



Mayor and Cabinet

Report title: GLA Small Sites Grant

Date: 16th September 2020

Key decision: Yes

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director for Housing, Regeneration and Environment; Acting Chief Finance Officer, Director of Law, Governance & HR

Outline and recommendations

Lewisham Council has successfully bid for further funding from the GLA under their Small Sites Small Builders Programme to provide additional grant funding to deliver four small social housing projects, which require additional financial support to deliver them. Additional enabling and early works are required on all four infill housing development 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 £1,310,000 grant funding from the GLA Small Sites Small Builders Programme (Round Two) to carry out specified works on four Council housing projects on Council land as set out in Section 4 of this report;
- 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 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.

Timeline of engagement and decision-making

The Council currently have a Building Council Homes for Londoners grant allocation with the GLA for the four projects. This funding bid was approved by the Mayor and Cabinet on 20 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. One of the projects has planning consent and the other three are in the planning process and were approved to proceed to RIBA Stage 2 in January and July 2020 by Mayor and Cabinet.

1. Summary

- 1.1. Having successfully secured funding in the first round of the GLA's Small Sites Small Builders Programme, officers have made a further application to unlock the delivery of four more sites 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 July 2020 the GLA agreed in principle to an allocation of £1,310,000 in response to the Council's second round bid.
- 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.
- 1.4. The GLA require a start on site by March 2021 for these sites to take up the grant.

2. Recommendations

The recommendations are that Mayor and Cabinet:

- 2.2. Agree to accept a total of £1,310,000 grant funding from the GLA Small Sites Small

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Builders Programme (Round Two) to carry out specified works on four 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. The GLA invited bids for this year's allocation from their Small Sites Small Builders Programme - the second round of funding. The Council had successfully secured £1,477,500 from the first round of funding. The criteria for the allocation of the funding was:
 - prioritise sites that require the lowest unlocking costs per unit in order to ensure value for money, and allow funding to stretch further;
 - an initial upper guideline of £35,000 expenditure per unit, based on other GLA funding programmes,
 - prioritise landowners who promote affordable housing and social value on sites (by including use restrictions on leases) for this funding;
 - prioritise landowners with a credible approach to delivering a high quality development;
 - prioritise landowners who can deliver against significant milestones in the first year and draw down funding within the life of the programme

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- 4.2. An application was made on 18 May 2020 for four projects on sites with viability challenges. These were Endwell Road, Valentine Court, Dacres Road and Elderton Road.
- 4.3. These projects are all to be delivered by Lewisham Homes the Council's principal delivery agent and have either planning permission or have been agreed by Mayor and Cabinet to be included in the Building for Lewisham programme. Table 1.1 and 1.2 below set out the works proposed under this additional funding and the general status of the projects.
- 4.4. The additional funding will be used for pre-construction works e.g. demolition of garages and estate buildings, tree removal, site clearance and service diversions which can be done in parallel with planning applications or a separate demolition planning approval to be given where applicable. This would be subject to Mayor and Cabinet approval to award a budget prior to the scheme planning permission to proceed with these works.
- 4.5. The detail is subject to individual grant agreements that the Council and the GLA will enter into by March 2021 if the recommendations in this report are approved.
- 4.6. Please note that not all these projects may proceed and that the delegation as above will allow the Council and GLA to agree substitutions.
- 4.7. The Council and GLA will enter into 4 contracts by the end of the 2020/21 financial year.
- 4.8. The GLA funded additional works under the Small Sites Small Builders Programme will need to be spent by the end of March 2021. This is a challenge for three of the sites to meet this deadline as their progression is subject to consultation, planning approval and confirmation of budgets by Mayor and Cabinet. 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

Project	Ward	Capital works to be funded from the additional grant (indicative only subject to contract)	General project description
Endwell Road, SE4 2NE	Telegraph Hill	Special tree protection. The planning permission requires 4 trees to be retained. All are extremely close to the foundation, meaning for traditional excavation methods they could not be protected and would almost certainly be lost.	The consented scheme proposes to replace a number of underused garages on the corner of Endwell and Vesta Road in Telegraph Hill Ward. The development will provide a mix of 9 family-sized apartments aimed at improving their surrounding street context and public realm. Planning granted in 2018, estimated start on site Autumn 2020.

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Valentine Court, SE23 2LH	Perry Vale	Demolition, access works, new play-space and service diversion.	<p>Valentine Court is an existing housing estate situated in Forest Hill. The project is made up of two elements: Site 1 currently contains a disused laundry building and a hard-standing area.</p> <p>Site 2 currently contains a caretaker's facility, a run-down play area requiring improvement works and car parking spaces. Planning for the scheme is due to be secured in Spring 2021, although additional grant funded works can be carried out in advance with separate planning approval and would be subject to Mayor and Cabinet approval for these works to commence ahead of planning approval and the budget provided.</p>
Dacres Road, SE23 2PD	Perry Vale	Demolition, site access roads and service diversion and substation move	<p>The site is part of an existing housing estate consisting of a series of high rise tower blocks on Dacres Road. To one end of the estate there is a block of 17 garages plus areas of hard standing and parking. The project will focus on developing this corner parcel of land occupied by the garages and a substation to deliver circa 30 new social homes, predominantly flats with a small number of family houses.</p> <p>Planning for the scheme is due to be secured in Spring 2021, although additional grant funded works can be carried out in advance with separate planning approval and would be subject to Mayor and Cabinet approval for these works to commence ahead of planning approval and the budget provided.</p>
Elderton Road, SE26	Sydenham	Demolition and site	Located in Sydenham the existing site is a gap between

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4EY		clearance	<p>a continuous terrace of two-storey houses to the North, and a row of three-storey semi-detached houses to the South. It is currently occupied by six garages that sit to the rear of the site, behind a concrete-paved forecourt. The proposal for the site involves the addition of a small infill development of up to five homes to replace the existing garages.</p> <p>Planning to be secured in Spring 2021, although additional grant funded works can be carried out in advance with separate planning approval and would be subject to Mayor and Cabinet approval for these works to commence ahead of planning approval and the budget provided.</p>
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- 4.9. Table 1.2 sets out the indicative number of homes, funding allocation from the GLA Small Sites grant allocation and indicative key dates. These details are subject to further consultation, due diligence and planning discussions.

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
Endwell Road	9	£315,000	March 2021	Autumn 2020	Spring 2022
Valentine Court	22*	£465,000	March 2021	Autumn 2021	Autumn 2023
Dacres Road	30*	£355,000	March 2021	Autumn 2021	Autumn 2023
Elderton Road	5*	£175,000	March 2021	Autumn 2021	Winter 2022
Total	66*	£1,310,000			

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* subject to planning permission

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 2021 there is a risk of projects not proceeding due to a lack of funding.

6. Financial implications

- 6.1. This report seeks delegated approval to enter into individual grant agreements with the GLA for four Council housing projects, to be delivered by Lewisham Homes, which would attract additional grant funding of £1,310,000 from the GLA small sites funding initiative.
- 6.2. This would be in addition to the £6,600,000 grant already approved for the sites listed in paragraph 4.8 (except Elderton Road), bringing the total potential grant allocation for these schemes to £7,910,000.
- 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 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 30 year 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 and would be required to meet the GLA timescales.
- 6.7. The social homes within the four 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 Executive Director for Housing, Regeneration and Public Realm 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 are still to be received from the GLA but it is anticipated that they will be on the same or very similar terms to previous GLA grant

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agreements. On that basis, 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 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.

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- 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.

12. Social Value implications

- 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>

14. Glossary

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

Term	Definition
NA	NA

15. Report author and contact

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