

Item No. 19.	Classification: Open	Date: 14 July 2020	Meeting Name: Cabinet
Report title:		Aylesbury Regeneration Programme: Delivery of new council homes on the First Development Site	
Ward(s) or groups affected:		Faraday	
Cabinet Members:		Councillor Johnson Situ, Growth, Development and Planning Councillor Kieron Williams, Housing Management and Modernisation Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

FOREWORD – COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR GROWTH, DEVELOPMENT AND PLANNING; COUNCILLOR KIERON WILLIAMS, CABINET MEMBER FOR HOUSING MANAGEMENT AND MODERNISATION; COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES:

This report sets out the next chapter in our work to deliver high quality, truly affordable new homes for people who live on the Aylesbury Estate, updating our plans so the first development site will now provide 581 new council homes for existing residents to move to.

Sitting at the centre of Southwark, the Aylesbury Estate is home to over 1,500 households. For over fifty years it has provided spacious council homes for the local community. However, the quality of the original build means many blocks on the estate have not aged well and are now approaching the end of their life. In 2010, the council worked with the local community to adopt an Area Action Plan setting out how we will replace the poor condition homes on the estate with quality new ones. The council then agreed a partnership with Notting Hill to build 4,000 new homes, of which 50% would be affordable housing. In December 2018, we were able to extend that commitment, reflecting the newly adopted ‘expand and enrich’ framework of the council’s Great Estates programme and seeking to apply these principles retrospectively at the Aylesbury. This culminated in an amendment to the New Southwark Plan in 2019 committing to replace all existing social housing on the estate, the plans in this report now go further still.

Our partnership with Notting Hill is now evolving to deliver 581 new council homes (at council rents on secure lifetime tenancies) on the First Development Site, with Notting Hill Genesis acting a development manager for the council. This change has been made possible through our ongoing campaigning, with the Mayor of London and many others, for councils to have the tools we need to build more council homes. In 2012, we had no way to borrow the money needed to deliver homes on this scale. Our success in persuading the Government to raise the borrowing cap and the improved grant secured by the Mayor of London has now made it possible. In addition to new council homes, the plans set out in this report will also deliver a community facility and extensive new public space.

Together these changes will speed up the delivery of new homes for residents on the

estate. This will further ensure residents can move within the footprint of the estate, so the local community can stay together through this investment in the heart of our borough.

RECOMMENDATIONS

Recommendations for the Cabinet

That Cabinet:

1. Approve in principle the arrangements set out in this report for the delivery of 581 new council homes on the First Development Site at the Aylesbury Estate.
2. In the next capital refresh report to Cabinet, allocate funding of £138.5m from the council's Housing Revenue Account towards the cost of the new homes delivery and £6m from the General Fund towards the cost of the community facilities in lieu of the infrastructure contribution foregone.
3. Delegate authority to strategic director of housing and modernisation, in consultation with the strategic director of finance and governance and director of regeneration, to approve the detailed land transfer arrangements in line with the principles set out in this report.
4. Note that a local lettings policy will be developed for the new homes at the FDS as set out in this report at paras 2829 to 30 to be approved by the cabinet member for housing management and modernisation.
5. Note that a further report on phasing and rehousing implications will be brought to Cabinet later this year.

BACKGROUND INFORMATION

6. The estate was begun to be built in 1963 to provide decent quality homes for local residents on low incomes to replace the very poor-quality housing of the time. By 1977, 2,700 homes had been built and the estate has been home to roughly 10,000 residents at any one time. Construction techniques at that time fall below standards of today and the buildings have not aged well. Southwark residents deserve better and in recent years have suffered repeated and serious loss of heating and hot water, leaks, and other structural issues.
7. The regeneration of the Aylesbury estate, first decided in 2005, will provide good-quality, genuinely affordable homes, built to modern standards with new heating and hot water systems.
8. The estate is home to a very diverse community that is predominantly from black and Asian minority communities and is some of the poorest quality council buildings in the borough.
9. The government lifted restrictions (the cap) on council borrowing for housing in 2018 and this enables greater flexibility for prudential borrowing to fund the construction of new council homes for the first time in over a generation.
10. The Aylesbury Estate regeneration programme comprises the phased demolition and redevelopment of the Aylesbury Estate to deliver new high-quality, mixed-tenure housing, which has been a strategic priority for the council for over a decade. 'Early' schemes have already delivered 261 new homes at Site 1a and

147 new homes at Site 7, under standalone arrangements with L&Q. A strategic Development Partnership Agreement was entered into in 2014 with Notting Hill Housing Trust (now Notting Hill Genesis) for the phased redevelopment of the remainder of the estate. Detailed planning consent for the First Development Site (FDS) and outline planning consent for the masterplan for the remainder of the estate was granted in 2015. Demolition work on the First Development Site commenced in 2016 on the blocks that were vacant at that time with the remaining blocks added into the contract as they became vacant. A Compulsory Purchase Order (CPO) for the FDS was subsequently confirmed on November 2018 and vacant possession of the entire site was obtained in spring 2019.

11. Development works across the First Development Site are to be brought forward by Notting Hill Genesis in three construction packages, Package A-C (as illustrated within the plan at Appendix 1) to allow phased delivery as vacant land parcels come forward following the decant and demolition. Development works under Package A, the first parcel to be clear, commenced on site in March 2019 and will deliver 229 new homes in 2021.
12. Demolition of the remainder of the First Development Site is ongoing and is anticipated to complete in Summer 2020.
13. Construction of an Approved Premises Facility (APF), providing decant facility for Ellison House on the FDS, on another site on the estate commenced in September 2018 and works are anticipated to complete Autumn 2020, with Ellison House to decant to the new APF late 2020 allowing demolition, following which the First Development Site will be fully vacant and cleared for redevelopment in its entirety.
14. In addition to the First Development Site demolition contract (being undertaken by Erith), there are currently three construction contracts now on site, comprising the First Development Site Package A construction (Hill), Approved Premises Facility construction (Hill) and Plot 18 construction contract (Vistry). Following the announcement of the national government lockdown in March, work at all three construction sites were paused. Work under the demolition contract continued, as social distancing could be maintained. Since then, national government has confirmed that construction activity should continue where possible and where social distancing can be maintained. Hill recommenced work on APF site on 11 May on FDS package A site on 4 May and Vistry recommenced work on Plot 18 site on 27 April.
15. The opportunity to both increase and accelerate the delivery of social rent homes should also be seen in the context of the deteriorating condition of the estate. Since 2014, more than £101m has been spent maintaining the estate, including £69m on responsive repairs, including heating and hot water, £15m on Warm, Dry, Safe works, £3.9m on district heating, £2.2m on estate lighting, and £1m on lifts. However, the low quality of the original build of the blocks means that despite this investment they are now reaching the end of their life. Conditions of many of the blocks on the estate have deteriorated faster than expected and the district heating system has become increasingly unreliable and costly to maintain and repair. Whilst the blocks and homes on the estate remain safe, structural engineers Arup have documented their concerns about the tall blocks. The council has addressed and can continue to address these concerns at a cost of tens of millions of pounds and requiring the expenditure of tens of millions more. However, in the near future, those costs are predicted to increase substantially for many of the blocks. Additionally, buildings on the estate have extremely poor environmental performance, which would fail to meet current standards; disabled access

throughout the estate is generally poor; there are significant amounts of asbestos in building envelopes, which are safe when undisturbed, but would preferably be removed to prevent any possible contamination risk.

KEY ISSUES FOR CONSIDERATION

16. The Covid-19 pandemic has exposed the cruelty of the housing crisis and the suffering of our communities in Southwark. There are over 600 households in shared accommodation and nearly 3,000 households in temporary accommodation in the borough. Pressure on the council's homelessness services is relentless and in April alone we have ensured 221 people have been able to move inside from living on the streets. There is general agreement that we cannot return to business as usual when this pandemic is over.
17. There is now an opportunity to vary existing delivery arrangements with Notting Hill Genesis to take a new partnership approach for the First Development Site. This will enable the council to deliver 581 new council homes. Overall, this will increase the speed of delivery of new homes and the total number of social rented homes on the First Development Site.
18. Under the existing delivery arrangements with Notting Hill Genesis, the FDS will be redeveloped to deliver 842 new mixed tenure homes across three construction packages, Packages A-C (see plan at Appendix 1). Under the arrangements proposed in this report the homes already under construction within Package A and those to be constructed in Package B, would instead be delivered by NHG, on behalf of the council, as council homes. Package A, which is already on site, started in March 2019 and completes next year, will deliver 229 new homes; Package B, which is ready to start on site later this year and will deliver a further 352 new homes by 2024; Under this proposal, these would now deliver 581 new council homes (at council rents, on secure lifetime tenancies). Package C would remain a Notting Hill Genesis scheme and would remain mixed-tenure.
19. The council would fund the delivery of these new homes on a cost recovery basis. The council would bear the direct costs incurred by NHG to date in bringing forward both of these contracts, comprising development works and additional demolition works plus associated on-costs including professional fees, financing costs, operating costs and rehousing costs. A more detailed summary of cost headings is set out at paragraphs 50-55, currently anticipated to be £193m, although it is anticipated that the council would be able to secure GLA affordable housing grant of around £54.5m towards these costs. While this is a significant sum, it is comparable on a per unit cost to delivery of new council homes across the council's programme.
20. The key terms of the proposed revised delivery arrangements are summarised as follows:
 - All 581 residential units comprising FDS Packages A & B to be delivered as council homes;
 - Council to fund the delivery of these homes on a cost recovery basis, currently estimated at £193 million, to be released in tranches at agreed stages to completion;
 - Council to fund NHG's development management costs based on actual costs properly incurred and evidenced;
 - Delivery of Packages A, B & C to be subject to agreed accelerated delivery

- programme milestones, with termination and novation provisions if unmet.
- Sales overage arrangements for Package C to move to a standard profit share after a minimum developer's return has been achieved, in line with the existing contractual arrangements for all other subsequent phases across the Aylesbury programme.

Key benefits

21. The key benefits of the revised delivery arrangements proposed are:
- Delivery of new council homes;
 - An increase in the number of social rent homes;
 - Provide attractive opportunity for residents living in later phases of the programme to move to new modern homes, thus helping with the decant process of blocks due for demolition;
 - Accelerated delivery timescale for FDS; and
 - Accelerated delivery timescale for Aylesbury later phases.

New Council Homes

22. The revised delivery arrangements would deliver 581 new council homes making a significant contribution towards the council's delivery target of 11,000 new council homes by 2043, and directly contributing to the council's pipeline of 2,500 new homes on site by 2022. The delivery of these new homes under two construction contracts on one site also serves to rebalance the council's new homes delivery programme, which is otherwise predominantly focused on delivery on smaller sites.

Additional social rent homes

23. The proposed new delivery arrangements set out in this report would deliver a significant increase in the number of social rented homes to be delivered on the First Development Site and the Aylesbury Estate and would also represent an acceleration of the delivery of homes at social rents across the Aylesbury Regeneration Programme. Under existing arrangements, Package A & B would comprise mixed-tenure schemes that would include the delivery of 287 social rent homes (plus 54 homes for residents with flexi (extra) care needs and 7 homes for residents with learning difficulties all at social rents). The proposed revised delivery arrangements would allow 581 new homes to be delivered under Package A & B as council homes at social rents, representing an additional 280 social rent homes (subject to take-up by resident leaseholders of the council shared equity offer), as illustrated in Table 1, below.

Table 1 – First Development Site Package A & B tenure change:

	Social Rent				Inter-mediate*	Private Sale	All tenures
	General Needs	Flexi Care	LD	All SR			
<u>Existing delivery arrangements</u>							
Package A	132	54	7	193	22	14	229
Package B	108	0	0	108	132	112	352
Total	240	54	7	301	154	126	581
<u>New partnership approach</u>							
Package A	168	54	7	229	0	0	229
Package B	352	0	0	352	0	0	352
Total	520	54	7	581	0	0	581
<u>Change</u>							
Package A	+36	0	0	+36	-22	-14	0
Package B	+244	0	0	+244	-132	-122	0
Total	+280	0	0	+280	-154	-126	0

(*subject to resident leaseholder take-up)

24. In Planning terms, the additional delivery of Social rented units is seen as a positive and, as a whole, the FDS across all three packages still presents a mixed-tenure development, and the delivery of these units as social rented homes would contribute towards the existing s.106 planning obligations for cumulative delivery of social rented homes across the programme, where those units met the space standards required by the Aylesbury Area Action Plan.

Accelerated delivery timescale for FDS

25. While a mixed-tenure scheme is reliant on cross-subsidy from private sale units, which is challenging in the current property market, council funding to deliver new social rent homes provides a more certain funding position and unlocks the delivery of Packages B and C, allowing these construction packages to be let at an accelerated timeframe.

Accelerates delivery timescale for the wider Aylesbury programme

26. The proposed new delivery arrangements provide a substantial increase in new homes for existing residents to move into. This is particularly important for residents living in those blocks in Phases 2 & 3 which are closest to the end of their economic life. This would accelerate decants of those phases and therefore provides new momentum for delivery of the rest of the programme.

27. The revised delivery arrangements proposed in this report would result in 520 new general needs council homes being delivered under Package A and B (excludes the 54 homes for residents with flexi care needs and 7 homes for

residents with learning difficulties). This is in addition to the 47 new homes for social rent that will also be delivered by NHG at Package C. Combined, this would mean a total of 567 new homes for general needs at social rents will be provided across the whole of the First Development Site.

28. The current lettings approach, approved at Cabinet on 12 March 2019, is for the new social rent homes being delivered on the FDS to be prioritised for the decant of secure tenants and resident leaseholders from Phase 4a under a local lettings policy still to be brought forward. Currently, there are 299 households on secure tenancies within Phase 4a to be rehoused and a further 41 leasehold properties remaining to be acquired (including those of both resident and non-resident leaseholders).
29. As a result of the significant increase in decant capacity provided by the revised delivery arrangements, there is now also the potential to also accommodate more residents from other phases to access new homes. Secure tenants in Phase 3 are already able to express an interest in moving to the FDS, following activation by Cabinet on 12 December 2017. The increased delivery capacity would also allow the council to extend that option to the remaining secure tenants within Phase 2. Across Phase 2 and 3 combined there are a total of 151 households on secure tenancies remaining to be rehoused, in addition to 62 leasehold properties remaining to be reacquired (including those of both resident and non-resident leaseholders). Resident leaseholders will continue to be able to benefit from existing council shared ownership or shared equity arrangements in relation to these new homes as council stock.
30. Since the approval by Cabinet on 12 March 2019 of the existing lettings approach for the FDS, 28 former secure tenants from the FDS have expressed interest in the option to return to the new social rent homes on the FDS. The revised delivery arrangements, however, will increase the number of new social rent homes available on the FDS with the delivery of both Notting Hill Genesis and now new council homes. Therefore, subject to approval of the revised approach by cabinet, all former secure tenants from the FDS, who did not take up the option of moving to Phase 1A, will again be contacted to inquire about interest in the option to return to the new social rent homes.
31. A local lettings policy for the FDS will then be developed, establishing the detailed priority for rehousing of remaining residents from Phases 2, 3 and 4a in addition to those former secure tenants from the FDS who have expressed an interest in the option to return, within the new homes on the FDS. The proposed local lettings policy would be subject to consultation with relevant stakeholders in line with a Community engagement plan to be developed and, following an Equalities Impact Assessment, would inform an IDM for approval.
32. A further report will be brought to cabinet later this year on the resulting impact on phasing of decant and activation of future phases for rehousing.

FDS Specialist accommodation

33. Adult Social Care are transforming extra care and introducing the term 'Flexi Care' to reframe the new and modern approach to this type of accommodation. It is a move away from traditional extra care towards a community and neighbourhood approach to care and support that is delivered in an innovative, dynamic way. Residents residing in Flexi care schemes will benefit from a range of groups and activities supported by the community/voluntary sector, a sense of community

within the scheme, various needs addressed in innovative and culturally appropriate ways, attention is paid to getting to know each other and being neighbourly: fun to be had. It is achievable through a strong partnership between Adult Social Care (including Commissioning), Housing and the Community and Voluntary sector, and is framed within a strength-based model of working. Successful Flexi Care means that attention is paid to the residents so that their experience includes:

- An attractive, stimulating physical environment that arouses interest, movement and engagement in activities and socialisation, leading to improved wellbeing.
- A rewarding social environment, shared principles, the tone, care and culture of how communication occurs between all agencies involved, leading to effective multi agency working and excellence in care.
- Proactive use of technology, to support all aspects of working for staff and importantly to support activities and self-management for our residents.

34. In addition to general needs accommodation, Package A of the FDS includes the delivery of 54 homes for residents with flexi care needs and 7 homes for residents with learning difficulties all at social rents. Detailed design and specification of these new homes has been developed in close consultation with the council's Adult Social Care team and is fully aligned with the council's needs.
35. Under current delivery arrangements, once developed, these specialist homes would be owned and managed by NHG with the care provision for the flexi care homes to be provided by NHG's care provider, Pathways. Pathways do not manage homes for residents with learning difficulties, however, and so procurement of a care provider for those units would have had to be jointly undertaken. The revised delivery arrangements set out in this report, however, would result in this specialist residential accommodation being owned directly by the council. The council is in the process of procuring a partner to deliver care provision for both residents with flexi care needs and those with learning difficulties, and the new accommodation delivered within Package A will be added to those existing procurement processes.

Policy implications

36. If approved, the recommendations of this report will require local lettings plans to be produced.

Community impact statement

37. The revised delivery arrangements set out in this report would result in a significant increase in the number of homes for social rent delivered on the First Development Site of the Aylesbury Estate. This will in effect significantly increase the delivery of homes for social rent and provide an increase in the capacity to rehouse existing Aylesbury residents on the estate, moving residents directly into new high-quality new homes.
38. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to:
 - Eliminate discrimination;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

39. Relevant protected characteristics for the purposes of the Equality Act are:

- Age
- Civil partnership or marriage
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex or sexual orientation.

40. In order to discharge its public sector equality duty, in considering the recommendations of this report the Cabinet must have due regard to the possible effects of them on any groups sharing a protected characteristic. This is an ongoing obligation.

41. The revised delivery arrangements proposed by this report will, it is anticipated, have a positive impact on the residents of the Aylesbury Estate many of whom share protected characteristics.

42. The proposed prioritisation of households for lettings of new homes delivered on the FDS as a result of these revised delivery arrangements will be established through a local lettings policy to be approved, following consultation with relevant stakeholders and an Equalities Impact Assessment.

Resource implications

43. Under the proposed revised delivery arrangements, the management of the two construction contracts would be undertaken by Notting Hill Genesis under contractual development management arrangements building on those already performed by NHG under the DPA for the delivery of the APF. The cost of development management services is based on actual costs incurred and this has been factored into the total cost of the transaction.

Legal implications

44. External legal advice has been procured on the detailed contractual structure of the transaction, in particular with regard to reducing risk on the council and mitigating any tax impacts such as Stamp Duty Land Tax.

45. The current contractual arrangements for the delivery of the FDS and wider Aylesbury estate regeneration programme are set out within the existing Development Partnership Agreement with Notting Hill Genesis. Package A which has already commenced on site under the existing arrangements would need to be transferred back to the council. This will need to happen at the earliest opportunity in order to mitigate the SDLT liability on this transfer.

46. Package B has not yet commenced on site. Through a variation to the existing arrangements, this land would no longer be transferred to NHG and would instead remain with the council to be built out under licence. This would avoid the requirement for transfer of land which would result in SDLT being payable on

these homes. Letting of the construction contract would be novated to the council and managed by NHG with contractual terms covering development management to be finalised in conjunction.

47. The Development Partnership Agreement (DPA) between the council and Notting Hill Genesis was entered into in 2014 following an EU-compliant procurement process in 2012-13. A number of variations have previously had to be made to the DPA to update the terms of the contract in relation to phased demolition, and delivery arrangements governing the delivery of the Approved Premises Facility (APF) and Plot 18. The FDS, through Package A, has commenced under the provisions of the DPA (as amended). The Package A contract has been let by NHG to Hill Partnerships, following a competitively tendered EU-compliant process. The Package B contract has been negotiated as a fixed-price contract with Hill Partnerships. Under the revised delivery arrangements proposed under this report the construction contracts would be novated into the council's name with NHG continuing to manage the development under the development management provisions similar to that already undertaken in respect of APF and Plot 18.
48. Given that this constitutes a change in the existing contractual arrangements with NHG, there is a potential risk of procurement challenge in relation to contract variation with NHG. However the Public Contract Regulations 2015 do permit contracts to be modified in certain circumstances and initial advice is that the council should be able to vary this contract within those requirements, and therefore the risk of challenge is considered low. The procurement implications will however be further considered as part of the ongoing legal advice and will inform the IDM for the future decision.
49. The revised delivery arrangements result in a different risk position to that under existing arrangements. Where the council benefits from and funds the delivery of Package A & B, the cost risk associated with those packages transfers to the council. This is mitigated by the procurement of construction packages under fixed contract sums and contractual development management arrangements. It should also be noted that there is a significant delivery risk in relation to the current arrangements where delivery includes a significant component of private market sale.

Financial implications

50. The variation to the existing arrangements for Packages A & B will mean that the council funds delivery of the new homes on the basis of actual cost recovery. The total cost to the council is currently calculated at £193m and is broadly comprised of the following cost headings:

Development costs	Total
Construction works	£161.6m
Utilities, on costs and professional fees	£14.5m
Development Management costs	£1.5m
Grant recovery	£3.9m
Finance costs	£2.6m
Site wide on-costs and professional fees	£2.9m
Operating and community development costs	£2.8m
Resident rehousing costs	£0.3m
Demolition (below ground)	£2.4m

Development costs	Total
Sub-total	£192.5m
SDLT and professional fees	£0.5m
Total	£193.0m

51. As noted above, further legal advice is being sought in relation to the tax implications of the revised delivery arrangements, in particular in relation to SDLT. An allowance has been made on the basis of the assumed SDLT relief the council would be eligible for, but this will need to be confirmed ahead of the detailed approval of the transaction.
52. In addition to the above development costs, the transaction would mean that the current contractual financial contributions that Notting Hill Genesis would otherwise have been required to pay across the First Development Site would be reduced by a proportion on the basis of reduced residual development area. This is simply because NHG would not be the ultimate owner and beneficiary of the new homes delivered under these construction packages, but it should be noted that it would result in a combined loss of future income to the council of £17.8m, comprising loss of £11.8m land receipt payment and £6.0m infrastructure contribution.
53. The First Development Site infrastructure contribution has been allocated towards the council's contribution towards the cost of community facilities already under delivery at Plot 18, comprising new library health centre, early years nursery and public square. As a result, the loss of the £6.0m contribution creates in a funding gap on the Plot 18 scheme, however options are currently being explored to meet this gap through external grant funding.
54. In total, the GLA have already allocated £29m of social housing grant to the delivery of affordable units on Package A & B. Initial discussions with GLA officers suggest that through the proposed transaction delivering a significant increase in the quantum of affordable units on site a further grant of up to £25.6m could be secured, taking the total grant available for Package A & B to up to £54.5m. This would mean the net cost to the council of the 581 units would be circa £138.5m (£193m gross), which translates to circa £238.4k per unit (£332k gross). Overall, this cost per unit is broadly comparable to the cost of direct delivery and other purchase prices and is considered to be value for money. Further external cost and valuation advice has been sought to confirm this ahead of approval of the final detailed arrangements. The net cost will be funded out of resources supporting the Housing Investment Programme, including borrowing as appropriate. In addition, the loss of £6m of infrastructure contribution will necessitate additional resources from the General Fund to fund the community facilities on Plot 18. The loss of the land receipt of £11.8m will add further pressure to the Housing Investment Programme by reducing resources available to fund it in the future.
55. The proposed delivery arrangements also include varying the overage arrangements for Package C. Sales overage is never guaranteed income and is dependent upon successful private sales, which are even more uncertain in the current property market. Resetting the sales overage terms for Package C brings them into line with the rest of the regeneration programme. While this results in a notional reduction in the level of overage due to the council, it should be noted that under the existing contractual terms additional development costs resulting from unforeseen delays in securing vacant possession are offset from any future sales

overage. As a result, any actual sales overage achieved would be heavily reduced as a result of these additional costs. Therefore, the cost impact as a result of this change is not considered to be significant.

Consultation

56. The proposals set out within this report have been raised with Faraday ward members and Creation trust.
57. Consultation with affected residents on the proposals for phasing and pre-allocations will be commenced subject to cabinet approval and will be used to inform the equalities impact assessment and IDM on the local lettings policy.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

58. The report recommends a change to the delivery arrangements for the housing on the First Development Site. This will necessitate the transfer of land, that has already been leased to Notting Hill Genesis pursuant to the Development Partnership Agreement (DPA), back to the council. This is so that the council will have ownership of the land on which the new social rented homes are being built.
59. The report recommends that authority is delegated to the Strategic Director of Housing and Modernisation, in consultation with the Strategic Director of Finance and Governance and Director of Regeneration, to approve the detailed land transfer arrangements in line with the principles set out in this report.
60. The report confirms that legal advice has already been sought in connection with the best way to structure any variation to the original proposed delivery arrangements and legal advice will continue to be sought in connection with the recommendations of the report. Legal advice will be taken into account by the Strategic Directors of Finance and Governance, and Housing and Modernisation and Director of Regeneration, when they come to exercise their authority as delegated by this report, including in connection with any land transfers.
61. As noted in paragraph 47 of the report, further advice will be taken on any potential procurement risk in relation to this variation which will inform the later decisions.
62. The Cabinet's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet is specifically referred to the community impact statement at paragraphs 36-41, setting out the consideration that has been given, and will continue to be given, to equalities issues which should be considered when approving the recommendations in this report.

Strategic Director of Finance and Governance (H&M 20/039)

63. This report seeks Cabinet approval to vary the contractual arrangements with Notting Hill Genesis (NHG) for the development of 581 new council homes at social rent on the First Development Site on the Aylesbury Estate. The report sets out the

indicative costs of development including planned external resources foregone as a result of the necessary change in approach to kick-start the redevelopment programme. As the agreement with NHG is finalised, further work is needed to determine both the programme delivery timeline and cost profile. Based on the indicative costing as it stands, and after taking into account expected grant of £54.5m, funding for the programme is split between the council's Housing Revenue Account (HRA) for the provision of new housing (£138.5m) and the General Fund (GF) for community facilities (6.0m).

64. Given the existing capital funding restrictions that prevail, the development will be primarily funded through new borrowing with consequent revenue financing implications for the council's HRA and GF budgets going forward. The expected land receipt of £11.8m will also be foregone, adding further pressure to the council's Housing Investment Programme. The Strategic Director of Finance and Governance notes the recommendations to earmark the capital funding necessary, which will be incorporated in the next capital refresh report to Cabinet in the Autumn.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Aylesbury Regeneration Programme Moving Forward, Cabinet report, 12 March 2019	Regeneration South, 160 Tooley Street, London SE1 2QH	Matt Derry 07718 961 418
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AllId=52130		
Aylesbury Phase 3 Rehousing Update, Cabinet report, 12 December 2017	Regeneration South, 160 Tooley Street, London SE1 2QH	Matt Derry 07718 961 418
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AllId=48213		

APPENDICES

No.	Title
Appendix 1	Plan of FDS Packages A-C

AUDIT TRAIL

Cabinet Member	Councillor Johnson Situ, Growth, Development and Planning; Councillor Kieron Williams, Housing Management and Modernisation; Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Michael Scorer, Strategic Director of Housing & Modernisation	
Report Author	Matt Derry, Senior Regeneration Manager	
Version	Final	
Dated	3 July 2020	
Key Decision?	Yes	
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
List other officers here		
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	3 July 2020	