



## Mayor and Cabinet

### Report title: Ladywell Redevelopment

**Date:** 15 June 2022

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** Ladywell

**Contributors:** Executive Director for Housing, Regeneration and Public Realm, Executive Director of Corporate Resources and Director of Law, Governance and Elections.

### Outline and recommendations

This report provides an update on the progress of the housing development scheme on the site of the former Ladywell Leisure Centre and makes recommendations to proceed with the delivery of the scheme.

It is recommended that Mayor and Cabinet:

*Notes the progress on developing the Ladywell scheme including the proposed housing mix;*

*Approves an increase in the budget to complete the tender stage as set out in the accompanying Part 2 report; and*

*Pursuant to Section 122(1) of the Local Government Act 1972 approves the appropriation of the land for Phase 1 of the Ladywell scheme (as shown in the red outline on the attached plan at Appendix 1) from Leisure (General Fund) to Housing (Housing Revenue Account).*

### Timeline of engagement and decision-making

Mayor and Cabinet: Building for Lewisham - Ladywell s105 and s137 Consultation 12 January 2022.

Mayor and Cabinet: GLA Homes for Londoners Affordable Housing Programme 2021-26 Bid Outcome 3 November 2021

Mayor and Cabinet: Future of PLACE 13 January 2021

Part 2 Mayor and Cabinet: Approval for budget to procure and delegate the appointment of an Employer's Agent to produce an options Appraisal for the end use of PLACE 25 March 2020

Part 2 Mayor and Cabinet: Approval for budget to start redevelopment plans at PLACE/Ladywell site 13 March 2019

Mayor and Cabinet: temporary use of the site for residential purposes 25 October 2014

Mayor and Cabinet: Part 2 Re- Deployable Temporary Accommodation 22 October 2014

Mayor and Cabinet: The Future of Ladywell Leisure Centre 19 June 2013

***This report is a Key Decision, therefore any decision will be subject to scrutiny***

## 1. Summary

- 1.1. Following the launch of the Building for Lewisham (BfL) housebuilding programme in January 2020, and building on the previous New Homes Programme, Lewisham Homes have been the Council's direct delivery partner building new Council homes.
- 1.2. The site of the former Ladywell Leisure Centre has been identified as a suitable site for new homes to be built as part of the BfL programme.
- 1.3. In January 2021, Mayor and Cabinet approved the officer recommendation to phase the Ladywell scheme with Phase 1 being the vacant land to the rear of the site and Phase 2 being on the land where the temporary PLACE Ladywell building is located. This allows for new homes to be delivered on the site with the PLACE building remaining in-situ providing temporary accommodation whilst a viable scheme for Phase 2 is developed in due course.
- 1.4. This report provides an update on Phase 1 of the Ladywell scheme and makes recommendations to Mayor and Cabinet to resolve land issues and to have a budget to complete the tender for the delivery of the new homes.

## 2. Recommendations

Mayor and Cabinet are recommended to:

- 2.1. *Note the progress on developing the Ladywell scheme including the proposed housing mix;*
- 2.2. *Approve an increase in the budget to complete the tender stage as set out in the accompanying Part 2 report; and*
- 2.3. Pursuant to Section 122(1) of the Local Government Act 1972 *approves the appropriation of the land for Phase 1 of the Ladywell scheme (as shown in the red outline on the attached plan at Appendix 1) from Leisure (General Fund) to Housing (Housing Revenue Account).*

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### 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. Lewisham's Housing Strategy (2020-2026), includes the following themes that relate to the provision of new affordable homes:
1. Delivering the homes that Lewisham needs.
  2. Preventing homelessness and meeting housing need.
  3. Improving the quality, standard and safety of housing.
  4. Supporting our residents to live safe, independent and active lives.
  5. Strengthening communities and embracing diversity.

### 4. Background

- 4.1. The Ladywell site comprises land formerly used and occupied by the Ladywell Leisure Centre, now occupied in part by the PLACE/Ladywell (PLACE) temporary housing development. The remainder (and majority) of the site is vacant. The site and the PLACE building are both on land accounted for within the Council's General Fund.
- 4.2. A Mayor and Cabinet report setting out the case for demolishing the old Ladywell Leisure Centre building was approved in June 2013. The report also set out the plans for undertaking feasibility studies to investigate options for future development of the site and surrounding area.
- 4.3. Demolition of the Leisure Centre was completed in May 2014. At that time, the feasibility studies for the site confirmed that the scope and complex nature of the site and its surrounds would necessitate at least 18 months to submit to planning and procure contractors prior to any solution being built on the site.
- 4.4. In October 2014, Mayor and Cabinet approved the temporary use of part of the former Ladywell Leisure Centre site for residential purposes, and the construction of a building using Modern Methods of Construction (MMC) to provide affordable workspace and temporary homes.
- 4.5. In 2015, planning permission was approved for the temporary installation of a redeployable building to be located at the former Ladywell Leisure Centre site whilst it awaited plans to be drawn up for comprehensive redevelopment. The redeployable building is now known as PLACE Ladywell. The award winning building provides 24 self contained modern homes which are used as temporary accommodation as well as 4 commercial units on the ground floor.

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- 4.6. In March 2019, Mayor and Cabinet approved a budget for the comprehensive redevelopment required to submit a planning application for the former Leisure Centre site and to carry out the feasibility work for the relocation of the PLACE Ladywell building.
- 4.7. In January 2021 Mayor and Cabinet approved the strategy to bring forward the development of the Ladywell scheme into two phases. Phase 1 being on the mostly vacant area to the rear of the site (as outlined in Appendix 1) which is deliverable sooner and Phase 2 being the site of the PLACE Ladywell building with plans to be developed at a later date. The PLACE Ladywell building will remain in-situ providing temporary accommodation until Phase 2 comes forward.
- 4.8. The January 2021 Mayor and Cabinet approvals included proposals to deliver the Phase 1 site with a planning policy compliant scheme delivering a minimum of 50% affordable homes with the intention to deliver the maximum amount of genuinely affordable rented homes as financial viability allows.
- 4.9. In November 2020 the GLA announced their new affordable housing grant regime – Homes for Londoners Affordable Homes Programme 2021-2026 (AHP 2021-2026). The Council made an application for grant funding for a number of schemes in the BfL programme including Phase 1 of the Ladywell scheme.
- 4.10. The Council was successful in securing £186,000 per social rented home (at target rent). The bid was based on 69 social rented homes being delivered.
- 4.11. The outcome of the bid and recommendation to accept the grant was presented to Mayor and Cabinet in November 2021 where it was also outlined that the aim was to deliver at least 69 social rented units on Phase 1 of the Ladywell site, but this being subject to further design work and planning input.
- 4.12. In November 2021, officers conducted a formal statutory consultation under Section 105 of Part IV of the Housing Act 1985 and introductory tenants under Section 137 of Part V of the Housing Act 1996, on the loss of amenity land to deliver the proposed scheme as well as the proposal to instate parking enforcement as part of the development. Non-statutory consultation was carried out at the same time with leaseholders and freeholders. The results of the consultation were reported to Mayor and Cabinet on 12 January 2022 when it was agreed to continue developing the scheme. The report noted that the final unit and tenure mix would be reported back to Mayor and Cabinet in due course.

## 5. Progress

- 5.1. Following the last Mayor and Cabinet approval in January 2022, Lewisham Homes have continued to develop the plans for the scheme and have worked with the Council on the proposed unit and tenure mix.
- 5.2. Officers have had to take into account the pressures in the building industry and the impact on costs. Factors such as labour shortages, the Russian invasion, Brexit, increase in national insurance rates and increase in material costs have all led to significant build cost inflation.
- 5.3. As the plans for the Ladywell site have developed and the impact of build cost inflation have been assessed in terms of financial viability of the scheme, the current plans are to deliver 101 new homes in a 100% affordable scheme, with 46% of the homes being for social rent (47) and 54% being shared ownership homes (54). The intention is to review this mix when the tenders are returned with the aim to increase the number of social rent homes by converting some of the shared ownership homes if the scheme viability allows. These changes will be considered and approved by the Strategic Development Team in line with the BfL governance procedures. The current proposed breakdown of homes by mix and tenure is as follows:

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<b>New homes</b>	<b>Social Rent</b>	<b>Shared Ownership</b>	<b>Total</b>
1 bed	18	26	44
2 bed	19	28	47
3 bed	10	0	10
<b>Total</b>	<b>47</b>	<b>54</b>	<b>101</b>

- 5.4. Although the above reflects the current proposed mix, to allow for flexibility, Lewisham Homes have requested that the recommendation approved in January 2021 to submit a policy compliant planning application remains unchanged. This will allow flexibility and agility to deliver the new homes as quickly as possible. It remains the case that the intention is to deliver the maximum number of social rented homes permitted within the financial viability.
- 5.5. The current timetable for delivery of the scheme as reported by Lewisham Homes is as follows. Please note that these dates are indicative and subject to change:

<b>Action</b>	<b>Target date</b>
Stage 3+ Detailed design development	September-December 2022
Planning application submission	September 2022
Planning consent secured	December 2022 (subject to consultation)
Contract award	March 2023
Start on site	April 2023
Practical Completion	April 2025

## 6. Budget

- 6.1. The scheme has an approved budget up to planning submission. This budget includes all work on the scheme including the work carried out prior to the decision to phase it.
- 6.2. The programme to tender will commence, subject to BfL governance approval, in parallel with the planning submission and determination of the application. To complete detailed design work to the tender stage (RIBA stage 4) will require an additional budget, the details of which are set out in the accompanying Part 2 report for commercial reasons.
- 6.3. Additionally, the Part 2 report sets out the current Total Scheme Costs, funding for the delivery of the scheme and details of financial viability.
- 6.4. Officers recommend that the budgets set out in the Part 2 report are approved to allow for the continued delivery of the Ladywell scheme.

## 7. Appropriation

- 7.1. Appropriation refers to the process of transferring land and/or property between a Local Authority's General Fund (GF) and its Housing Revenue Account (HRA). All such transfers between the two funds, in either direction, will require an appropriation to be made. As part of the appropriation process, an adjustment will be required to the respective Capital Financing Requirements of the HRA and GF to reflect the movement of the relevant asset between funds.
- 7.2. The Capital Financing Requirement (CFR) is a measure of the need to fund capital expenditure from borrowing or other credit arrangements, and the appropriation

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adjustment will be to transfer the requirement to fund the value of the asset from one fund to the other, with a corresponding adjustment to the financing costs borne by each fund.

- 7.3. Transfers must be at 'market value'. The Council's agreed position is that the value of any appropriation adjustment should be calculated on the basis of the Existing Use Value (EUV) of the asset, rather than any assessment of value based on the intended use of any sites being transferred between funds.
- 7.4. The Ladywell site Phase 1 is currently accounted for in the Council's General Fund and needs to be appropriated into the Housing Revenue Account as the new development will be residential including social rented homes.
- 7.5. An EUV report has been completed by GL Hearn in April 2022. The details of the valuation are contained within the accompanying Part 2 report.
- 7.6. It is recommended that Mayor and Cabinet approve the appropriation of Phase 1 of the Ladywell site (as outlined in red in Appendix 1) to allow for the delivery of new homes. If Mayor and Cabinet approve the recommendation, this will enact the appropriation on the date that the Mayor & Cabinet decision takes effect following completion of the call in process.

## **8. Financial implications**

- 8.1. Financial implications are included in the Part 2 report.

## **9. Legal implications**

- 9.1. Section 19(1) of the Housing Act 1985 (the 1985 Act) allows Local Authorities to appropriate any land vested in them or at their disposal to the HRA for housing purposes under Part II of the 1985 Act and provides that the authority then has the same powers in respect of land so appropriated as it has in relation to land acquired for the purposes of Part II of the 1985 Act. The appropriation itself is done under Section 122(1) of the Local Government Act 1972 and the land should no longer be required for the purpose for which it is held in the GF. As stated in the body of the report, the original leisure centre on the site has been demolished and the land is not required for leisure purposes.

## **10. Equalities implications**

- 10.1. The redevelopment of the land at the rear results in the provision of new homes for families on the Council's housing register continuing its obligation to provide housing for the borough's residents in housing need.

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

- 11.1. Existing planning consents are and will be in line with the high standards expected by the Council and the GLA. Developments will meet the London Plan requirements including seeking to reduce energy consumption, emissions, and climate change.
- 11.2. Every effort will be made to enhance the natural environment, enhance landscape and amenity space. This will include undertaking demolition and construction works in line with environmental protection and public health guidelines and seek to limit the impact on neighbours.

## **12. Crime and disorder implications**

- 12.1. There are no matters arising from this report.

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### **13. Health and wellbeing implications**

- 13.1. There are no direct health and wellbeing implications arising from this report although the provision of new social homes along with improvements to the the public realm and additional communal amenity spaces will have a positive impact on health and wellbeing of people on the housing register waiting for permanent accommodation.

### **14. Social Value implications**

- 14.1. Lewisham Homes will require social value commitments from suppliers when procuring and awarding contracts for works. The social value requirements will be as set out in the Employers Requirements, as agreed with the Council's Economy, Jobs and Partnership team and bids will be assessed in relation to meeting these requirements. The social value commitments will be secured through the contract and monitored as part of the governance of the BfL programme.

### **15. Background papers**

- 15.1. Relevent Mayor and Cabinet reports are referenced under the section 'Timeline of engagement and decision-making' on page 2 of this report. Copies of the reports and minutes are available on the Council's website at <https://councilmeetings.lewisham.gov.uk/>

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### **17. Appendices**

- 17.1. Appendix 1 - Ladywell Site Plan

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