gardens School, Macks Road SE16	15	19	16	50
	Land at Albion Primary School, Renforth Street SE16	49	0	0	49
	Seven Island Leisure Centre, 70-86 Lower Road SE16	24	17	47	88
SRiP Phase 1 Lot A Total		238	78	235	551
SRiP Phase 1 Lot B	Car Park Site Copeland Road SE15	25	17	25	67
	Sumner House, Sumner Road SE15	0	0	48	48
	Flaxyard Site Sumner Road SE15	100	26	0	126
	Petrol Station, 233-247 Old Kent Rd SE1	12	0	13	25
	Peckham Library Square Peckham High Street SE15	6	3	10	19
	21/23 Parkhouse Street SE5	10	2	20	32
	Wickway Community Centre, St. Georges Way SE15	20	15	30	65
	Land at Angel Oak Academy Chandler Way SE15	27	10	27	64
	Land Wyndham Road and Redcar Street SE5	74	0	40	114
	Fred Francis Centre, 269 Lordship Lane SE22	16	0	16	32
SRiP Phase 1 Lot B Total		290	73	229	592

36. The Greater London Authority has confirmed £50m funding for two housing zones, Canada Water and Old Kent Road-Peckham, as part of the £600m in funding made available by the Mayor and government for the construction of 75,000 new homes. This will enable funding necessary to ensure delivery of the proposed affordable housing.
37. The two lots were tendered through the London Development Panel Framework. Bids have been received for Lot B and are being evaluated; however, there was no bid for Lot A. A few of the Lot A bidders have commented on market uncertainties at the moment, particularly for the sale of the high value private properties. This is consistent with the council's own research and feedback which clearly demonstrates that in high value areas the market for private sales has stagnated due to factors outside the council's control such as government interventions on stamp duty and buy-to-let, Brexit and general market uncertainty.
38. Officers are addressing this general market uncertainty by repackaging the sites to improve marketability by lowering development risks with the aim of retendering in the summer. To this end, officers are continuing efforts to complete public consultation, submit planning applications, initiate the Housing Zone funding draw down process and achieve vacant possession.

What has been achieved – Section 106 (s106) purchases

39. It was always envisaged that s106 purchases would contribute to the delivery of new homes. The council has secured two sites that will deliver new council homes. In 2015/16 the council has purchased homes on two developments delivering 80 social rented homes as well as 10 intermediate homes.
 - Surrey Docks will hand over the first block of homes early in 2016/17 with the rest handed over later in the year.
 - Blackfriars will not complete until 2017/18.
40. The council is in talks with developers over further s106 purchases across several sites. The council are investigating a number of potential s106 acquisitions to complement those already completed. These negotiations are commercially confidential and are at risk however it is expected that the target of 200 will be achieved. Approaches are being made to developers who have not identified a registered provider for their s106 affordable housing to determine whether the target could be reviewed upwards.

What has been achieved – Leathermarket CBS

41. Funding has been provided by the council in order for a development of 27 New Homes at Weston Street Garages (Kipling Garages) to go through the design and planning process. The scheme is due to start on site later in 2016.

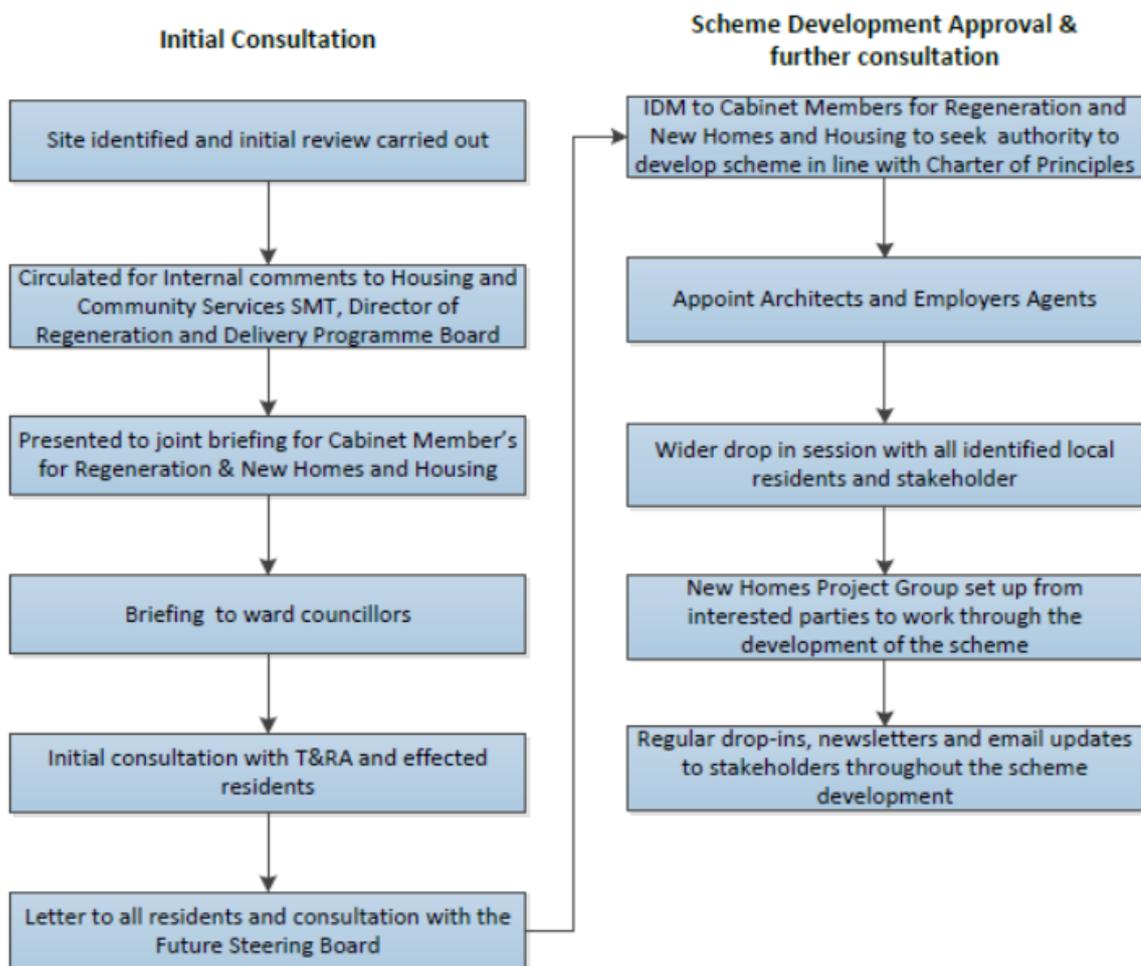
What has been achieved – Charter of Principles

42. The council has committed to a four-stage consultation approach to ensure residents' views remain central to decisions relating to the delivery of the 11,000 new council homes.

Stage	11,000 council homes – stages of public consultation	Time frame	Update
Stage 1	Charter of Principles	August – October 2014	Completed
Stage 2	Borough-wide principles for development	January – September 2015	Completed
Stage 3	Estate-by-estate/ site specific engagement	Autumn 2015 onwards	Ongoing
Stage 4	Engagement with local residents around involvement in management of new homes	As various projects near completion	

43. Stage 1 of the consultation was completed in October 2014, with cabinet approving the resulting Charter of Principles - a framework for consulting residents of Southwark on the on-going delivery of 11,000 new council homes - on 18 November 2014. Over 2,000 responses were received at this stage of consultation, demonstrating the potential for resident involvement in this historic project.
44. Stage 2 was completed in September 2015 with a report going to cabinet in November 2015. This established borough wide principles for development. Over 2,500 people took part in the consultation focusing on where we could build the 11,000 new council homes, what these homes look should like and how we can we make these homes and neighbourhoods better places to live. Cabinet acknowledged the significant number of responses indicating the importance of high quality design indistinguishable from private housing, safe and well-lit areas and good access to public transport and GPs. Cabinet also noted that the majority of respondents expressed that new council homes should be highly energy efficient, well sound-proofed and spacious to cater for families, and for there to be well-maintained green space, communal sports facilities and opportunities for residents to interact at community events.
45. The feedback has been further incorporated into delivery plans through the design guide that has been delivered which in turn informs the employers requirements that are in the process of being agreed.
46. Stage 2 included an interactive map for suggestion on where homes could be built and the list of suggested sites have been passed to planning for an initial investigation into their feasibility. In total we received 92 responses:
- 46 responses were not taken forward in terms of identifying new sites as they either suggested where not to build, were comments unrelated to building council homes, unclear or vague, referred to a permitted development site or related to a site with a land use designation (such as open space) which would limit opportunities for redevelopment
 - 19 responses were on privately owned land
 - 28 sites where identified on council land require further investigation and, if viable, will be taken forward in line with the Charter of Principles
47. Initial feedback and a map of the 28 sites identified for further investigation is included in Appendices 2a and 2b.

48. Stage 3 of the 11,000 new council homes consultation is also now underway with consultation plans for each new site, in line with the Charter of Principles. A location-specific plan of engagement is planned for each site to ensure that all residents and local stakeholders can be involved in the development of new homes.
49. For all the sites identified since the agreement of the Charter of Principles consultation has included a variety of ways that residents can be involved using the location-specific plan of engagement. In general this has followed the format below, although specific engagement plans will be drawn up depending on the site and feedback from stakeholders.



50. Response to the consultation and proposals has generally been positive though this does vary depending on the site and proposals. Following the initial drop-in sessions, in most cases a New Homes Project Group is established. In order that those taking part in the group can play an active role, the initial meeting is chaired by a 'Tenant's Friend', and includes a training session. The groups are formed on a task and finish basis and will continue to meet throughout the life of the project, as outlined below. Where there is insufficient interest in forming a group, the consultation is tailored appropriately, and could include additional drop-in sessions, newsletters and attendance at T&RA meetings.

51. The New Homes Project Groups (NHPG) will:
- act as the first point of consultation throughout the life of the project and to consider and make comment on the following key issues related to the development
 - advise the council on how to ensure all residents affected by the site have an opportunity to comment on and review any proposals, and support the council in delivering local engagement
 - ensure that the Council are aware of local issues that might impact on the proposals
 - identify local priorities that could be met and benefits that might be delivered alongside the scheme or ways to improve the estate as part of the scheme.
 - ensure that the council provides information in a timely and appropriate way to the NHPG and residents affected by the development
 - comment on and advise the Council on significant publicity material the council produces linked to the delivery of the new homes
 - continue to meet during the delivery phase of the project to gather resident feed back on delivery progress and discuss and propose solutions to issues that arise during delivery phase
 - monitor the progress of the delivery of the new homes by providing feed back to monthly contractors monitoring meetings and raise any queries regarding the progress/ manner in which the build is progressing.
52. Stage 4 of the consultation is engagement with local residents around involvement in management of new homes. Where new homes are built close to existing TMOs discussions will take place about the new homes being managed through the local TMO.
53. On other sites discussions with residents about greater involvement in the management of their homes will take place post allocation.

The Future Steering Board

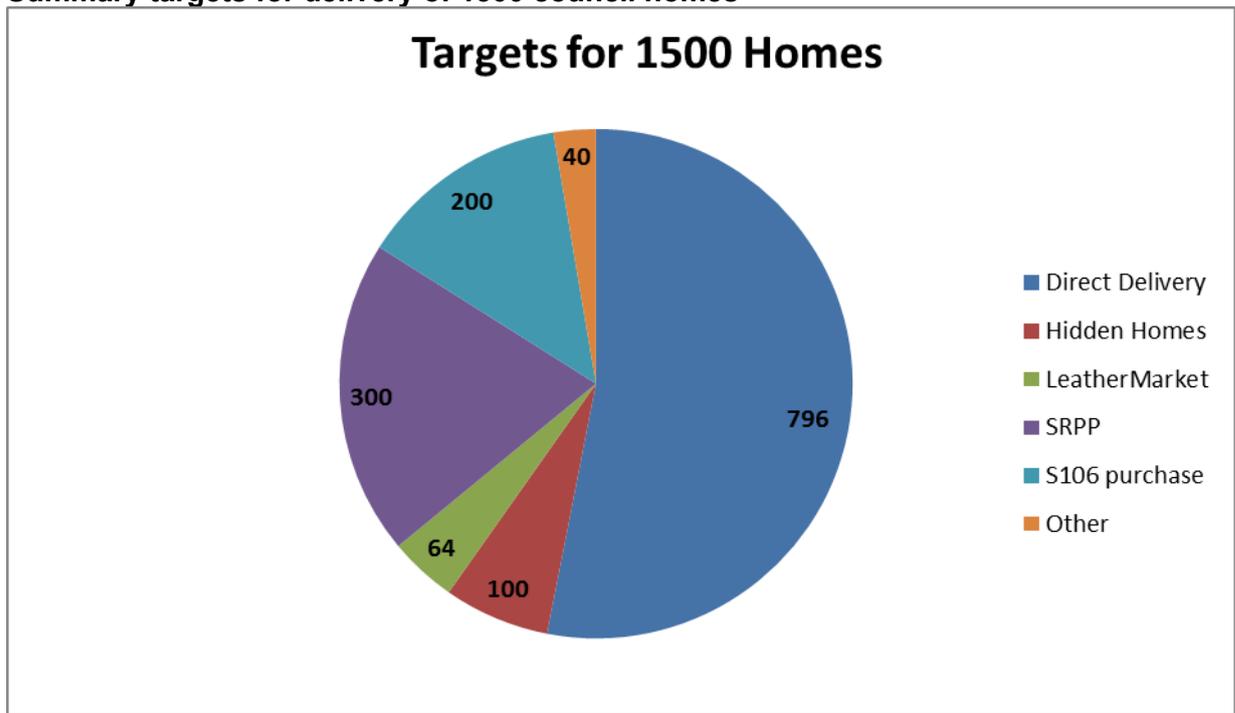
54. The Future Steering Board (FSB), a group of tenants and leaseholders nominated by their respective tenant and homeowner councils, supported by an independent resident's friend, continues to play a crucial role in providing detailed feedback to the council's policies and proposals in this area. They maintain an active role in the development of new homes and have visited and provided feedback on the Clifton Estate Garages (Parish Apartments).

What has been achieved – Southwark Housing Company

55. In April 2015 the Leader of the Council formally approved to the formation of the new Southwark Housing Company by way of an individual decision making (IDM) report. Southwark Housing Company (SHC) Limited was formally incorporated as a wholly owned subsidiary of the Council on the 15 May 2015 with three company directors.
56. The company currently has a model memorandum and articles of association. These will be further developed prior to any trading taking place.

57. Though the company has currently not been used, it is envisaged that in the future it may be able to contribute towards the delivery of council properties at council rent, intermediate housing products, as well as market rent housing in order to provide cross-subsidy within overall schemes.
58. Consideration was given to Southwark Housing Company Limited (SHC) managing the five flats owned by the council on Shand Street, adjacent to the council offices at 160 Tooley Street. However, an initial financial analysis indicated that this was not a preferential option as the council is already able to receive income for the site through the general fund.

Summary targets for delivery of 1500 council homes



Categories	Delivered	On site	Planning Approved	Pre-Planning	Feasibility	Shortfall	Target
Direct Delivery	131	162	0	433	0	70	796
Hidden Homes	28	2	10	1	25	34	100
LeatherMarket	0	0	0	0	64	0	64
SRPP	0	0	0	288	0	12	300
S106 purchase	0	80	0	0	0	120	200
Other	0	0	0	0	0	40	40
TOTAL	159	244	10	722	89	276	1500

59. Schemes currently in initial consultation stage with residents in line with the Charter of Principles , along with section 106 (s106) purchases, building on top schemes (where the council will build on top of existing homes) and the on-going hidden homes programme will make up the remaining homes pipeline for the delivery of 1500 council homes by 2018.

2016/17 Delivery Target

60. Below are the targets for completions the financial year 2016/17 as part of the overall pipeline to deliver 1500 council homes by 2018. These are included in the on site or approved sites numbers in the above summary table.

Completions

61. A further 157 homes are planned for delivery in 2016/17, almost doubling the total so far to 316.

Categories	Homes
Direct Delivery	112
Hidden Homes	21
LeatherMarket	0
SRPP	0
S106 purchase	24
Other	0
TOTAL	157
CUMULATIVE	316

Start on site

62. Although the unit numbers may change through the development process, a further 554 homes are planned to start on site in 2016/17, however a number are planned towards the end of the year.

Categories	Homes
Direct Delivery	193
Hidden Homes	36
LeatherMarket	27
SRPP	288
S106 purchase	0
Other	0
TOTAL	554

Policy implications

Council plan 2014/15 to 2017/18

63. A new council plan was endorsed by council assembly on 25 February 2015. This contains the Fairer Future Promise: Quality affordable homes, which states 'We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018'.
64. The approval of the new sites within the New Homes Delivery Programme and a revised process for including new sites within the programme provide further evidence of the ability to meet this Fairer Future promise.

Housing Strategy to 2043

65. The new long-term housing strategy for the borough was agreed by Cabinet on 27 January 2014. It contains a vision for the future of housing in the borough, which consists of four principles.
- Principle 1: We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
 - Principle 2: We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.
 - Principle 3: We will support and encourage all residents to take pride and responsibility in their homes and local area
 - Principle 4: We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

Community impact statement

66. 2014 Strategic Housing Market Assessment demonstrated a continuing need for affordable housing, with the borough experiencing very high house prices that are outside the reach of many of its residents. It has the highest house prices in the housing sub-region (the average 2 bedroom flat being sold for £360k in 2013). At the time of the 2011 census there were 18,547 overcrowded households in Southwark, a higher number, and a higher percentage (15.3%), than any of the other four boroughs in the sub-region. Over the period 1981-2012 the population of Southwark increased by 34%, the fastest growth in the sub-region by some margin. This helps to demonstrate a continuing need for more homes, and particularly for affordable homes in the borough.
67. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. The council's consultation with residents on the 11,000 council homes programme has been specifically designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide residents with the opportunity to engage.
68. Consultation on sites is being undertaken in line with the Charter of Principles and continues to provide mechanisms for resident to engage with the development of new homes.

Resource implications

69. There are no direct resource implications, as no decision is required from this report.
70. The new homes delivered in the borough will make a positive contribution to the HRA business plan. Funding streams for the New Homes Delivery Programme currently comprise: external grants, Section 106 contributions, RTB and other housing receipts, depreciation major repairs reserve and other HRA revenue contributions and prudential borrowing (which is limited to the debt cap). Funding is

determined on a scheme by scheme basis to ensure the optimal financial position for the council in relation to new build, as they are subject to specific financial and regulatory restrictions. However, there is also regard to the overall longer-term funding position with reference to the HRA business plan.

71. It should be noted that the New Homes Delivery Programme in some cases requires funding from wider Housing Investment Programme resources
- in cash-flowing build of homes for sale until the sales receipts come through
 - in replacing loss of 30% RTB receipt funding where the landlord will not be Council/RSL (Kipling Garages)
 - in replacing loss of 70% S106 funding on purchase of S106 units
 - in cash-flowing SRPP feasibility and site preparation costs.
72. The ongoing viability assessment allows the programme to respond to the impact of changes that will need to address the implications of the Budget announcement of the 1% yearly reduction in rents, as well as other impacts emerging from the Local Planning and Housing Bill. Any negative impact may need to be mitigated by reviewing viability of the schemes at key stages through the development process.

Consultation

73. No consultation has taken place on this report as no decision is required. An update on the consultation on the overall programme is detailed within the report.
74. On approval this report will be sent to Tenants' Council, Homeowners' Council and the Future Steering Board.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

75. There are no specific legal implications relating to this report, which is an update report to cabinet on the progress on the new homes delivery programme.
76. The cabinet must continue to take into account the Public Sector Equality Duty (PSED General Duty) under the Equality Act 2010, and when making decisions to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation. The PSED General Duty also applies to marriage and civil partnership but only in relation to (a). The PSED General Duty is a continuing duty, and potential equality considerations should be considered at the different stages of the programme. The cabinet is specifically referred to the community impact statement at paragraphs 66-68 of the report, which sets out the consideration that has been given to equalities issues for the new homes delivery programme.
77. Details of the 4 stage consultation approach for this programme are set out in paragraphs 42-53 of this report. Cabinet members should continue to satisfy themselves that the consultation satisfies legal requirements. To meet legal requirements consultation must be undertaken when proposals are still at a

formative stage; it must include sufficient reasons for the proposals to allow interested parties the opportunity to consider the proposal and formulate a response, allow adequate time for interested parties to consider proposals and formulate their response. The outcome of the consultation must be conscientiously taken into account when the ultimate decision is taken.

Strategic Director of Finance and Governance

78. It is noted that the report is on progress of the New Homes Delivery Programme and not directly requesting resources.
79. New build schemes have the following specific funding sources available:
- Section 106 – Affordable Housing Fund accumulated from developer funding in lieu of providing affordable housing. This is available, on application to Planning Committee, towards the cost of affordable housing, i.e. the Council tenanted component and retained rental element of shared ownership. Funding is normally limited to 65% of eligible components but may stretch to an effective 70% depending on treatment of land. The fund is dependent on future developer contributions and these may be affected by economic conditions or government policy changes.
 - Right to Buy Receipts. The Council has an agreement with government to retain an element of Right to Buy (RTB) receipts towards new build affordable housing. This source can contribute 30% of the costs of the Council rented component.
 - Onward sale of dwellings. The scheme includes construction of some dwellings for sale. However, it should be noted that this funding only arrives after completion and the construction costs of this component need to be funded elsewhere until the sales are achieved.
80. The above sources provide specific funding towards the works during the construction phase prior to the time delayed dwelling sales receipts. The balance thus requires funding from other HIP sources, such as general housing capital receipts and possibly borrowing within the debt cap set for Southwark, which are required also for the wider housing investment programme relating to both new build and existing stock.
81. Given recent government policy initiatives and changes to key HRA business planning assumptions, (all of which are detrimental to the council's financial position), there is no clear visibility around long-term resource planning which raises the critical issue of affordability. There remains scope to derive greater benefit from the council's own asset base and a need to explore options for leveraging-in external funding from government and through joint venture arrangements and alternative delivery models with the public/private sector. Without this, it will be necessary to review existing plans, to re-prioritise, re-phase and extend the programme lifecycle, and in extreme circumstances consider the possible curtailment of programmed activity.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
11,000 New Council Homes - Results of Consultation on Design, Neighbourhoods and Where to Build (Item 8)	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Richard George, Programme Officer 020 7525 3293
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5141&Ver=4		
Cabinet paper : progress update on the council's housing investment plans (Item 12)	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Claire Linnane, Housing Strategy and Partnerships Manager. 020 7525 0732
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5138&Ver=4		
New Homes Delivery Programme (Item 11)	Housing and Modernisation, Southwark Council, 160 Tooley Street, London SE1 2QH	Tim Bostridge, Development Delivery Manager 020 7525 1222
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5139&Ver=4		

APPENDICES

No.	Title
Appendix 1a	Map showing approved schemes
Appendix 1b	List of approved schemes
Appendix 2a	Potential sites with base map (council owned)
Appendix 2b	Potential sites (council owned) (area and polygon)
Appendix 3	The programme in pictures

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Gerri Scott, Strategic Director of Housing & Modernisation	
Report Author	Tim Bostridge, Development Delivery Manager	
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Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		6 July 2016