

<b>Item No.</b> 5	<b>Classification:</b> Open	<b>Date:</b> 12 July 2021	<b>Meeting Name:</b> Housing and Community Engagement Scrutiny Commission
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## **INTERVIEW WITH CABINET MEMBER FOR COUNCIL HOMES AND HOMELESSNESS**

**Briefing Paper from Councillor Stephanie Cryan, Cabinet Member for Council Homes and Homelessness in relation to progress on building new council homes**

### **BACKGROUND INFORMATION**

1. The council building programme was originally established in January 2015 when the council agreed its new long term housing strategy for the borough including specific commitments to increase housing supply, including building 11,000 new council homes for social rent by 2043.

### **KEY ISSUES FOR CONSIDERATION**

#### **Why the programme remains important**

2. There remains a housing crisis in Southwark and in London as whole – it is a crisis based on a critical lack of genuinely affordable, safe, high-quality homes.
3. There are over 15,000 households on the council’s housing waiting list. Almost half of these households include children. Many of these households are living in severely overcrowded accommodation. Sometimes entire families have no immediate alternative but to occupy a single bedroom. And there are 3,200 households in temporary accommodation. In May, the council was able to rehouse only 21 homeless households into its own housing stock, whilst also accepting a homeless duty to a further 56 homelessness families. There is a desperate need for more council homes.
4. Creating new homes is not merely about buildings, it seeks to tackle inequality and giving overcrowded local families and those with medical need the opportunity to improve their lives together with developing local estates and the environment.
5. Without the council continuing to build new homes, it would be neglecting these families - leaving thousands of children without a secure home, and exposed to all of the educational and health impacts that creates. Delivering new council homes remains a key priority, as everyone deserves a place to call home.
6. The council’s local lettings policy means that at least 50% of all new council homes are offered to existing council tenants in housing need in the local area. This means people can stay in their local area close to the schools, facilities and

amenities they currently use, helping to preserve social networks and keep our communities intact. The remaining council homes are allocated to others on the council's wider housing waiting list.

7. When we build new council homes, we offer local residents the chance to share their views on how we can improve their estates and the surrounding areas. This gives residents the opportunity to design the look and feel of new homes and amenities that help make their communities stronger, safer, and more rewarding places to live.

### **Pressures on the programme**

8. Since the inception of the programme a number of factors have changes that will mean the council will have to adapt and change as it balances competing priorities.
9. The council will always prioritise the safety of residents and has a proactive approach to ensuring fire safety. The council will continue to positively respond to the Fire Safety Act 2021 and other relevant legislation to make sure that residents are safe, and feel safe, in their homes. However, for Southwark with a large portfolio of high-rise and aging buildings, there will be an ongoing heavy call on capital resources as we ensure that our buildings continue to be safe for our residents.
10. The council is committed to making Southwark carbon neutral by 2030. The plans will be set out in the Climate Change Strategy, which is expected to be published this summer. Meeting this declaration emphasises the need for low carbon heating solutions and the need for capital investment to support the heating networks strategy, which is due to be considered by the council's Cabinet in September.
11. These and other calls on capital resource will have to be balanced with the pressing need for new council homes.
12. Local communities value their green and open spaces, perhaps increasingly so during the Covid restrictions, and this has led to some opposition to building on council land. Although so as is possible open space is moved rather than eliminated. With additional pressures on capital resources the council cannot afford to buy enough land to deliver the number of new homes required. The council must make the most of its own assets in order to provide desperately needed homes.
13. Where the council is building new homes near existing estates, these homes will always directly benefit local residents – for example, the 'local lettings' policy means that half of all new council homes will first be offered to those in housing need in the local area. This is critical to keep local communities intact and to enable family bonds or children's schooling from being affected, for example.
14. The council extensively engages with the community on each and every site and the approach to development is taken forward on a case-by-case basis. The

council realises that open spaces, play-areas and community centres are important and the Council will always look to re-provide, invest and improve our estates where we seek to build more council homes. This will be achieved through the involvement of the community at every stage.

## **Overview of the council build programme**

15. The programme coordinates council resources and activities to deliver new homes and resources as necessary to increase delivery capability in order to expand the programme to meet the council target. Teams directly delivering the programme and supporting delivery have been increased to meet the resource requirement to deliver the planned and future pipeline. The programme also includes partnership working to deliver new homes such including working with Leathermarket JMB to deliver new council homes and collaborative working on the delivery of a Community Land Trust development in Southwark.
16. Residents are at the heart of the programme, both those who do not currently have a home as well as those who will be affected by homes being developed in their estate or area. During Covid restrictions, communication has evolved with a mixture of direct correspondence, online video meetings, and innovative use of online consultation tools such as Commonplace, which has provided new ways to engage. As restrictions start to lift the council we use both traditional consultation methods alongside these new approaches to ensure that all residents can participate. Community briefs are developed for all sites and development on estates is taking an estate wide approach aimed at enhancing the estate based on conversations that are held with residents. Resident project groups are set up where feasible and residents are part of the development process from inception to completion.
17. The Council's New Homes Design Standards documents consist of the following:
  - Design Values – high level outcomes which the council wishes to achieve.
  - Design Standards – more detailed design standards with design team must adhere to and which the council's delivery teams use as an audit checklist.
  - Employer's Requirements – main build contract documents which dictate some build components to ensure compliance with existing arrangements in place as well as site and handover protocols.
18. The design standards are being employed on all new schemes, giving a clear direction on the standards that the council expects from new build properties. They will remain evolutionary in their nature, seeking to improve at every opportunity.
19. Southwark Council has worked with LHC (LHC.gov.uk), which is an organisation governed by a joint committee of local authorities, on developing a ground-breaking architectural framework. The four-year framework gives access to a range of award winning practices administered by framework procurement specialist LHC and accessible to any contracting authority in London. This has been developed to include a particular Lot that incorporates a diverse mix of smaller practices to encourage a wider range of practices in delivery.

20. Additional personnel and resources were brought into the council to ensure we have the capacity to take into account the acceleration of the programme, through to the delivery of the programme in 2022 and beyond. This includes three delivery teams in the new homes team (one temporary) as well as delivery teams within the Regeneration Team.
21. To secure additional resources the council bid for funding from the GLA and has been awarded over £88m funding from the Council Homes for Londoners programme with over 30% having already been drawn down. Further successful bids for the GLAs Home Capacity Fund and Small Sites Programme have added to the funding of the programme are also adding resources to the programme.
22. A bid in early 2021 funding for Aylesbury, Tustin, Ledbury and Styles House have also been agreed, totalling in excess of £101m, with the first tranche of funding for Aylesbury drawn down.
23. A further bid for a mix of Council Homes for Londoners and the new Affordable Housing Programme 2021-26 have been made for £193m for 1522 homes with the final decision expected late in July.
24. The Borough Plan 2020-22 pledges to increase the number of council homes in Southwark, with at least 1,000 more built or on site by 2022 (2,500 council homes in total by 2022). So far, 1,497 have been completed or on site (including Aylesbury package A) leaving a balance of 1,003 left to deliver by May 2022.
25. The council has built or delivered 717 new homes, 780 are under construction and in excess of 4,000 properties approved in the programme in the earlier stages of development.
26. New Build Schemes currently under construction include:
  - 345 Southwark Park
  - Chilton Grove (Rooftop Homes)
  - Commercial Way
  - Copeland Road car park
  - Daniels Road
  - Goschen Estate
  - Haddonfield Garages
  - Ivy Church Lane Garages (Kinglake Street)
  - Cezanne House (Lakanal New Build)
  - LeatherMarket - Joseph Lancaster
  - Meeting House Lane [1-29 Lillac House, Dene Community Centre]
  - Rye Hill Park Garages
  - Sedgemoor Place
  - Shops & Council Offices, Manor Place /Stopford Road
  - Tenda Road
  - Welsford Street Garages
  - Workshops, 42 Braganza Street SE17 [A1]
  - New Almshouse at 94-116 Southwark Park Road

- Aylesbury\_FDS Package A
- Adrian & Dennis (39-44 Rutley Close)
- Former Rotherhithe Civic Centre & rear of Albion Primary School

27. Covid restrictions have delayed a number of schemes, including schemes on site, where contractors had to adapt to new ways of working. Contracts were also delayed and scheme programmes extended to incorporate alternate safe working practices. This will increase scheme working periods and associated costs accordingly.

28. The council is currently forecasting to deliver in excess of the 2,500 homes (currently over 2,863 by the end of 2021/22) and there is a high confidence of meeting this target. However, there is little room for delay in meeting the target and it remains to be seen how responsive the market will be as the new homes are tendered over the coming months and the programme affordability.

CATEGORIES	DELIVERED	On site	2021	2022	2023
Direct Delivery	355	570	1016	717	111
Hidden Homes	51	8	5	0	0
LeatherMarket	27	40	0	32	40
Regen. Prog.	0	162	253	241	212
S106 purchase	258	0	92	8	0
Other	26	0	0	0	0
<b>TOTAL</b>	<b>717</b>	<b>780</b>	<b>1366</b>	<b>998</b>	<b>363</b>
<b>RUNNING TOTAL</b>	<b>717</b>	<b>1497</b>	<b>2863</b>	<b>3861</b>	<b>4224</b>

### The future of the programme

29. In March 2020, Cabinet approved the recommendation and strategy to look beyond the initial 2,500 homes called *Routes to 11,000: a new council homes strategy for Southwark*. This sets out the scale of the task ahead to continue to deliver council homes and sets out the direction that the council is taking.

30. The strategy sets out four key aspirations:

- Build council homes residents will be proud to live in
- Build local construction skills
- Build sustainably
- Build sustainable communities

The future programme is being taken forward by the transformation board, chaired by the director of new homes. The board's role is to oversee and monitor the progress of tasks associated with the development of the delivery programme including:

- A fundamental review of delivery, including baselining current performance and horizon scanning for best practice
- Staff resources – ensure that there is sufficient capacity internally and externally to develop and deliver the programme
- Ensure that the right staffing resources are in place for future delivery
- To recommend changes to the delivery structure to fit with future delivery / restructure delivery

- Establishment appropriate delivery mechanism to deliver mixed tenure approaches and to deliver local construction skills
  - Deliver plans for a viable programme beyond 2022, including appropriate tenures including ensuring that mechanisms are in place to support appropriate decision making on the pipeline
  - Oversee the strategy for delivering net carbon zero homes in the pipeline of new homes
31. A consultation is to begin this summer with all staff who are within the current regeneration teams and staff in the new homes division. It will look at the structures and see how we can improve them to ensure high quality delivery of ambitious targets for new homes and sustainable place making in Southwark. It will also create clear leadership overview and avoid silo working together with creating strong career opportunities, incorporating key succession planning.
  32. To expand the pipeline the council is continuing to identify sites for new council homes on its own land, including housing estates; exploring further opportunities for infill development, small sites, land re-designation and intensification, as part of the council's 'expand and enrich' approach to our housing estates, and resident-centred estate improvement plans.
  33. The council has developed a programme of rooftop sites. Rooftop sites allow the council to retain more green spaces and parking spaces (which are under pressure) and now, following the pandemic, valued more than ever. Chilton Grove is on site and a further 10 rooftop schemes are proposed in the programme.
  34. The council will seek to continue to purchase land on the open market for immediate and longer term building opportunities, particularly around opportunity areas such as the Old Kent Road where the council has already made a number of strategic purchases where resources allow. This will allow for further site assembly and opportunity to create mixed communities for the future.
  35. There are future opportunities for new homes at Ledbury, Tustin and Aylesbury Estates. We will utilise these opportunities to create the new homes for the future.
  36. The Tustin estate comprises a mixed typology of 528 homes. There are 230 homes in three towers and 298 homes in low-rise blocks. The three towers have been refurbished and are not affected by the current proposal. The part of the Tustin Estate affected by the demolition proposal comprises 151 council rented homes, 47 temporary accommodation bedsit homes, 32 resident leasehold homes and 19 non-resident leasehold homes. At the time of the offer document, there were 49 leaseholders in total. In addition, there are 18 council rented and 31 freehold homes on Manor Grove.
  37. The parts of the Ledbury Estate to be demolished and re-developed, due to structural issues and fire safety concerns, comprises four tower blocks. The tower blocks are located on two separate sites, which also include a number of low rise blocks, a multi-use games area (MUGA) and a T & RA hall. A survey will be shared with residents in July about inclusion of the hall within the redevelopment plans. The

tower blocks consist of 224 homes (206 council rented homes and 18 leasehold interests).

38. The offer document for the Tustin estate wide ballot set out a design option which demolished 249 low rise properties on the estate and the current primary school and replaced them with 689 new homes and a replacement primary school. In addition 18 council homes on Manor Grove would be refurbished. the offer document stated that the existing council social rented homes would be replaced by council social rented homes and that 49 shared equity homes would be developed to meet the needs of leaseholders. In addition, the offer document proposed that 440 additional homes would be developed of which it was assumed, subject to financial viability, that at least 50% would be council homes with the remainder being for private sale.
39. The offer document for the Ledbury estate wide ballot set out a design option which demolished the 224 tower block homes on the estate and replaced them with around 333 new homes. The offer document stated that the existing council social rented homes would be replaced by council social rented homes and that leaseholders would have the option of selling their home to the council, buy their homes outright or to purchase through shared ownership, shared equity or equity loan. In addition, the offer document proposed that 50% of the additional homes provided would be council homes with the remainder being for private sale.
40. In the Tustin ballot in March 2021, 87% of residents who voted were in favour of the design option. In order to secure grant funding, a bid was submitted to the GLA for the replacement Council homes on the estate. This resulted in £20m of grant being secured on condition that construction works start in September 2022.
41. In the ballot in March 2021 at Ledbury, 86% of residents who voted were in favour of the design option. In order to secure grant funding, a bid was submitted to the GLA for the replacement Council homes on the estate as well as some additional homes for social rent. This resulted in £27.8m of grant has being secured on condition that construction works start in September 2022.
42. The lifting of the borrowing cap also enabled the council to deliver 581 new council homes (at council rents on secure lifetime tenancies) on the First Development Site at the Aylesbury estate. These homes are a significant contribution to delivering the 2,500 homes by 2022 with 229 of these homes are already on site and the remaining homes expected on site later this year. The funding to make these council homes largely comes from HRA resources, along with grant contribution from Greater London Authority.
43. The *Routes to 11,000: a new council homes strategy for Southwark* outlines the scale of the resource need to deliver new homes. However, 2,500 homes are fully fundable under the HRA.
44. The council will need to balance borrowing for the delivery of new homes as these assets deliver a revenue stream and capital receipts, accepting that there may be calls to use borrowing to address statutory, particularly fire safety in light

of the Grenfell fire and other key priorities such as the climate emergency that the council must respond too.

45. The council will continue to act prudently and ensure borrowing remains within a level that can be sustained within resources.
46. Therefore the council will need to look at other ways to fund the programme including looking at different tenures, incomes, models of delivery and support from central government.
47. The transformation board is picking up these work-streams as well as responding, for new homes, to the climate emergency.
48. The council has worked with industry experts to begin to develop a roadmap for net carbon zero programmes. This will aim to address both operational and embodied carbon emissions and will be discussed with members, before agreeing the roadmap and beginning implementation. However there is already a low carbon zero pilot being progressed at Ann Moss Way that is expected to be on site later in 2022.
49. To support this the council is also looking at modern methods of construction to help reduce the over carbon in building new homes. This is at an early stage but will be expected to be embedded within the council delivery programmes in the future.