



## Mayor and Cabinet

### **Report title: GLA Small Sites Grant**

**Date:** 11<sup>th</sup> March 2020

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Executive Director for Housing, Regeneration and Environment; Acting Chief Finance Officer, Head of Law

## Outline and recommendations

Lewisham Council has successfully bid for funding from the GLA to provide additional grant funding to deliver five small social housing projects, which have already received planning permission and are due to start on site this calendar year. Additional enabling and early works are required on all five projects due to difficult site constraints. This report seeks permission to receive the additional GLA funding. The recommendations are for Mayor and Cabinet to:

- 1.1. Agree to accept a total of £1,477,500 grant funding from the GLA pursuant to the Small Sites Small Builders Programme to carry out specified works on five Council housing projects on Council land as set out in Section 5;
- 1.2. To delegate authority to the Executive Director for Housing, Regeneration and Environment to agree the terms of and enter into individual grant agreements with the GLA for each project; and
- 1.3. Should any project listed under Section 5 not proceed, delegate authority to the Executive Director for Housing, Regeneration and Environment to agree a substitution project and to agree the terms of and enter into any replacement grant agreement required.

## Timeline of engagement and decision-making

The Council is currently in contract with the GLA for all five projects (except Eddystone) to receive Building Council Homes for Londoners grant funding from the GLA. This funding bid was approved by the Mayor and Cabinet on 19 September 2018. The GLA have confirmed that the Small Sites Small Builders Programme funding is in addition to the existing grant in order to fund additional enabling works that are required. All five projects have planning consent and the delivery and procurement of works has already been approved as per the Mayor & Cabinet New Homes Programme report of 11<sup>th</sup> July 2018.

### 1. Summary

- 1.1. The Council submitted proposals in August 2019 to the GLA pursuant to the Small Sites Small Builders Programme call for submissions in respect of the proposed construction and delivery of additional works for a number of capital projects as set out below. The fund has a specific category to enable delivery of difficult projects by Councils who are building directly on Council owned land.
- 1.2. In November 2019 the GLA agreed in principle to make funding available. The GLA's Small Sites Small Builders Programme is funded by the London Enterprise Action Partnership's (LEAP) Good Growth Fund.
- 1.3. In order for the Council to receive the funding the Council will need to enter into individual grant agreements with the GLA for the projects. This report seeks Mayor and Cabinet authority to do so.

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## 2. Recommendations

The recommendations are that Mayor and Cabinet:

- 2.2. Agree to accept a total of £1,477,500 grant funding from the GLA pursuant to the Small Sites Small Builders Programme to carry out specified works on five Council housing projects on Council land as set out in Section 4 of this report;
- 2.3. Delegate authority to the Executive Director for Housing, Regeneration and Environment to agree the terms of and enter into individual grant agreements with the GLA for each project; and
- 2.4. Should any project set out in Section 4 not proceed, delegate authority to the Executive Director for Housing, Regeneration and Environment to agree a substitution project and to agree the terms of and enter into any replacement grant agreement required.

## 3. Policy Context

- 3.1. The Council's Corporate Strategy (2018-2022) outlines the Council's vision to deliver for residents over the next four years. Building on Lewisham's historic values of fairness, equality and putting our community at the heart of everything we do, the Council will create deliverable policies underpinned by a desire to promote vibrant communities, champion local diversity and promote social, economic and environmental sustainability. Delivering this strategy includes the following priority outcomes that relate to the provision of new affordable homes:
  - Tackling the Housing Crisis – Providing a decent and secure home for everyone.
  - Building an Inclusive local economy – Ensuring every resident can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
  - Building Safer Communities – Ensuring every resident feels safe and secure living here as we work together towards a borough free from fear of crime.
- 3.2. Homes for Lewisham, Lewisham's Housing Strategy (2015-2020), includes the following priority outcomes that relate to the provision of new affordable homes:
  - Key Objective 1 – Helping residents in times of severe and urgent housing need.
  - Key Objective 2 – Building the homes our residents need.
  - Key Objective 4 – Promoting health and wellbeing by improving our resident's homes.

## 4. Details of Projects

- 4.1. £1,477,500 GLA funding was agreed at the LEAP Investment Committee meeting on the 12th December 2019.
- 4.2. The agreed projects to receive this funding are Somerville, Grace Path, Silverdale, Eddystone Tower/Pepys and Algernon. These projects are all to be delivered by Lewisham Homes the Council's Housing Company and principal delivery agent and have either started or are due to start on site in the next 6 months. Table 1.1 and 1.2 below set out the works proposed under this additional funding and the general status of the projects.
- 4.3. The detail is subject to individual grant agreements that the Council and the GLA will enter into by March 2020 if the recommendations in this report are approved.
- 4.4. Please note that not all these projects may proceed and that the delegation as above will allow the Council and GLA to agree substitutions.

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- 4.5. The Council and GLA will enter into 5 contracts by the end of the 2019/20 financial year.
- 4.6. The GLA funded additional works under the Small Sites Small Builders Programme will need to be completed by March 2021. The main construction works which are being funded by the Council and other GLA grant, if applicable, can be completed after the March 2021 deadline as set out in table 1.1 below.

**Table 1.1**

<b>Project</b>	<b>Ward</b>	<b>Capital works to be funded from the additional grant (indicative only subject to contract)</b>	<b>General project description</b>
Somerville Estate Phase 1	Telegraph Hill	Thames Water sewer survey and associated works/on-costs.	<p>Lewisham Homes has been granted planning permission to build 23 new homes at the Somerville Estate. The scheme will incorporate some estate improvements such as new landscaping, improvements to security and natural surveillance including access routes and open spaces, 16 parking spaces will be re-provided, and associated cycle parking will be introduced. The provision of new London Affordable Rent homes, and the successful integration of the new homes into the retained estate are key objectives.</p> <p>Tender for works due to commence Spring 2020. Contract Award due late Summer 2020.</p>
Grace Path	Sydenham	Site investigation and/or enabling works including Japanese Knotweed clearance.	<p>Grace Path will provide five two-storey, three-bedroom houses for social rents. The current site is occupied by an existing garage court located to the rear of 31-61 Silverdale, backing onto the railway line serving Sydenham station. The garages will be demolished to enable the construction of the new development which will be partly funded by the GLA.</p> <p>A joint tender for Silverdale/Grace Path has</p>

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			been published.
Silverdale	Sydenham	Site investigation and/or enabling works including Japanese Knotweed clearance.	<p>Silverdale Hall is a derelict former community hall in Silverdale very close to Sydenham Station and the High Street. This will be demolished to make way for 2 two-bedroom houses and 4 two-bedroom apartments. Two of the new apartments will be designed and constructed to wheelchair standard.</p> <p>A joint tender for Silverdale/Grace Path has been published.</p>
Eddystone Tower/Pepys	Evelyn	Structural alterations due to conversion of tower block and fit out to improve common & shared residents areas	<p>This is a scheme of 5 units to be developed across two storeys within Eddystone Tower, in the area vacated by the former Pepys Housing office. This scheme has planning consent and a detailed design is in place. Successful delivery of this refurbishment scheme will require contractor input at an early stage in the post-planning design process, and careful management of relationships with neighbours.</p>
Algernon	Ladywell	Complex site access improvements including ground investigation, asbestos removal and structural works to retaining wall	<p>The proposal for this site is to deliver four new, family-sized, council homes. These will replace the existing thirteen garages which currently occupy the site. The proposal has planning consent.</p> <p>Bounded by Embleton Road to the west and Algernon Road to the east, the site is located next to two post-war blocks of two and three storey flats to the north. There will also be a new walkway connecting Embleton Road and Algernon Road.</p> <p>The project is currently out to tender.</p>

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- 4.7. Table 1.2 sets out the number of homes, funding allocation from the GLA Small Sites grant allocation and key dates.

**Table 1.2**

Description	No of homes	GLA Small Sites Allocation	Long stop date for completion of GLA funded additional works	Estimated Start on Site of main works	Estimated Completion of general project
Somerville Phase 1	23	£800,000	March 21	Aug-20	Aug 22
Grace Path	5	£187,500	March 21	May-20	Aug -21
Silverdale Hall	6	£175,000	March 21	May-20	Aug-21
Eddystone/ Pepys	5	£175,000	March 21	May-20	May-21
Algernon Road	4	£140,000	March 21	Apr-20	Aug-21
<b>Total</b>	<b>43</b>	<b>£1,477,500</b>			

## 5. Risks

- 5.1. Risks will be considered as part of the individual contracts on projects to be drawn up between the Council and the GLA subsequent to Mayor and Cabinet approval of the receipt of funding.
- 5.2. Should the GLA and Council not be able to enter into funding agreements by the end of March 2020 there is a risk of projects not proceeding due to a lack of funding.
- 5.3. Progress of the Eddystone project is subject to a review led by Lewisham Homes at present but it is anticipated to proceed within the timeframe.

## 6. Financial implications

- 6.1. This report seeks delegated approval to enter into individual grant agreements with the GLA for five Council housing projects, to be delivered by Lewisham Homes, which would attract additional grant funding of £1,477,500 from the GLA small sites funding initiative.
- 6.2. This would be in addition to the £3,800,000 grant already approved for four of the sites listed in paragraph 4.8 (except Eddystone), bringing the total potential grant allocation for these schemes to £5,277,500.
- 6.3. Financial models have been developed to assess the viability of each individual scheme within the Building for Lewisham programme as well as producing an overall

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consolidated financial position for the programme as a whole.

- 6.4. The financial modeling indicates that overall the schemes are viable, within the whole programme, if this additional funding can be secured, improving the overall financial position. The HRA financial model has also been updated to incorporate the HRA elements of these schemes and shows that they can be accommodated if additional funding can be secured.
- 6.5. Work continues on refining all of the modelling assumptions that have been used to date, including financial viability for all schemes. Mitigation actions against unviable projects could include developing cross-subsidy into the schemes by using a mixed approach to delivery such as reducing the overall social element, introducing shared ownership and/or private sales or securing additional sources of funding.
- 6.6. It should also be noted that if any of the proposed schemes in the programme become financially unviable and are not progressed, costs incurred up to that point will need to be written-back to GF and/or HRA revenue as abortive costs. Any replacement scheme which, if agreed with the GLA, will use the approved grant funding would be subject to a new financial assessment.
- 6.7. The social homes within the five schemes outlined in this report, will be funded from a combination of the GLA grants, HRA balances and prudential borrowing.

## **7. Legal implications**

- 7.1. In accordance with the Mayor Scheme of Delegation, the approval of any application for external funding which exceeds £1m is reserved to members.
- 7.2. The terms of the individual grant agreement for each project will need to be agreed and entered into with the GLA. This report requests that authority is delegated to the Executive Director for Housing, Regeneration and Environment in this respect. Authority is also requested to be delegated to agree any substitute scheme with the GLA, should any of the identified schemes not proceed or not proceed within the timescale required by the GLA.
- 7.3. The terms of the grant agreement have been reviewed and are considered to be standard. The Council will be required to meet agreed Milestones and deliver the agreed Outputs for each scheme (the agreed amount of housing) by agreed dates. Any failure to do so could result in repayment of the relevant grant funding to the GLA. Officers should therefore be satisfied that the Council can comply with its obligations under each grant agreement when it is entered into and before any funding is drawn down.
- 7.4. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.5. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
  - eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and those who do not.
  - foster good relations between people who share a protected characteristic and those who do not.
- 7.6. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster

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good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed at 7.5 above.

- 7.7 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 7.8 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

## **8. Equalities implications**

- 8.1. There are no equalities implications arising directly from the recommendations set out in this report. However, the additional funding will increase the number of social rent homes in the borough to enable more households on low incomes to access secure and safe accommodation, which will have positive equalities implications.
- 8.2. It should be noted that all of the protected characteristics will be considered and assessed with the impact and implications assessed as part of the commencement of building work, which is led by our delivery agent Lewisham Homes and monitored by Council officers as delegated through this report.
- 8.3. It should be noted that the Council is committed to ensuring our developments will be inclusive and feature accessible and adaptable homes that will meet the needs of our residents throughout their life.

## **9. Climate change and environmental implications**

- 9.1. Existing planning consents will be in line with the Council and GLA guidance on climate change.

## **10. Crime and disorder implications**

- 10.1. There are no crime and disorder implications arising from this report.

## **11. Health and wellbeing implications**

- 11.1. There are no direct health and wellbeing implications arising from this report although the provision of new social homes will have a positive impact on health and wellbeing of people on the housing register waiting for permanent accommodation.

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## 12. Social Value implications [to be completed only when awarding a contract]

- 12.1. Lewisham Homes will address social value implications when procuring and awarding contracts for works.

## 13. Background papers

- 13.1. More information about the projects can be found on the Council website:  
<https://lewisham.gov.uk/buildingforlewisham>
- 13.2. GLA funding was agreed at the LEAP Investment Committee meeting on the 12th December 2019. Refer decision:  
<https://www.london.gov.uk/moderngovmb/ieListDocuments.aspx?CId=432&MIId=6390&Ver=4> (please see item 9).

## 14. Glossary

- 14.1. Please contact the report author if any term definition is required.

Term	Definition
NA	NA

## 15. Report author and contact

- 15.1. Tobias Govert, [tobias.goevert@lewisham.gov.uk](mailto:tobias.goevert@lewisham.gov.uk), 020 83147821

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