

Item No.	Classification: Open	Date: 27 April 2021	Decision maker: Director of Regeneration
Report title:		Purchase of additional council and intermediate homes on the Manor and Braganza sites	
Ward(s) or groups affected:		Newington	
From:		Head of Regen - Capital	

RECOMMENDATION

1. That the Director of Regeneration (in consultation with the Strategic Director of Housing and Modernisation) approves the leasehold purchase of 13 units from Durkan Limited (Durkan) to provide 10 new council homes for social rent and 3 new intermediate homes across both the Manor Place and Braganza Workshops development sites for a total cost of £4,334,000. £1,084,000 of this cost is provided by a grant from the GLA, resulting in a net payment from the council of £3,250,000.

BACKGROUND INFORMATION

2. The development covers two linked sites in the Newington Ward near Kennington Tube Station.
3. On the 19 February 2019 the Strategic Director of Place and Wellbeing approved the disposal of the lease of both the Manor Place and Braganza sites and acquisition of the sub lease of 20 council homes and 4 commercial units at the Manor Place site through a development agreement (DA) with Durkan.
4. The development across both sites were set to deliver the following new homes:

	<i>Social</i>	<i>Intermediate</i>	<i>Private</i>	<i>Total</i>
<i>Manor Place</i>	20	8	28	56
<i>Braganza</i>	0	5	28	33
<i>Total</i>	20	13	56	89
<i>Percentage</i>	22.47%	14.61%	62.92%	100%

5. If the proposals across both linked reports are agreed as set out later in this report the following units will be delivered:

	<i>Social</i>	<i>Intermediate</i>	<i>Private</i>	<i>Total</i>
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Manor Place	30	0	26	56
Braganza	0	3	30	33
Total	30	3	56	89
Percentage	33.71%	3.37%	62.92%	100%

6. It will also deliver 4 commercial units, a GP Surgery, Pharmacy and Café at Manor Place and office space at Braganza.
7. Under the original terms of the DA the council was set receive the 20 social rented homes and the commercial units, but not the 13 intermediate or 56 private sale homes.
8. This proposal delivers 10 additional social homes at Manor Place for the council of the following sizes:

Unit Sizes	Manor Place
1B2P	3
2B3P	3
2B4P	2
3B4P	1
3B5P	1
Grand Total	10

9. Additionally 3 intermediate homes at the Braganza site for the council of the following sizes:

Unit Sizes	Braganza Workshops
2B4P	1
3B4P	2
Grand Total	3

10. The 13 homes that the council will purchase currently have planning permission to be delivered as intermediate homes. Changing the tenure of 10 of them to be for social rent will require an amendment to the planning permission, however as this is considered to be an improvement in the affordable housing offer of the scheme, this amendment is low risk.
11. There is a linked report being considered by the Strategic Director of Finance and Governance looking at altering the Manor and Braganza DA with Durkan, to ensure that the development can be delivered. The current DA is signed, but remains conditional as Third Party Wall/Access Agreements with neighbours surrounding the Braganza site remain unresolved – largely as a result of COVID-19.

12. This delay has caused issues with the viability of the development, and the scheme requires now additional investment to be delivered. A report setting out the additional investment requirements is currently being considered by the Strategic Director of Finance and Governance.
13. This purchase of additional council homes along with the revision to the DA set out above was considered by the Housing Investment Board in December 2020 who supported this approach.

KEY ISSUES FOR CONSIDERATION

14. This report can only be agreed in conjunction with the linked Gateway 3 report that varies the Manor and Braganza development agreement with Durkan that is currently being considered by the Strategic Director of Finance and Governance.
15. This report recommends the purchase of the 13 intermediate units being delivered across both sites for £4,334,000, and supported by an additional GLA grant of £1.084m. This is being considered in a linked delegated report that is being considered by the Director of Regeneration. The approval of the recommendations in this variation report are therefore subject to the approval of the acquisition report, and vice versa.
16. More information on the costs per unit and how this interacts with the linked GW3 report are set out in the closed version of this report.
17. As the GLA have committed to provide £2.284m grant funding towards the new affordable housing which results in a total Housing Revenue Account capital contribution of £211,024 per new affordable home, or £207,127 per new social rented home.

Policy implications

18. If the recommendations in this report are approved, 10 additional council homes for social rent will be provided, which contributes towards the council's target of delivering 11,000 new council homes by 2043. As above this change will also be subject to amending the planning application for the scheme
19. In addition 3 intermediate homes will be available to provide homes for families in housing need that are not on the council's Housing Register.

Community impact statement

20. By contributing 10 additional council homes for social rent and 3 intermediate homes this report will have a positive impact on the local community.

Resource implications

21. The cost of purchasing these additional council homes can be met from with the Housing Revenue Account.
22. The spend profile for the £4,334,000 purchase price set out in this report will be:

21/22	22/23	Total
£2.42m	£1.92m	£4.34m

23. As set out in paragraph 15 of this report £1.08m of the £4.34m purchase will come from GLA grant, meaning a net payment of £3.26m from the council.

Legal implications

24. The Council has the power to acquire homes for the provision of housing accommodation pursuant to section 9 of the Housing Act 1985.
25. Pursuant to Regulation 10 (1)(a) of the Public Contract Regulations 2015, such regulations do not apply to the acquisition of land and buildings, such as the proposed acquisition of the 13 homes. The construction of the 13 homes has already been procured by the Council through the procurement of a developer for the Manor Place and Braganza sites which resulted in the selection of Durkan.

Consultation

26. No consultation is required for this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

27. As stated above, the Council has power under section 9 of the Housing Act 1985 to acquire homes for the provision of housing accommodation.
28. On 22 January 2019 the Leader of the Council delegated authority to the director of regeneration in consultation with the strategic director of housing and modernization to acquire and dispose sites in furtherance of the Council's housing delivery programme.
29. It should be noted that the recommendation in this report is dependent on the approval of a Gateway 3 report dealing with variations to the contract entered into between the Council and Durkan.

Strategic Director of Finance and Governance (H&M 20/167)

30. This report seeks approval from the Director of Regeneration in consultation with the Strategic Director of Housing and Modernisation to approve the leasehold purchase of 13 units from Durkan Limited a total cost of

£4,334,000. The purchase will provide 10 new council homes for social rent and 3 new intermediate homes across both the Manor Place and Braganza Workshops development sites. Approval of the purchase is subject to the separate approval from the Strategic Director of Finance and Governance to vary the development agreement with Durkan Limited to deliver new homes across both development sites (concurrent reference H&M 20/168). The purchase cost will be met from resources supporting the council's Housing Investment Programme.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's constitution, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).



Signature:

Date: 10th May 2021

Designation: Director of Planning & Growth

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers (including contract reports)
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see paragraph 41 of the guidance).

1. DECISION(S)
As set out in the recommendations of this report.
2. REASONS FOR DECISION
As set out in the report.
3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
The alternate options to both reports are set out in the linked GW3 report.
4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*

*Contract standing order 4.5.1 states that for contracts with an Estimated Contract Value of over £100,000, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.

7. CONSIDERATION GIVEN TO WHETHER AS A NON-KEY DECISION, THIS DECISION SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)*

The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.

I consider that the decision be made available for publication under Regulation 13(4).*

or

I do not consider that the decision be made available for publication under Regulation 13(4).*

(* - Please delete as appropriate)

* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 2 - Contract Award Approval Southwark Regeneration in Partnership Programme Lot A1 – December 2018	Regen Capital	Osama Shoush 07842616477
Link: http://moderngov.southwark.gov.uk/documents/s79950/Report%20Gateway%20Contract%20Award%20Approval%20Southwark%20Regeneration%20in%20Partnership%20Programme%20Lot%20A1.pdf		
Gateway 2 – Supplemental Decision Amendment to Gateway 2 Contract Award SRPP Lot A1 – Manor Place/Stopford Road SE17 and 42 Braganza Street SE17 – Land Adjustment Clause	Regen Capital	Osama Shoush 07842616477
Link: http://moderngov.southwark.gov.uk/documents/s85909/Report%20Amendment%20to%20Gateway%20Contract%20Award%20SRPP%20Lot%20A1%20-%20Manor%20Place%20Stopford%20Road%20SE17%20and%2042%20B.pdf		
Housing Investment Board Report: Manor and Braganza – Investment Required December 2020	Regen Capital	Osama Shoush 07842616477
Link: n/a		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Bruce Glockling, Head of Regen - Capital		
Report Author	Osama Shoush, Housing Regeneration Programme Manager		
Version	Final		
Dated	27/04/2021		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Governance		Yes	Yes
Strategic Director of Finance and Governance		Yes	Yes
Cabinet Member		Yes	No
Date final report sent to Constitutional Team			27 April 2021