



Mayor and Cabinet

Building for Lewisham Update

Date: 12 January 2022

Key decision: Yes

Class: Part 1

Ward(s) affected: All

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

Outline and recommendations

It is recommended that Mayor and Cabinet:

Approve the allocation of funding and for Lewisham Homes to appoint a contractor once the procurement process is complete to deliver construction works for 5 new homes at the scheme known as Elderton Road Garages further details of which are included in Part 2;

Subject to planning permission being granted, approve the allocation of funding and for Lewisham Homes to appoint a contractor once the procurement process is complete to deliver construction works for 5 new homes at the scheme known as Walsham Road Garages further details of which are included in Part 2;

Subject to planning permission being granted, approve the allocation of funding and for Lewisham Homes to appoint a contractor to undertake the necessary enabling works for the Greystead Road development and support investment works further details of which are included in Part 2; and

Delegate authority to the Executive Director of Corporate Resources in consultation with the Executive Director for Housing, Regeneration and Public Realm and Director of Law, Governance and Elections, to agree the final contract sum and Total Scheme Costs.

Timeline of engagement and decision-making

Mayor and Cabinet, 11 July 2018 – New Homes Programme

Mayor and Cabinet, 15 January 2020 – Building for Lewisham Programme

Mayor and Cabinet, 9 July 2020 – Building for Lewisham Update

Mayor and Cabinet, 10 March 2021 - Building for Lewisham Programme Requirements

Mayor and Cabinet, 19 May 2021 - Building for Lewisham Programme Requirements

Mayor and Cabinet, 14 July 2021 – Building for Lewisham Programme – Enabling Works

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

1. Summary

- 1.1. Officers have undertaken to provide regular updates to Mayor and Cabinet on the delivery of new housing and to seek approvals as required for the Building for Lewisham programme and wider housing delivery in the borough. This report provides an update on progress as well as seeking a number of approvals to enable the ongoing delivery of specific schemes.

2. Recommendations

It is recommended that Mayor and Cabinet:

- 2.1. Approve the allocation of funding and for Lewisham Homes to appoint a contractor once the procurement process is complete to deliver construction works for 5 new homes at the scheme known as Elderton Road Garages further details of which are included in Part 2;
- 2.2. Subject to planning permission being granted, approve the allocation of funding and for Lewisham Homes to appoint a contractor once the procurement process is complete to deliver construction works for 5 new homes at the scheme known as Walsham Road Garages further details of which are included in Part 2;
- 2.3. Subject to planning permission being granted, approve the allocation of funding and for Lewisham Homes to appoint a contractor to undertake the necessary enabling works for the Greystead Road development and support investment works further details of which are included in Part 2; and
- 2.4. Delegate authority to the Executive Director of Corporate Resources in consultation with the Executive Director for Housing, Regeneration and Public Realm and Director of Law, Governance and Elections, to agree the final contract sum and Total Scheme Costs.

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. After nearly two years of development, the Building for Lewisham (BfL) programme was launched formally in January 2020 following the Mayor and Cabinet’s decision to approve a budget to tender for the first 5 new schemes to be delivered. This built upon the ongoing housebuilding programme which has been running since 2014.
- 4.2. In addition, Mayor and Cabinet also approved a budget to fund further feasibility studies on ten other sites in January 2020. These were schemes where further work was required in order to establish whether there was potential to move forward with a financially viable and deliverable scheme.
- 4.3. Officers have been progressing the various schemes and have been updating Mayor and Cabinet at key stages.
- 4.4. This report provides a further update on the progression of individual schemes and seeks approval for the next steps to continue with the delivery of new, genuinely affordable homes.

5. Elderton Road Garages

Background

- 5.1. Elderton Road is in the Sydenham Ward. Between terraced houses on the road, there are six standalone Council owned garages. Officers identified the garages and hardstanding in front as a development site to be included in the Building for Lewisham programme.
- 5.2. Lewisham Homes have been engaging with residents and other key stakeholders to bring forward an infill scheme on the garage site. The engagement has included newsletters, door-knocking, a dedicated Commonplace site, surveys and drop-in events and online video conferencing meetings.
- 5.3. In January 2021, Council Officers carried out a consultation with local residents under s105 of the Housing Act 1985. The outcome of the consultation was reported to Mayor and Cabinet on 10 March 2021 where the recommendation to continue work on the proposed development was approved and a budget was approved to proceed with enabling works.
- 5.4. On 15 July 2021, Lewisham Homes submitted a full planning application (DC/21/122703) for 5 new properties to be built on the garage site. The submission is for 4x 1 bed properties and 1x 2 bed wheelchair adapted property. Planning permission was granted on 9 September 2021. All properties will be for social rent.

- 5.5. Following the tender and appointment of the enabling contractor and an event with the community, demolition work commenced in November alongside other enabling works.
- 5.6. This report and the accompanying Part 2 report seeks permission for Lewisham Homes to appoint a contractor for the scheme once the procurement process is complete and provided that they receive a compliant bid that meets all the requirements as well as the funding to deliver the scheme.

Procurement and tendering

- 5.7. On 22 October Lewisham Homes' Chief Executive approved the procurement approach under her delegated powers under Lewisham Homes' Scheme of Delegation for the procurement process for the appointment of a Principal Contractor for the main works. The contract value is below the financial threshold for the application of the Public Contracts Regulations 2015 as amended ("the Regulations") therefore it does not apply.
- 5.8. The invitation to tender for the Elderton Road Garages site was sent out on 17 November 2021 with tender returns expected in January 2022.
- 5.9. Officers are seeking the allocation of the Total Scheme Costs including the full construction budget in advance of the tender return to ensure that Lewisham Homes are able to commence the main construction works with a start on site by the end of March 2022 as per their current programme - noting the impact that the period of purdah has on decision making.
- 5.10. The assumptions made in the projected budget as outlined in the Part 2 report have been reviewed by Lewisham Homes' Independent Quantity Surveyor at the point of planning submission, in accordance with the Building for Lewisham governance. However, it should be noted that the building industry is experiencing a volatile build cost market and therefore the tender returns may be higher than anticipated.
- 5.11. Inflationary pressures are growing with big increases in both goods and energy/fuel prices. Although the Bank of England had only anticipated inflation to reach 4% by the end of 2021 it had already reached 5.1% by November. Some quantity surveyors are forecasting construction inflation to 5.5% in 2022. Build inflation at this sort of level can be expected for the next four years because of rising client demand, heavily disrupted labour markets and dislocated supply chains.
- 5.12. The availability of workforce in construction is in itself an inflationary factor, but has a more immediate effect on the ability of contractors to submit tenders at all if they cannot guarantee their workforce. The cost of supplying materials is exacerbated by delivery problems caused by the shortage of HGV drivers.
- 5.13. Additional details are contained in Part 2 of this paper.

Contract Management Arrangements

- 5.14. Lewisham Homes is a wholly owned subsidiary of Lewisham Council and operates as its housing development and management agent. The high level governance arrangements between the Council and Lewisham Homes are set out in a Management Agreement which includes development management responsibilities for the Council's new build housing programme.
- 5.15. The intention is that Lewisham Homes will enter into a JCT Design & Build 2016 contract with Lewisham Homes amendments for the construction of the 5 homes and associated landscaping.
- 5.16. Lewisham Homes will put in place arrangements to ensure the delivery of the building contracts on time, within budget and to the required quality. Lewisham Homes will also ensure building safety and legislative requirements are met throughout the construction phase. The Council will monitor this via the development governance processes which have been put into place.

- 5.17. The Lead Contract Officer for this contract will be the Head of Delivery at Lewisham Homes, with day to day management being completed by a Development Manager for the schemes.
- 5.18. Lewisham Homes have appointed an Employer's Agent, who will assist in the monitoring, reporting and management of the contract. A Clerk of Works will monitor the delivery of the quality of works on site.
- 5.19. The work of the Employer's Agent will involve monitoring project progress, risk, cost, quality, time and safety, alongside the Development Manager. Lewisham Homes will be responsible for agreeing any variations.
- 5.20. The Employer's Agent will also review and certify all contractor applications for payment, which will then be passed to the Lewisham Homes' Development Manager for authorisation and payment. Payment will be made according to the amount of work that has been completed.
- 5.21. Regular site meetings and monthly progress meetings, with relevant stakeholders, will capture performance issues and achievements.
- 5.22. Oversight of these arrangements by the Council will be via the governance and monitoring arrangements already in place.
- 5.23. Progress on the project as a whole will form part of the Council's routine Building for Lewisham programme update to the Mayor and Cabinet.

Risks and financial management

- 5.24. This is contained in part 2 of this report.

6. Walsham Road Garages

Background

- 6.1. Walsham Road is in the Telegraph Hill Ward. It is in a Conservation Area. There is a Council housing development on the road known as Walsham House, consisting of residential properties, garages, pram sheds and a former drying area. Officers identified the area as a potential development site to be included in the Building for Lewisham programme, specifically the underused/disused garages, pram sheds and former drying area. Collectively this area is referred to as 'the garage site'.
- 6.2. Lewisham Homes have been engaging with residents and other key stakeholders to bring forward an infill scheme on the garage site. The engagement has included newsletters, door-knocking, a dedicated Commonplace site, surveys and, online video conferencing meetings and pop up events at the site.
- 6.3. In March 2021, Council Officers carried out a consultation with local residents under s105 of the Housing Act 1985. The outcome of the consultation was reported to Mayor and Cabinet on 19 May 2021 where the recommendation to continue work on the proposed development was approved.
- 6.4. A further report was presented to Mayor and Cabinet on 14 July 2021 regarding the Walsham House garage site. Mayor and Cabinet agreed to the recommendations to approve the budget for demolition and enabling works secured under the GLA Small Sites Small Builders programme and to appoint a contractor to undertake the necessary demolition works. Demolition works are expected to commence in January 2022, subject to planning permission being granted.
- 6.5. On 11 November 2021, Lewisham Homes submitted a planning application for 5 new properties to be built on the garage site. The submission is for 4x 1 bed properties and 1x 2 bed wheelchair adapted property. All properties will be for social rent.
- 6.6. This report and the accompanying Part 2 report seeks permission for Lewisham Homes to appoint a contractor for the scheme once the procurement process is

complete and provided that they receive a compliant bid that meets all the requirements (subject to planning permission being secured) as well as the funding to deliver the scheme.

Procurement and tendering

- 6.7. The procurement strategy approval for Elderton Road also included Walsham House Garages.
- 6.8. Officers are seeking the allocation of the Total Scheme Costs including the full construction budget in advance of planning consent to ensure that Lewisham Homes are able to commence a main construction start on site where possible by the end of March 2022, subject to planning and discharging conditions - noting the impact of the period of purdah.
- 6.9. The assumptions made in the projected budget as outlined in the accompanying Part 2 report have been reviewed by Lewisham Homes' Independent Quantity Surveyor at the point of planning submission, in accordance with the Building for Lewisham governance. However, it should be noted that as set out in paragraphs 5.10 to 5.12, the building industry is experiencing a volatile build cost market and therefore the tender returns may be higher than anticipated.
- 6.10. Additional details are contained in Part 2 of this paper.

Contract Management Arrangements

- 6.11. The contract management arrangements are the same as for Elderton Road Garages. Please see section 5.14 – 5.23.

Risks and financial management

- 6.12. This is contained in part 2 of this report.

7. Greystead Road Estate

- 7.1. The Greystead Road Estate is a Council owned estate in the Forest Hill Ward. Officers identified two areas on the estate to be used as sites for new affordable housing for those in housing need. This includes a drying area, pram sheds and garages. It also includes several areas of hard standing and areas of grassed amenity.
- 7.2. Lewisham Homes have been engaging with residents and other key stakeholders to bring forward the proposed infill schemes. The engagement has included newsletters, door-knocking, a dedicated Commonplace site, surveys and online video conferencing meetings, webinars and pop up estate events.
- 7.3. In March 2021, Council Officers carried out a consultation with local residents under s105 of the Housing Act 1985. The outcome of the consultation was reported to Mayor and Cabinet on 19 May 2021 where the recommendation to continue work on the proposed development was approved.
- 7.4. There has been some local opposition to the proposed scheme including an online petition from April 2021 which was also submitted directly to the Council. This has 146 signatures at the time of writing. Lewisham Homes are working with the community to develop further design proposals for new homes at the Greystead Road estate, with further consultation in early 2022.
- 7.5. One area of the estate that is being considered for potential new homes is an underused garage site, 1-11 Greystead Road garages. The garages are in a poor condition and are no longer fit for purpose given the size of modern vehicles. Consultation with estate residents has identified that residents were concerned about the amount of additional vehicles coming on to the estate by people not living there, with vehicles being parked in front of the garages and causing additional congestion of estate areas. Most garages are either vacant, used by Lewisham Homes as storage or used by people not living on the estate and with only one being let to a resident of the

estate. The garages are rented on a weekly basis. Officers will endeavor to offer the resident of the estate who has a garage an alternative garage as close by as possible.

- 7.6. Investment works are being planned for the existing Greystead Road housing in 2022. The demolition of the garages 1-11 Greystead Road will enable further site investigation to mitigate risks for the delivery of potential new homes and could potentially assist with more space for the investment works to take place. There is currently limited space for site welfare on the estate.
- 7.7. Lewisham Homes have engaged with the local community regarding the proposed planning application for the demolition of the garages and held two online video conferencing meetings and met with other stakeholders.
- 7.8. A planning application has been submitted for the demolition of the garages.
- 7.9. Once demolished and other enabling works are done, the area will be left secure.

8. Financial implications

- 8.1. Financial Implications are contained in Part 2 of this report

9. Legal implications

- 9.1. The Council has a wide general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals generally may do. The existence of the general power is not limited by the existence of any other power of the Council which (to any extent) overlaps the general power. The Council can therefore rely on this power to carry out housing development, to act in an “enabling” manner with other housing partners and to provide financial assistance to housing partners for the provision of new affordable housing.
- 9.2. 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.
- 9.3. 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.
- 9.4. 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 8.3 above.
- 9.5. 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.

- 9.6. 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:
- 9.7. <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>
- 9.8. <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

10. Equalities implications

- 10.1. Lewisham Homes on the Council's behalf consider any impact and implications in relation to protected characteristics as the scheme progresses through design, planning and construction stages. 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.
- 10.2. Equalities implications will continue to be assessed as the schemes progress through the design, planning and construction process.

11. Climate change and environmental implications

- 11.1. Existing planning consents are and will be in line with the high standards expected by Lewisham Council and the GLA. Developments will consider the guidance including seeking to reduce energy consumption, emissions, and climate change.
- 11.2. In relation to the Elderton Road site, the energy supply for the units will be provided through individual air source heat pumps located in the rear courtyard area of the scheme. Mechanical ventilation units are also proposed within each unit which would be a positive addition to the scheme.
- 11.3. In relation to the Walsham site, the proposed energy strategy is to provide heating and hot water via individual air source heat pumps (ASHP's). Within the apartments, high efficiency mechanical ventilation heat recovery (MVHR) are proposed.
- 11.4. 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.

12. Crime and disorder implications

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

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 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 address social value benefits for the Lewisham community when procuring and awarding contracts for works.

15. Report author and contact

- 15.1. James Ringwood, Senior Development & Land Manager
(james.ringwood@lewisham.gov.uk)