

Item No. 14.	Classification: Open	Date: 9 May 2017	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 is committed to do all it can to tackle the housing crisis head on in our borough. In addition to working with developers and housing associations Southwark has set out how we will build new homes ourselves with the commitment to build 11,000 new council homes by 2043. This promise was made following a wide ranging consultation with our residents which received over 2,000 responses. We set ourselves an initial target of building the first 1,500 new council homes by the end of 2018, this report updates on progress against this target.

We have already completed 291 of our new council homes, with a further 263 having gained planning permission or started on site. In total around 400 new council homes are now due to complete by the end of 2018, with a further 1200 on site or committed (i.e. sites allocated, with planning permission, and a contractor appointed to start works imminently). The summary breakdown is detailed in paragraph 13 with a full list of approved schemes given in Appendix 1. From a standing start this represents a phenomenal level of work by our officers to achieve this feat; we have learnt lessons along the way and will continue to work in partnership with our residents to deliver the new homes that are so desperately needed in our borough.

In addition to new council homes we are also building some private sale to help fund the new council homes, we are also building new intermediate homes which so far have predominantly been shared ownership homes. However, in recognition of the need for a wider range of options for people who don't qualify for council homes but who can't afford to buy, we intend to build new London Living Rent homes and we have been working with Southwark and Peckham Citizens to deliver a Community Land Trust pilot for our borough. This report seeks formal approval and updates on a funding bid made to the Mayor of London's Housing Innovation Fund to bridge the funding gap and allow the pilot scheme to be delivered.

RECOMMENDATIONS

That Cabinet:

1. Notes the progress at 31 March 2017 on the new build programme and the interim target to deliver 1500 homes by the end of 2018.
2. Notes the current list of approved schemes as outlined in Appendix 1a and the schemes noted in paragraphs 24 and 44 that have been removed from the programme.

3. Notes that the review of the Charter of Principles and any recommendations for change on how the principles are applied are being taken to the cabinet member for housing as an IDM report in May 2017.
4. Approves the pilot work to provide a Community Land Trust in Southwark subject to agreeing funding with the Greater London Authority.

BACKGROUND INFORMATION

5. 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.
6. 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.
7. 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 by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.'
8. This is an update following the previous update to cabinet on 19 July 2016.

KEY ISSUES FOR CONSIDERATION

What has been achieved – overall position

9. The council has already delivered 291 council homes for residents across Southwark.
10. Completions in 2016-17 have included:
 - Clifton Estate Garages (1-8 Parish Apartments, 7 Clayton Road, London SE15)
 - Masterman House Garages (Flats 1-25 Piper Court, 8 Lomond Grove, London SE5)
 - 169 Long Lane (Flats 1-19 Villiers Court, 167 Long Lane, SE1. 165 Long Lane, SE1 (wc unit Long Lane), 115 Weston St, SE1 (wc unit Weston St block) 169 Long Lane, SE1 (Commercial Unit)
 - Gatebeck House (1-9 Gatebeck House, Pytchley Road, SE22)

- Cator Street Extra Care (1-42 Tayo Situ Hse, 73 Commercial Way, SE15)
- Nunhead Site B (8-13 Candle Grove & 56 & 56a Nunhead Lane, SE15)
- Surrey Docks, Salter Road
- 2 Hidden Homes.

11. The above units delivered 129 council homes and 149 homes in total.
12. A further 155 council homes are on site.
13. There is a pipeline of schemes that are expected to deliver over 1600 council homes on site or committed by the end of 2018 of which around 400 are expected to be completed. See appendix 1b for further details of the pipeline.

Categories	Delivered	On site	Planning approved	Pre-planning	Feasibility	TOTAL identified sites forecast to start/committed
Direct Delivery	237	68	64	573	74	1016
Hidden Homes	30	4	14	4	8	60
Leather-Market	0	27	0	0	37	64
SRPP	0	0	30	335	0	365
S106 purchase	24	56	0	0	19	99
TOTAL	291	155	108	912	138	1604

14. Consultation is underway on a number of sites to deliver further homes into the development pipeline with a further individual member decision from the cabinet member for regeneration and new homes expected in June. Any schemes will be taken forward in line with agreed processes and in consultation with residents as set out in the Charter of Principles.
15. The business plan, based on current assumptions of resources and expenditure, continues to support the delivery of 1500 council homes by 2018.

What has been achieved – direct delivery of new homes

16. There are 3 developments that are on site, delivering 68 council homes, 28 intermediate homes, 42 homes for outright sale and a community centre. The

remaining schemes on site are expected to be completed in early 2017/18, except Sumner Road which will complete in 2018.

- Southdown House (Southdown House)
 - Sumner Road (Blossom Court)
 - 46 Half Moon Lane (Non HRA).
17. There are further sites identified below where consultation is continuing in line with the Charter of Principles.
18. Lakanal Shops new build has planning agreed and is currently forecast to start in summer 2017.
19. The following schemes have achieved planning permission and are forecast to start on site in 2017/18, delivering 57 new council homes:
- Daniels Road Car Park
 - Kinglake Street Garages
 - Pelier Street.
20. The schemes listed below have submitted planning applications, delivering 139 council homes and 171 homes in total.
- Commercial Way
 - Meeting House Lane
 - Tenda Road Car Park
 - 35-41 Nunhead Lane
 - Haddonfield Estate.
21. A further 9 sites are being worked up to submit planning applications in the first half of 2017-18. These sites are expected to deliver 231 council homes.
- Welsford Street Garages
 - Goschen Estate
 - Lugard Road Garages
 - Fenham Road Garages
 - Rye Hill Park Garages
 - Seavington House and Garages
 - Salisbury Est Car Park (Balfour Street)

- Tissington, Silverlock Estate underground garages
 - Sceaux Gardens (estate garages, plus potentially Florian and Racine replacement).
22. A further 9 sites are earlier in the development process with the intention of having these committed in 2018 (the bottom 7 on the list were added to the programme through an IDM in September 2016).
- Canada Estate
 - Cator Street Extra Care 2
 - Slippers Estate (Car Park), SE16
 - Lomand Grove (Land 61-91 Brisbane Street, Elmington Estate)
 - 66 Linden Grove (TA)
 - Sedgemoor Place (TA)
 - Bassano Street (Garages)
 - Henslowe Road (Garages)
 - Vestry Road (Lettsom T&RA Hall – re-provision of hall with council homes above).
23. Bede Centre site on the Abbeyfield Estate will follow on from the refurbishment of Maydew which is planned to start in late 2017-18. Designs are being discussed with planning and currently an estimated 80 homes will be built on the site.
24. In line with our ongoing consultation on schemes Mayflower T&RA Hall has been removed from the programme.
25. A further IDM is expected in August 2017 to add homes to the programme for delivery beyond 2018. Opportunities for new homes are continuing to be explored and consulted on. This will ensure a pipeline of new homes to deliver the ambition to provide 11,000 homes.

Hidden Homes programme

26. Hidden Homes programme delivers new homes in existing properties or estates. The programme has already delivered 30 new council homes and aims to deliver a further 50 homes by 2018. Two council homes at Jamaica Road and Bew Court have completed in 2016 and a further 4 homes are on site. 15 further hidden homes have planning permission and are due to start in early 2017/18 with a pipeline of further homes being worked on to achieve the target.

Rooftop developments

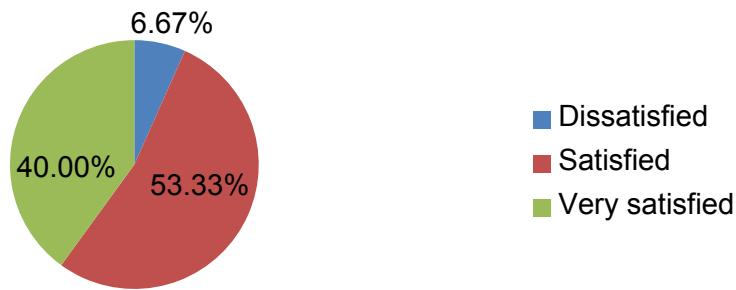
27. Southwark needs to make use of all the assets it has available to be able to meet its new build ambitions. Being one of the largest social landlords in the country another area that the council is looking to develop is building new homes on top of existing

buildings. This is of course in consultation with residents, who will have to be convinced of the benefits that these developments can bring with them.

28. The council has a number of low density low rise building where, when combined with doing programmed cyclical works to the existing building, the council is looking to revitalise buildings and deliver new homes.
29. The council will benefit from delivering its aims to deliver new homes, reducing the waiting lists and burden on temporary housing. By delivering this on existing homes, there is no land cost and this allows the council to continue to deliver new homes complementing the opportunities on existing council land.
30. 50% of all allocations for the new London Borough of Southwark 1,000 properties initiative will be allocated to existing tenants local to the redevelopment/new build scheme.
31. The works are planned to coincide with existing planned maintenance and residents are able to remain in their homes whilst the works are undertaken. This means residents can stay in their homes and reduces the need for the council to look at options such as demolition and rebuild in order to deliver more council homes. It is expected that existing residents will benefit from increased thermal efficiency and other enhanced works as part of the schemes. All residents will also benefit from a reduced need for future maintenance as a result of the works.
32. Homeowners will also benefit from the works including reduced Section 20 bills as some of the works costs will be shared with the costs of the new development. A new roof to the property will also not be charged. Leaseholders will also see reduced service charge costs as a result of the services being shared by a larger number of properties.
33. Chilton Grove rooftop development has been submitted and is currently under consideration by Planning for approval. The application includes the rooftop development of 44 new council homes on top of the existing 68 homes.
34. Work and consultation is underway at Damory House and Thaxted Court to progress these schemes to planning.

Resident satisfaction

35. Once residents are settled into their new homes, Southwark will be carrying out satisfaction surveys across the programme.
36. Satisfaction surveys have been completed for O'Reilly Street (Willow Walk) with 15 surveys from a possible 21 completed (71%).
37. There was an overall 93% satisfaction with the new homes at O'Reilly Street.



What has been achieved – Southwark regeneration

38. The Southwark Regeneration in Partnership Programme (SRPP) is currently made up of 18 sites.

Lot A

39. Lot A has been repackaged following an unsuccessful tender through the London Development Panel Framework to improve marketability by lowering development risks. The schemes are expected to deliver 161 council homes and a total of 585 homes.
40. A bidders' day was held for the revised Lot A sites on the 15 November 2016 which over 100 developers attended. A number of subsequent one to one meetings were then held with most of these developers in order to have more in-depth discussions about the sites and the council's proposed procurement plan.
41. The council is to create the following sub lots in line with the feedback from the soft market testing proximity, site size and planning:
- A1. Manor Place and Kennington Enterprise Workshops(Braganza) SE17
 - A2. Civic Centre, Albion Street, SE16 and Albion Primary School, Albion Street SE16
 - A3. Southwark Park Road
 - A4. Cherry Garden School SE16
 - A5. South Dock Marina, Boatyard, Plough Way SE16
 - A6. Long Lane/ Bellenden School and a new school.
42. In order to achieve a start on site by 2018, it is likely that the first lots to be completed will be lots A1 and A2, the 'quick win' sites.
43. The following 2 sites (Lot A1) will shortly be submitted for planning and tendered to be on site in early 2018 delivering 20 council homes and 93 homes in total.
- Manor Place
 - Kennington Enterprise Workshops (Braganza) SE17.
44. The following 6 sites (5 Lots) are being worked up for tendering.

- Civic Centre, Albion Street, SE16
 - Albion Primary School, Albion Street SE16
 - Southwark Park Road
 - Cherry Garden School SE16
 - South Dock Marina, Boatyard, Plough Way SE16
 - Long Lane/ Beormund School. New Beormund School to be replaced at the former Bellenden School site.
45. The new site composition is largely as originally approved for the original Lot A except for the following:
- Seven Island Leisure Centre has been removed from the SRPP programme until a decision about the development of the leisure centre has been agreed.
 - Long Lane, Beormund School and the new Beormund School to be replaced at the former Bellenden School site have been included as an additional site.

Lot B

46. Lot B was tendered through the London Development Panel Framework. Following the evaluation and the approval of the Gateway 2 on 20 September 2016 Lot B has been awarded to Affinity Sutton Homes Limited. The conclusion on due diligence and the agreement of the legal contracts means Affinity Sutton Homes Limited will deliver 605 new homes (of which 283 will be council owned) as well as commercial and community facilities.
47. The following sites have achieved planning permission and are being progressed to be on site in 2017/18, delivering 30 council homes and 86 homes in total.
- Peckham Library Square Peckham high street, SE15
 - Copeland Road car park, SE15.
48. The schemes listed below have submitted planning applications, delivering 107 council homes and 143 homes in total.
- Melon Road/Sumner Road (Flaxyard) site SE15
 - Petrol Station, 233-247 Old Kent Road SE1.
49. A further 6 sites are being worked up to submit planning applications in 2017/18. These sites are expected to deliver 146 council homes and 376 homes in total.
- Council Offices - Sumner House, Sumner Road SE15
 - 21/23 Parkhouse Street
 - Brandon Baptist Centre and Land Redcar Street SE5

- Land at Angel Oak Academy, Chandler Way SE15
- ASC facilities - Fred Francis Centre, 269 Lordship Lane SE22
- Wickway Community Centre, St George Way SE15.

Funding

50. 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.
51. In April 2017 Southwark submitted a bid under the Homes for Londoners (Affordable Homes Programme 2016-21) for funding for the council homes in Lot A and Lot B and intermediate homes in Lot A that were not included in the housing zones funding. Affinity Sutton Homes Limited has submitted a bid for the intermediate units for Lot B that are not receiving housing zone funding.

What has been achieved – section 106 (s106) purchases

52. The council currently has secured two sites that are delivering new council homes through purchasing affordable housing homes from developers.
 - Surrey Docks has handed over in 2016/17 delivering 24 council homes and 10 intermediate homes
 - Blackfriars will hand over in early 2017/18 delivering 56 council homes.
53. 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.

What has been achieved – Leathermarket CBS

54. On 19 July 2016 cabinet agreed to enable the development of land on the Kipling Estate, Weston Street, London SE1 by the Leathermarket Community Benefit Society Limited (CBS). A maximum Grant Agreement of £9,661,815 was agreed to enable the development of 27 new homes at the site for social rent. The scheme is on site and due to complete in 2018. A further 37 social rented units are planned to be delivered by Leathermarket CBS at Joseph Lancaster Nursery (Deverell Street).

What has been achieved – Community Land Trust

55. Southwark is in talks with Southwark and Peckham Citizens and is keen to pursue providing some of the programmed intermediate units to be delivered as a Community Land Trust. Any such homes delivered would be sold by the trust at a value linked to local earnings in Southwark and any future sales of those units will also be sold at a value linked to local earnings making them affordable to Southwark residents.

56. Southwark has submitted a bid under the Homes for Londoners Innovation Fund to help fund the possibility of Southwark supporting this community led housing initiative.

What has been achieved – Charter of Principles

57. 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	

58. Stage 2 included an interactive map for suggestions on where homes could be built and the list of suggested sites has been passed to planning for an initial investigation into their feasibility. In total we received 92 responses:

- 48 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
- 25 sites where identified on council land required further investigation and, if viable, will be taken forward in line with the Charter of Principles.

59. Following a review from the New Homes Delivery Team they have noted the following outcomes:

Outcome	Total
Included in New Homes Programme	1
No plans to demolish existing housing	2
Not in Council Ownership	2
Not suitable for development	2
Potential development opportunity	2
Potential long term development opportunity	9

Outcome	Total
Site being developed	1
Site not suitable for development.	6

- 60. Feedback and a map of the 25 sites identified for further investigation is included in Appendices 2a and 2b.
- 61. Stage 3 of the 11,000 new council homes consultation is continuing 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.
- 62. 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.
- 63. On other sites discussions with residents about greater involvement in the management of their homes will take place post allocation.
- 64. Following the first year of full implementation of the Charter of Principles agreed by Cabinet in November 2014, the communities team are conducting a review on how the principles are working. It is anticipated that a report on this review and any recommendations for change on how the principles are applied will be taken to the Cabinet Member for Housing as an IDM report in May 2017.

The Future Steering Board (FSB)

- 65. Since June 2016 the main work of the FSB has remained the monitoring of Council's delivery of 1,500 homes. The FSB has commented on both the New Southwark Plan (NSP) and Old Kent Road Area Action Plan, with a view to advocating for how these may support the delivery of new Council homes and improve our neighbourhoods both for existing and new communities. To facilitate this contribution FSB has also discussed the changing legislative environment that will have an impact on the ability of the Council to invest in new homes such as the Housing and Planning Act, Housing white paper, site allocations for the NSP and Housing Revenue Account Business Plan. FSB continues to play an important role as a critical friend on challenges to deliver the Council's ambitious target to provide 11,000 new Council homes by 2043.

2016-17 delivery target

- 66. Below are the targets for delivery for the financial year 2017-18 as part of the overall pipeline to deliver 1500 council homes on site or committed by 2018.

Start on site

- 67. Although the unit numbers may change through the development process, a further 325 homes are planned to start on site in 2017-18, meaning a total of at least 771 homes would have at least started on site (383 completed).

Categories	Homes
Direct Delivery	108
Hidden Homes	25

Categories	Homes
LeatherMarket	0
SRPP	173
S106 purchase	19
Other	0
TOTAL	325
CUMULATIVE	771

Completions

68. A further 92 homes are planned for delivery in 2017-18 bringing the total so far to 383.

Categories	Homes
Direct Delivery	18
Hidden Homes	18
LeatherMarket	0
SRPP	0
S106 purchase	56
Other	0
TOTAL	92
CUMULATIVE	383

Policy implications

Council plan 2014-15 to 2017-18

69. 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 by 2018'.

Housing Strategy to 2043

70. 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

71. 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.
72. 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.
73. 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

74. 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.
75. 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 section 106 units
 - in cash-flowing SRPP feasibility and site preparation costs.

Consultation

76. The extensive consultation around this programme has been outlined in the four stage consultation process as detailed in this and previous reports.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

77. There are no specific legal implications relating to this report, which is an update report to cabinet on the progress of the new homes delivery programme, and request for approval of pilot work to provide a Community Land Trust.
78. 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, relation, religion or belief, sex and sexual orientation. The 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 71-73 setting out the consideration that has been given to equalities issues in relation to the new homes delivery programme.
79. Details of the progress of the 4 stage consultation approach for this programme is set out in paragraphs 57-64. The cabinet should continue to satisfy themselves that the consultation meets 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 and adequate time to allow interested parties the opportunity to consider the proposal and formulate a response. The outcome of the consultation must be conscientiously taken into account when the ultimate decision is made. Cabinet will note from paragraph 64 that a review of the implementation of the charter of principles is on-going, with a report due to the cabinet member for housing in May 2017.
80. Paragraph 30 of this report makes reference to a local lettings policy. Under the council's allocation policy currently in force '50% of all allocations for the new LBS 1000 properties initiative will be allocated to existing tenants local to the redevelopment/new build scheme' and that 'a local lettings policy may be introduced, as part of a multi-agency approach with existing local communities or in partnership with Private Registered Provider Landlords to take account of social factors'. When developing a local lettings policy, appropriate consultation should be undertaken together with an equality analysis to ensure compliance with the relevant legal requirements. A decision on implementation of a local lettings policy must be taken by the appropriate decision maker under the provisions of the council's constitution in operation at the time the matter is considered.

Strategic Director of Finance and Governance

81. This report provides an update on the New Homes Delivery Programme. As such, there are no resource implications arising directly from the report.
82. 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. The retained receipts must be spent within three years otherwise they must be returned to government. It is important, therefore, for the delivery programme to keep pace with the levels of spend required to ensure the retained receipts are fully utilised.
 - 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.
83. 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.
84. 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 levering-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, rephrase 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	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=5141&Ver=4 (Item 8)		
Cabinet paper : progress update on the council's housing investment plans	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=5138&Ver=4 (Item 12)		

Background Papers	Held At	Contact
New Homes Delivery Programme	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 (Item 11)		
New Homes Delivery Programme	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=5372&Ver=4 (Item 15)		

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 and Modernisation
Report Author	Tim Bostridge, Development Delivery Manager
Version	Final
Dated	25 April 2017
Key Decision?	No
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER	
Officer Title	Comments sought
Director of Law and Democracy	Yes
Strategic Director of Finance and Governance	Yes
Cabinet Member	Yes
Date final report sent to Constitutional Team	
25 April 2017	