



Lambeth

Cabinet Member Delegated Decision, 08 March 2021

Report title Somerleyton Road - Block D

Wards: Coldharbour

Portfolio: Councillor Matthew Bennett, Cabinet Member for Planning, Investment and New Homes

Report Authorised by: Director Regeneration and Housing Growth; Tom Branton

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Report summary

This report seeks approval to commence the process of procuring a developer and operator for the Extra-Care facility proposed for Block D of the council's Somerleyton Road development with the intention that a Development Agreement will be entered into by the Council with a specialist extra-care Registered Provider (RP) on a long lease, with a term of 250 years, on the basis that the RP will fund, build, deliver and operate the facility.

The development of Block D will enable the Council to meet a commitment to move residents from Fitch Court into Somerleyton Road. This will free up Fitch Court as a development site.

Finance summary

The cost of procuring a developer can be met within existing capital budgets agreed for the Somerleyton Road development. If a development agreement is subsequently entered into, then this would be expected to generate a capital receipt that can be used to support wider capital priorities.

Recommendations

- (1) To agree for the Council to commence the procurement of a Specialist Extra-Care Registered Provider to develop and operate the Extra-Care scheme at Block D, Somerleyton Road.
- (2) To delegate further decisions on the procurement route and negotiation of the development agreement with the preferred Registered Provider to the Director of Regeneration and Housing Growth.
- (3) To note that the proposed grant of a long lease, with a term of 250 years, to a Registered Provider is a disposal and that it is proposed to present a report to Cabinet to seek authority for this disposal.

1. CONTEXT

Background

- 1.1 The Council granted planning permission for the redevelopment of land at Somerleyton Road on the 23 March 2017 under reference 15/05282/RG3. The consented development provides a residential-led, mixed use development comprising 304 new dwellings (50% affordable) and approximately 8,000 sqm (GIA) of non-residential uses including a theatre and employment, retail and community uses, with associated parking, landscaping and ancillary works.
- 1.2 Although conceived as a single masterplan and ultimately forming a single functioning community, the Somerleyton Road development will be formed of six individual blocks, two of which are already in construction. Block A – Carlton Mansion – is being refurbished as office space and Block B includes a new theatre and office space. Both blocks are presently in construction with completion expected in early summer 2021, this is delayed by 6 months as a result of the coronavirus pandemic. The remaining blocks in the consented scheme are all mainly residential with some non-residential uses at ground floor. Metropolitan Workshop oversaw the design of the award-winning masterplan for Somerleyton Road and are to be retained on the project as ‘design champion’ as part of the planning permission.
- 1.3 The homes to be delivered at Somerleyton Road will be a mixture of private and affordable homes, with 50% being social / affordable homes across the masterplan. Somerleyton Road will create a sustainable community (a tenure blind scheme) with no division between private and affordable housing. The scheme has been developed in close consultation with local people to ensure the types of homes meet the needs of the community. The Council’s commitment is to meet the community’s vision with a truly mixed-use development to support and respond to community life along Somerleyton Road and with community involvement at the heart of the project.
- 1.4 This report provides details of the following:
 - The planning consent that has been secured for Block D
 - The demand for extra-care accommodation within the Borough
 - Details of the proposed delivery strategy, which is to procure a developer and specialist extra-care Registered Provider to develop and operate Block D.

Existing planning consent and extra-care background

- 1.5 Block D has detailed planning consent for 65 homes consisting of one and two-bedroom extra-care homes designed by Mae Architects. The extra-care block is a stand-alone building with a central location within the Somerleyton Road masterplan allowing for intergenerational interaction between residents of this block and people of other ages in the various spaces provided in other blocks. The design strategy for this scheme has been informed by the need to address issues around loneliness and social isolation and to provide residents with the best chance to live fulfilling lives. All homes are designed as wheelchair accessible and are distributed as follows:

Table 1: Block D planning consent overview

No. of Bedrooms	No. of units
1B/2P	54
2B/3P	11
Residential community area	Total internal app. 400m ² External community amenity space app. 985m ²

- 1.6 Lambeth Councils Older People’s Housing Strategy 2012 states there are 23,200 older people who live in Lambeth and this sets out a vision for Older People’s housing, including a set of outcomes to help turn the strategy into reality. The development of Block D will help ensure that Outcome two (“older people are able to access specialist housing if they need extra support”) from the Older

Person's Housing Strategy will be met. A copy of the Strategy is attached at Appendix 1. The Older Person's Housing strategy 2012 agreed the following objectives:

- Increase choice for residents and provide quality of housing
- Reduce reliance on residential care
- Invest in extra-care and reduce the numbers of rented sheltered accommodation
- Improve retained sheltered housing stock.

1.7 In 2014, Cabinet agreed that residents of Fitch Court, a council owned and managed sheltered housing scheme identified for re-development, were to be re-housed at Somerleyton Road in the extra-care block. In 2016, a review of the strategy was undertaken, and Cabinet agreed to retain plans for Fitch Court residents to be re-housed in the proposed Somerleyton Road extra-care scheme.

2. PROPOSAL AND REASONS

- 2.1 London is facing a severe housing crisis and as a council we recognise the need to build more homes of all types and tenures to meet the needs of our existing communities and the demands of Lambeth's growing population. Over 30,000 people are now on the council's waiting list for social housing and over 2,000 homeless families are provided with temporary accommodation by Lambeth. We want to provide those homes so that people from all walks of life can live in our Borough and the council has committed to delivering over new 15,000 homes of all types over a ten-year period to 2025.
- 2.2 It is Lambeth's older people's housing strategy to develop a range of specialist housing options for older people in each locality / area of the borough. This aims to provide for the needs of older people, and offer choice in housing options, without them having to leave familiar surroundings or support networks where they currently live to take up more suitable accommodation in another area.
- 2.3 The council currently operates seven extra-care housing schemes across the borough providing around 350 homes for older and disabled people who can live independently with the support of the on-site care team. These operate with a low voids rate and a small but consistent waiting list of suitable potential applicants. The scheme of 65 homes proposed for Somerleyton Road would ensure that a purpose-built facility to serve the older residents of the Brixton area, would meet the councils estimated demand for this type of specialist accommodation until at least 2031.
- 2.4 On Somerleyton Road, the council has made a positive intervention to use the land we own to provide over 300 new homes, workspace, cultural facilities and community space all co-designed with local people including 65 homes for extra-care.
- 2.5 A report endorsed by Cabinet, dated 17 September 2018, recommended that the council maximises the number of genuinely affordable properties. Procuring a Registered Provider to deliver the extra-care element of the project would also enable the land to effectively stay in public ownership. The homes would all be let at affordable rent and no higher than the rents stated in the Unilateral Undertaking (Sec. 106 planning agreement). It is expected that grant levels would attract a much higher rate for the extra-care homes and as such the tender is likely to be competitive, with extra grant potentially offering the opportunity for an increased capital receipt.
- 2.6 Phase 1 (Blocks A & B) of the redevelopment of Somerleyton Road is projected to complete in early summer 2021. Homes for Lambeth, a company wholly owned by Lambeth, are being commissioned to bring forward development on Blocks C and F. It is proposed that a specialist extra-care registered provider is procured to development Block D and then operate the completed facility. The reason for procuring a Registered Provider, rather than Homes for Lambeth delivering Block D, is that this is a specialist affordable housing tenure, with an operational care requirement which HFL are not best placed to provide.

- 2.7 Following a pre-application meeting with the planning department on the next phases of Somerleyton Road their opinion was they are unlikely to approve any changes to the external envelope of Block D therefore the Council can proceed to procure a specialist Registered Provider to bring this part of the Somerleyton Road development forward without further planning changes. This in turn will free up the Fitch Court site for redevelopment.
- 2.8 Bankhouse located on Albert Embarkment and Cheviot Gardens in West Norwood, operated by One Housing Group and Notting Hill Genesis respectively, are both good exemplar schemes of extra-care housing that provide housing for a mixed age group similar to the scheme proposed at Somerleyton Road. Lambeth has well established nomination processes, and sustained demand for extra-care housing illustrated Bankhouse being fully occupied within 12 weeks of its opening.

Demand

- 2.9 Lambeth Council’s Older People’s Housing Strategy gives an estimate 497 extra-care homes are required in Lambeth by 2030. Currently there are 367 extra-care homes across the Borough including shared ownership and 170 of these have been delivered since 2015.
- 2.10 It is a strategic directive in Lambeth’s Adult Social Care service that residents unable to be supported in their current home, and are assessed as requiring a care environment are considered for extra care housing before a residential care placement. As a result, a waiting list, consistently numbering between 25 and 40 eligible applicants is maintained by the council’s brokerage service.
- 2.11 Developing the extra care scheme at Somerleyton Road will help to meet future needs required by Adult Social Services. As shown in the table below, there is low vacancy rate for extra-care homes across the Borough and the addition of 65 homes from Block D will ensure the future housing demand for Older People are met in Lambeth.
- 2.12 Below are the void rates for extra-care schemes for 2019/20. Over the 16-month period to September 2020 voids averaged almost 3 per month. The void numbers for 2020/21 will not accurately reflect demand because of the effect of Covid and the associated restrictions on moving home that were in place.

Table 2: void rates in extra care schemes

EXTRA-CARE VOIDS 2019/20			
	Vacancies	No of Units	Void rate %
Bank House	3	48	6.25
Charleston House	4	28	14.3
Cheviot Gardens	5	66	7.58
Helmi House	2	46	4.35
Hillyard House	0	42	0
Lingham Court	4	40	10
Total	18	270*	6.67
* excludes 52 shared ownership			

Extra care housing can provide a more cost-effective alternative to a residential care placement, often delivering better outcomes for the individual concerned and is a positive way to combat social isolation and loneliness. The table below illustrates the average weekly costs of a residential care placement compared to extra-care costs per client.

Table 3: weekly cost of residential care

Residential Care Average weekly costs	
Client Group	Ave. weekly costs £
Older People	562
Adult with Learning Disabilities	1,504
Disabled Adults	1,159
Mental Health	874
Extra Care	300

- 2.11 There are 35 homes at Fitch Court. Approximately 34 of these homes are currently occupied. As a result of previous commitments, the residents from Fitch Court have been planning to move to new accommodation at Somerleyton Road when the scheme is complete.
- 2.12 The residents of Fitch Court will receive a Home Loss payment, currently set at £6,500 per household, plus pay of disturbance compensation to cover costs incurred in moving.
- 2.13 In the event that any of the residents of Fitch Court wish to move prior to the completion of Block D, officers will, where possible, do what they can to assist the residents move into another sheltered housing or extra-care scheme.
- 2.14 Several meetings were held between tenants, Igloo Regeneration, the community development consultants, and Mae architects in 2014/15 to develop the design of Somerleyton Road extra care scheme prior to the planning application being submitted. The Fitch Court residents have maintained their support for the scheme and desire to see it happen as quickly as possible and the Council is fully committed to providing them new accommodation on Somerleyton Road.
- 2.15 The Council does not own or operate extra-care schemes. The extra-care schemes in Lambeth shown in Table 2 are owned and managed by Registered Providers operating in the borough. Procuring an RP to develop and manage Block D on a long-term lease with the Council will ensure that the scheme is built and operated by a Registered Provider that has the necessary skills and experience.

Procurement and Delivery Strategy

- 2.16 The development agreement between Lambeth and the selected Registered Provider will include for the Registered Provider to procure a contractor to build out the scheme in-line with the detailed planning consent and to engage local residents/community including the residents of Fitch Court on the remaining design elements of the scheme as they were heavily involved with the Masterplanning.
- 2.17 The following conditions will apply as part of the procurement process:
- The selected Registered Provider to deliver the consented scheme (allowing reasonable minor changes with Council approval)
 - The scheme is to remain an extra-care facility, primarily but not wholly limited to, 55+ age group
 - 100% affordable homes
 - LBL to retain 100% of nominations rights
 - Existing LBL sheltered housing residents from Fitch Court to be relocated into the facility (assume up to 35 households) and the existing tenants not to pay any more than what they are currently being charged at Fitch Court.
 - It is proposed that the Council retains the freehold of the land with a long-lease with a term of 250 years being granted to a specialist extra-care provider.

- 2.18 A soft market test was carried out with specialist extra-care providers in early 2018 with the following Registered Providers; Optivo, One Housing Group, Network Homes, Family Mosaic and Notting Hill Genesis. There was sufficient interest from the providers on the scheme. Some of the Registered Providers operate extra-care schemes in Lambeth. Prior to fully commencing the procurement exercise, the above Registered Providers will be re-engaged to ensure there is sufficient market demand to develop operate and manage extra-care schemes.
- 2.19 As part of the procurement process conditions can be placed on any design changes through the employer's requirements (ERs) to ensure Block D is delivered as consented without major changes. Adult social services will need to be involved in the procurement and development of the schemes to ensure it meets the needs of clients and future demand who will be 100% nominated by the Council to be included as part of the lease agreement.
- 2.20 Once the residents from Fitch Court have been decanted to Somerleyton Road, the site could be released for redevelopment. The Regeneration and Housing Growth team are currently looking at redevelopment options for the Fitch Court site.
- 2.21 In the opinion of Officers, the redevelopment of Block D would meet its planning, housing and regeneration objectives for the Somerleyton Road and make a contribution to those of the borough as a whole in providing social housing for the people of Lambeth.

3. FINANCE

- 3.1 The cost of procuring a partner to develop and operate the extra-care facility will largely be existing officer time and thus can be met within existing revenue staff budgets within Housing Delivery and approved capital budgets for the Somerleyton Road budget.
- 3.2 The soft market testing previously undertaken suggests that the Council can expect to receive a capital receipt on transfer of the site to a partner organisation. These monies would then be available to support wider Council priorities.
- 3.3 Completion of an Extra-Care facility at Somerleyton Road would free up the Fitch Court site as a wider development opportunity, potentially releasing further receipts in time.

4 LEGAL AND DEMOCRACY

- 4.1 Pursuant to section 21 of the National Assistance Act 1948 the Council may make arrangements for providing residential accommodation for persons aged 18 years or over who by reason of age, illness, disability or any other circumstances are in need of care and attention which is not otherwise available to them. In making such arrangements the Council is required to have regard to the welfare of all persons for whom accommodation is provided, and in particular to the need for providing accommodation of different descriptions suited to different descriptions of such persons.
- 4.2 Section 9 of the Housing Act 1985 empowers the Council to provide housing accommodation by erecting houses on land acquired for the purpose of part II of the Housing Act 1985. These powers may equally be exercised in relation to land acquired for the purpose of disposing of the land to a person who intends to provide housing accommodation on it.
- 4.3 Section 111 of the local Government Act 1985 empowers the Council to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

- 4.4 Section 149 of the Equality Act 2010 sets out the public sector equality duty, i.e. that all public bodies are under an obligation to have ‘due regard’ to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.
- 4.5 Section 149 (1)(b) of the Act states that: a public authority must, in the exercise of its functions, have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. Part of the duty to have “due regard” where there is disproportionate impact will be to take steps to mitigate the impact and the Council must demonstrate that this has been done, and/or justify the decision, on the basis that it is a proportionate means of achieving a legitimate aim. Accordingly, there is an expectation that a decision maker will explore other means which have less of a disproportionate impact
- 4.6 The Equality Duty must be complied with before and at the time that a particular policy is under consideration or decision is taken – that is, in the development of policy options, and in making a final decision. A public body cannot satisfy the Equality Duty by justifying a decision after it has been taken.
- 4.7 This proposed key decision was entered in the Forward Plan on 09 December 2019 and the necessary 28 clear days’ notice has been given. In addition, the Council’s Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5 CONSULTATION AND CO-PRODUCTION

- 5.1 Public consultations undertaken for the Somerleyton Road project while it was moving through the planning process, included a mix of public meetings, workshops, and drop-in sessions. The project benefitted from extensive engagement carried out between 2015 and 2018 by the Council during the evolution of the plans redevelopment. Formal public consultation to support the development of specific scheme proposals took place from 2015. An Equalities Impact Assessment was carried out in September 2019. Local residents and ward Councillors will continue to be engaged throughout the construction stage. Stakeholder engagement was one of the criteria used in the procurement process to select the contractor delivering Blocks A and B; the selected Registered Provider will be required to demonstrate their methodology for good engagement as one of the selection criteria. This could be included as part of the employer’s requirements with the Registered Provider.

6 RISK MANAGEMENT

Table 4: overview of key risks

RISK	RISK RATING	COUNTER-MEASURES
Delay in building out Block D, resulting in adverse publicity since a wide range of stakeholders were involved in the Masterplanning.	High	Procure a specialist Registered Providers to build out the scheme. Procuring a specialist partner to deliver the project will enable Homes for Lambeth to focus on the delivery of Blocks C and F.
Delay in Fitch Court residents moving to Somerleyton Road.	Medium	Bringing forward the development would enable promises made to the residents to be fulfilled.

Residents were promised to be decanted in 2013.		
Lack of quality extra-care housing for Lambeth residents	Low	Work with Lambeth partners to deliver quality housing as set in the Older Person's Housing Strategy. This reduces the high costs of alternative housing and meeting future demands.
Lack of demand for extra care housing	Low	Unlikely as demand from ACS remains buoyant. Should demand be low scheme can be used as 'extra care ready', and homes let to residents over 55 years via LNBL allocation scheme

7 EQUALITIES IMPACT ASSESSMENT

- 7.1 Due regard has been given to the Council's Equalities Duties, in particular with respect to general duties arising under the Equality Act 2010, section 149. Having regard to the need to advance equality in particular involves the need to remove or minimise disadvantages suffered by persons who share relevant characteristics which are connected with that characteristic.
- 7.2 Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty (PSED) to which the London Borough of Lambeth, as a public body, is subject in carrying out its functions, and that includes in the exercise of its powers under s.203. Those subject to the PSED must, in the exercise of their functions, have due regard to the need to:
- 1) eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Act; and,
 - 2) advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

8 COMMUNITY SAFETY

- 8.1 The Registered Provider who is appointed will be responsible for meeting health and safety guidelines.
- 8.2 The project will continue to assess how development along Somerleyton Road could continue to improve community safety in this part of Brixton whilst also working closely with future development partners over site safety during construction stage.

9 ORGANISATIONAL IMPLICATIONS

Environmental

- 9.1 The new housing and non-residential development delivered will be in compliance with permitted building regulations, planning policy and the planning consent.

Staffing and accommodation

- 9.2 There are no direct staffing implications.

Procurement

- 9.3 The tender process can be carried out using a framework agreement that Lambeth has access to.

9.4 There are a number of options which can be explored for engaging a contractor and or advisor. This will be determined by the value of the contract.

9.5 The main options are:

- Open Competition – below OJEU threshold
- Restricted - Below OJEU threshold
- Frameworks
- Dynamic Purchasing system

All the above are viable routes to market which will be discussed with Procurement and the most suitable route to tender will be agreed via the Procurement strategy that will be presented to the procurement board. The team will liaise with the Housing, Property and Construction Category Manager to produce the Procurement strategy.

10 TIMETABLE FOR IMPLEMENTATION

Approval to procure specialist RP/Developer	January 2021
Appointment of external consultants	February 2021
Finalise specification	April 2021
Developer/Registered Provider Procurement Process	
Draft report for approval	February 2021
Comments back from all departments	March 2021
Procurement board approval	April 2021
Go out to tender	July 2021
Tender Returns	October 2021
G3 Report (Tender Recommendation)	December 2021
Finalise Contract	January 2022
Appointment of Developer/Registered Provider	February 2022
Construction Starts of Site	June 2022
Construction Period	2 years
Disposal Approval Process	
Forward plan	February 2021
Draft report for approval	November 2021
Comments back from all departments	November 2021
Publication	December 2021
Cabinet decision	December 2021
Call-in period	December 2021

Audit trail

Consultation				
Name/Position	Lambeth directorate/division or partner	Date Sent	Date Received	Comments in para:
Councillor Matthew Bennett	Cabinet Member for Planning, Investment and New Homes	19/02/2021	19/02/2021	
Tom Branton Director Regeneration & Housing Growth	Strategic Director of Sustainable Growth and Opportunity	02/12/2020	02/12/2020	
Greg Carson Legal Services	Legal & Governance	23/06/2020	23/06/2020	
David Thomas Legal Services	Legal and Governance	23/06/2020	23/06/2020	
Saif Mahamroot Procurement	Procurement	23/06/2020	30/06/2020	
Matthew Gaynor Finance	Finance	23/06/2020	28/06/2020	
Maria Burton Democratic Services	Democratic Services Corporate Resources	23/06/2020	25/06/2020	
David Worrall Adult social Care	Adult Social Care	05/06/2020	05/06/2020	
Tom Dolan-Bent AD Housing Regeneration	Housing Regeneration	21/07/2020	02/12/2020	

Report history

Original discussion with Cabinet Member	19/02/2021
Part II Exempt from Disclosure/confidential accompanying report?	N/A
Key decision report	No
Date first appeared on forward plan	09.12.2019
Key decision reasons	N/A
Background information	<p>Cabinet report 04 November 2013, 'Future Brixton: Somerleyton Road'</p> <p>Cabinet report 13 July 2015, 'Future Brixton: Somerleyton Road'</p> <p>Cabinet member Decision 13 September 2017, 'Procurement of Contract Somerleyton Road for Blocks A and B'</p> <p>Cabinet report 17 September 2018 – 'Somerleyton Road Phase 1 – Blocks A & B'</p> <p>Lambeth Council's Older People's Housing Strategy 2012</p>
Appendices 1	None

APPROVAL BY OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:

Signature _____ **Date** _____

Post Mutoka Namakambo, Housing Project Officer, Housing Regeneration

I approve the above recommendations:

Signature _____ **Date** _____

Post Councillor Matthew Bennett, Cabinet Member for Planning, Investment and New Homes

Any declarations of interest or exemptions granted): None