

 <b>Brent</b>	<b>Cabinet</b> <b>12<sup>th</sup> January 2021</b>
	<b>Report from</b> <b>Strategic Director, Community Wellbeing</b>
<b>Six month update on supply of new Affordable Homes</b>	

<b>Wards Affected:</b>	Programme Update – All Wards
<b>Key or Non-Key Decision:</b>	Key Decision
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	4
<b>Background Papers:</b>	Cabinet Paper - New Council Homes Programme December 2019 Cabinet Paper – New Council Homes Programme July 2020
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## 1.0 Purpose of the Report

- 1.1 This report provides an update on progress towards delivering against the Council's housing target of 5,000 new affordable homes over the five-year period (2019 – 2024), at least 1,000 of which will be through the Council's own New Council Homes Programme.
- 1.2 In December 2019, it was agreed that Cabinet would receive six monthly reports updating progress since the previous meeting and outlining key decisions required enabling the programme to continue until the next meeting six months

hence. This report provides information on the progress since the last Cabinet Report in July 2020.

- 1.3 This report also provides a summary of the additional developments being assessed and progressed, with an indication of key issues, practical considerations and steps being taken moving forward. The Council remains ambitious in its plans to address not only inequalities in housing but also the issues that arise due to the lack of adequate housing relating to health and education and also those factors that have been brought into stark relief by the recent Covid crisis. The GLA has recently announced a new funding programme to cover the period April 2021 to March 2026 and the Council's intention is to submit another ambitious bid on a similar scale to the existing programme to continue the excellent progress made so far.

## **2.0 Recommendation(s)**

That Cabinet:

- 2.1 Note the contents of this report and progress to date on delivering both the New Council Homes Programme (NCHP) and other programmes and projects in place to deliver 5,000 new affordable homes in the borough by 2024.
- 2.2 Note the proposals regarding the Church End development site scheduled to be brought forward as set out in paragraph 5.5 and 9.2-9.8
- 2.3 Delegate authority to the Strategic Director, Community Wellbeing, in consultation with the Lead Member for Housing and Welfare Reform, to agree pre-tender considerations, invite tenders, evaluate tenders and thereafter award development / construction contracts with developers / contractors in respect of the Church End site referred to in Recommendation 2.2 using the procurement approach set out within section 9.2 of this report.
- 2.4 For the reasons detailed in paragraph 14.17, delegate authority to the Strategic Director, Community Wellbeing, in consultation with the Lead Member for Housing and Welfare Reform, agree pre-tender considerations, invite tenders, evaluate tenders and thereafter to award development / construction contracts with developers / contractors in respect of any sites listed in Section 6, should these be classified as High Value Contracts.
- 2.5 Delegate authority to the Strategic Director for Regeneration & Environment in consultation with the Lead Member for Regeneration, Property & Planning for the purposes of entering revised leases with the Brent Indian Community Centre and the West Indian Association, that would allow the Council to progress the next phase of both projects.

## **3.0 Background**

- 3.1 Delivering 5,000 genuinely affordable homes within a five year period (2019-24) is an ambitious target. The Council is currently delivering its own programme, which will deliver at least 1000 new Council homes. All relevant departments and teams within the Council's structure, such as Property, Procurement, Planning, Legal, Finance, along with Housing, are working together to achieve the target. The Council also recognises the role of Registered Providers (RPs)

and works closely with a range of other key organisations in the Borough to maximise delivery.

3.2 The Council's Housing Supply and Partnerships (HSP) team is responsible for facilitating the supply of new affordable housing across the entire Borough with the Regeneration team focussing on affordable housing when delivering new housing in areas such as South Kilburn. HSP consider potential opportunities by working with colleagues in Housing Needs to identify current and future housing demand, and to match the anticipated demand. Left to its own devices the market would concentrate on delivering 1 and 2 bedroomed homes. Every effort is made to increase the number of larger homes delivered by;

- Identifying new development opportunities on existing Council owned land and new sites and ensuring these are designed to meet the above demand whilst remaining financially viable.
- Working with colleagues in Property to identify and acquire new homes and land.
- Advising partner Registered Providers of gaps in supply and the most beneficial development and property sizes to meet this demand.
- Assisting Registered Providers to maximise the amount of affordable housing they are able to provide on each of their developments.
- Being aware of new private developments and the proposals for Affordable Housing and working with Planning colleagues to maximise the amount.
- Working with the GLA to identify potential opportunities and funding streams to facilitate the increased delivery of Affordable Housing in the Borough.

3.3 There are several mechanisms through which the Council will deliver this target including, but not limited to:

- Building new Council homes directly utilising infill sites, acquisition of s106 designated affordable housing from developers and new mixed developments on land procured specifically for this purpose.
- Working with Registered Providers (RPs) to encourage development funded by GLA grant and cross-subsidy.
- Utilising planning policy and process to specify the development of affordable housing through Section 106 obligations.
- Providing new homes through major developments led by i4B, the Council's Wholly Owned Investment Company and First Wave Housing (FWH), a Council owned Registered Provider, limited by guarantee.
- Exploring opportunities to redevelop and regenerate existing housing stock and public realm, to provide new housing, with partners where necessary such as in South Kilburn.
- Acquisition of property and land from the open market and the re-provision of affordable housing through investment in capital improvement works.

3.4 The table below (Table 1) sets out the projected number of new homes including all of those included in the NCHP based on known development sites and opportunities identified to date as at November 2020. It breaks delivery down by the different types of accommodation:

- TA: Temporary Accommodation

- S106: Homes delivered due to a s106 obligation
- DLP: Developer Led Project
- SSU: Supported Specialised Units
- NAIL: New Accommodation for Independent Living

3.5 It should be noted that this is a forecast and the forecast becomes more accurate as time progresses. In 2022/23, for example it is highly unlikely that there will be no s106 homes delivered, however, at this time it is not possible to estimate accurately. The table is based upon data provided by the GLA outside as well as the Council's own information.

Table 1:

Financial Year	Affordable Rent	Shared Ownership	Temporary Accommodation	s106	*DLP	**SS	NAIL	Total
2018/19	259	388	0	0	0	25	11	683
2019/20	76	104	0	79	0	0	12	271
2020/21	501	489	0	104	0	157	11	1262
2021/22	694	317	92	119	12	126	70	1430
2022/23	993	701	0	0	0	80	61	1835
2023/24	412	297	0	0	0	50	115	874
<b>Total</b>	<b>2,935</b>	<b>2296</b>	<b>92</b>	<b>302</b>	<b>12</b>	<b>438</b>	<b>280</b>	<b>6355</b>

\*Developer Lead Property

\*\* RP Delivered Supported Housing

3.6 It is important to note that the viability of individual development sites and opportunities continue to be assessed in line with each provider's (including the Council) policies and procedures, as progress is made scheme by scheme. Consequently, on occasion sites may fall out of the programme and be replaced by others. This is a natural element of a dynamic development programme. In the event that a site falls out of the programme a replacement opportunity will be identified ensuring that focus remains on the overall delivery target and that every effort is made to ensure that it is achieved.

#### 4.0 New Council Homes Programme (NHCP) Progress to Date

4.1 As part of the 5000 affordable homes target, the Council has developed an ambitious programme of pipeline developments in order to achieve its strategic target of delivering 1000 new council homes at genuinely affordable rent. The pipeline consists of four elements.

- Sites with building underway (on-site)
- Sites with planning permission awaiting start on site
- Sites deemed feasible submitted for Planning Permission

- Sites currently being assessed for feasibility and financial viability.

4.2 The current position in terms of delivery of the NCHP can be summarised as follows:

- 231 new homes have been built and let
- 610 homes are currently on site and being built
- 332 homes have been given planning consent and are now going through procurement to identify a building contractor.
- 566 homes currently being assessed for feasibility. 177 of these are detailed in 6.6 below and the others will be firmed up by the next Cabinet update in six months.

4.3 This, and the other sites which are currently being assessed, can be broken down as follows to show what types of accommodation the Council will be delivering:

Table 3

Financial Year	General Needs Rent	Shared Ownership	NAIL	TA	Total
19/20	15	0	19	0	34
20/21	116	0	0	0	116
21/22	275	0	57	92	424
22/23	224	23	74	0	321
23/24	265	0	105	0	370
Total	880	23	236	92	1,265

4.4 In addition, officers continue to explore new sites to be added to the pipeline for future delivery. An indication of the current feasibility pipeline is given in section 6.6. It should be noted that this is a dynamic programme and only becomes fixed when the build starts on site.

## 5.0 Progress on Large Development Sites

### ***Gloucester & Durham (South Kilburn)***

5.1 In 2019 Cabinet agreed the acquisition of the entire site at Gloucester and Durham for the delivery of 235 homes at social housing target rents (formula rents). The development phases are currently anticipated to be:

- 59 properties due for handover by Christmas 2020 and the remaining 24 by end of Jan 2021
- 152 to be handed over between April – June 2021 (at this stage no impact for delays caused by Lockdown have been notified)

### ***Grand Union***

5.2 Cabinet agreed the acquisition of 114 new homes being delivered by St Georges Ltd (Berkeley Group) at the Grand Union site in Alperton as part of their s106 planning obligation. A further property has been identified as being suitable for Shared Ownership bringing the total to be purchased to 115.

The handover phases are projected to be:

- 92 Rented – Handover – 11/2021
- 22 Shared Ownership – Handover – 09/2022
- 1 Shared Ownership – Handover - 05/2023

The Council will be using Right to Buy (RtB) Receipts to part fund the purchase enabling the rented homes to be let at London Affordable Rent.

***Dudden Hill Community Centre (BIC)***

- 5.3 This site has planning consent to deliver 29 affordable new homes and a new community centre. Delegated authority is being sought from Cabinet to enter into a new lease agreement with the Brent Indian Community Centre (current tenant) so that the Council (as landlord) can secure vacant possession of the site. In parallel with the above, the Council is also progressing the appointment of Wilmott Dixon via the SCAPE Framework to build out this scheme. Subject to securing vacant possession, it is currently anticipated that enabling works will commence on site in March 2021.

***Honeypot Lane***

- 5.4 The scheme involves the demolition of an existing property to provide 61 NAIL one bedroom self-contained flats with an element of extra care. The project is now on site and held a ground-breaking event on the 18th August. Demolition of the current structure is 80% complete. Site clearance and erection of the site office will commence straight after demolition works have been completed. Practical Completion is currently forecast to take place in June 2022. The GLA Grant allocated to the site totalling £6.5m, has been drawn down.

***London Road***

- 5.5 This scheme has now been removed from the programme due to prolonged S77 issues (the protection of playing fields owned by Local Authorities for schools and academies) and the Council's recently proposed allocation of the site to deliver the construction of a new Special Education Needs (SEN) School, as requested by the Department of Education. Officers across various departments are currently working on the SEN School proposals with a view to presenting them to the DfE for approval. In the event that the school development does not proceed then a residential development will be reconsidered. The grant originally allocated for this site has been provisionally re-allocated to the 99 homes to be developed at Church End (see 9.2) (subject to GLA approval).

***Learie Constantine***

- 5.6 This site has planning consent to deliver 26 affordable new homes and a new community centre. Delegated authority is sought from Cabinet to enter into a new lease agreement with the Learie Constantine West Indian Association (current tenant) so that the Council (as landlord) can secure vacant possession of the site. In parallel with the above, the Council is also progressing the appointment of Wilmott Dixon via the SCAPE Framework to build out this scheme. Subject to securing vacant possession, it is currently anticipated that enabling works will commence on site in March 2021.

***Stonebridge – Milton, Hillside and Twybridge***

- 5.7 The Milton and Hillside site has planning permission to deliver 73 properties. The Build Contract for the site was signed by the appointed Contractor, Higgins Construction, on the 3rd of September 2020. Works were programmed to take

place during the school half term to ensure the works could be carried out safely. Practical Completion is currently anticipated to be October 2022.

- 5.8 The Twybridge site continues to be delayed by Section 77 consent from the Secretary of State (Education). Officers across various departments are working on responding to questions raised by the Department of Education in order to proceed. Whilst the S77 issues are being resolved the site will be used as a decant facility for the Education facilities currently located at Moreland Gardens.

## **6.0 Progress on other development sites for information**

- 6.1 The Council is developing a number of sites that did not/do not require formal Cabinet approval and the progress is summarised below. The summary sets out the following development sites due to be brought forward using delegated powers given the estimated value of the contracts is under £5,000,000. Further information on the approach to Procurement is provided in Section 8.

### **Preston Road Annex**

- 6.2 This site has planning permission to deliver 12 affordable homes and a new library. The scheme is currently on hold as a local resident challenged the planning permission through the Judicial Review process. The Council is currently awaiting a decision from the Judicial Review hearing, which took place in October 2020. Subject to the outcome from the hearing, the Council will then be able to evaluate the development potential/options for the site.

### **Clock Cottage**

- 6.3 Revised planning permission for the 13 self-contained assisted living flatted scheme has now been granted and the process of appointing a suitable contractor to build out the site has started. Officers continue to provide the adjoining Hospice with regular updates ahead of starting construction works.

### **Frontenac & Gloucester Close,**

- 6.4 Initially Frontenac and Gloucester Close were intended to be part of one package with Mason Ct, Kings Drive and Hindhurst. However, they have been separated into two packages for financial efficiency purposes. The scheme include five new houses and a new block with four units. The Contract was awarded to Jerram Falkus Construction Ltd in May 2020. The contractor is on site and work is progressing.

### **Other Miscellaneous Sites**

- 6.5 The Council has a number of smaller sites delivering 10 homes or less. Sites at Mason Court, Kings Drive, Hindhurst, Pharamond, Longley Avenue, Aneurin Bevan Court and Sycamore Drive will deliver an estimated 41 new homes consisting of a mix of apartments, bungalows and houses.

### **Sites Currently Undergoing Feasibility Assessment**

- 6.6 The Council's programme is dynamic and new opportunities are constantly being assessed and the sites outlined below have the potential to deliver 177 new Homes. HSP in collaboration with colleagues in Property, Finance and Planning are constantly reviewing new opportunities and undertaking feasibility assessments before formal consultation with members and residents commences. The following is a list of current sites being considered. However, it

should be noted that this list changes as new sites are identified or sites are assessed not to be feasible. The Borough map at Appendix 1 shows the distribution of sites.

Development	New Homes Predicted
Clement Close –	15
Broadview Garages –	3
Greenhill Park –	11
Yates Crt –	3
Westcroft Crt –	16
Newland Court -	7
Moot Court –	8
Fairfield Crt –	3
Essoldo Way –	9
Eskdale Close –	3
Gauntlett Crt –	5
Ecclestone Place –	4
Brentfield Garages –	9
Hargood Close –	2
Minterne Rd –	1
Chalfont House –	10
Sutherland Crt –	1
Townsend Lane –	1
Comber Close –	48
Rokesby Place –	5
Gladstone Pk Ph2 –	13

### ***Modular Build***

- 6.7 The Council is keen to progress some of the schemes that have come through the feasibility stage using modern methods of construction. The suitability of sites for modular build would require early supplier involvement from the Modular Build suppliers. The procurement approach for the Modular Build projects would be a Turnkey Solution where the suppliers are involved at an early stage to review the suitability of the site, develop the design and support in seeking planning permission. This approach is different to the standard construction where the Council seeks a design team to take it to planning and then source a contractor. For the modular build approach, the design and contractor appointment needs to be the one supplier. There are a number of modular build frameworks in the market and these will be reviewed further for the appropriate scheme that is going to be taken forward. The GLA has indicated that it will be seeking to encourage up to 25% of the next Approved Development Programme pipeline as Modular developed homes

## **7.0 St Raphael's Estate**

- 7.1 The master planning process at St Raphael's has been tenant led with reference to the Estate Regeneration National Strategy and the GLA requirements, and has involved a series of resident events and workshops through which the Design Team have co designed the masterplans with the community.



- 7.2 In line with the original mandate from Cabinet, two masterplans have been developed; one for infill and one for redevelopment. These designs have been developed through the conversations and feedback from all previous events and a series of co design workshops with the community.
- 7.3 The redevelopment masterplan delivers 2065 new homes, the rehousing of 504 tenants with the option to provide new homes for existing leaseholders/freeholders and up to 550 additional affordable rented homes.
- 7.4 The infill masterplan consists of clusters of new homes in the north and south of the site and it delivers 370 new homes, 334 flats and 36 houses, providing the opportunity to rehouse St Raphael's tenants who are over-crowded plus the provision of net additional c300 affordable homes.
- 7.5 A ballot will be held with eligible residents and the outcome will determine which Masterplan will be recommended subject to both options remaining financially viable.

## **8.0 South Kilburn Regeneration**

- 8.1 Approval was received from Cabinet in August 2020 to assess the potential for social housing delivered in future developments to remain in the ownership of the Council and that delivery routes are assessed on a scheme-by-scheme basis with this in mind. The next three schemes where this will come into effect are at Neville & Winterleys, Hereford & Exeter and Carlton & Granville, which are currently in the latter stages of development.
- 8.2 Officers continue to explore opportunities in South Kilburn to deliver an increased number of Council homes while still ensuring a sensible balance between different housing tenures, as required in the Master Plan.
- 8.3 Officers are currently attempting to identify opportunities to decant a number of blocks more quickly. This has arisen due to the desire to avoid long-term maintenance works, which will create unnecessary expense, both for the Council and Leaseholders. This can be achieved by a variety of means including identifying more decant opportunities for residents and accelerating the building programme.

## **9.0 Collaboration Arrangement with Network Homes to deliver new homes**

- 9.1 The Council's development programme is one of the largest Local Authority pipelines in London and it was recognised at an early stage that there were insufficient staffing resources internally to deliver this efficiently and at the pace required. Cabinet therefore approved a Collaboration with Network Homes (NH) to provide, amongst other things, development services in respect of a number of sites.

### ***Church End***

- 9.2 Recommendation 2.2 and 2.3 seeks approval from Cabinet to seek tenders for the delivery of a site in Church End, which will deliver 99 new homes and a new market consisting of 44 pitches. Approval is required because this development exceeds the delegated authority limit of £5 million.

- 9.3 This site consists of two parcels of land assembled by the Council. It was initially envisaged that this site(s) would be delivered by Network Homes. However, it transpired that Network were unable to access the same level of capital grant thus enabling affordable rents to be charged across the whole site. Therefore, it is proposed that the Council retain ownership of the land and become the developer of the site with Network being retained under the terms of the Collaboration agreement as development agents.
- 9.4 The proposals for the redevelopment of the site include the formation of a new mixed-use development site adjacent to a new market square providing a high quality pedestrianised through route from High Rd to Church Rd.
- 9.5 Site 1 requires demolition of 205 Church Road and proposal of new market square to replace Eric Road. Demolition of a 3-storey building to the rear of 203 Church Road and proposal of 34 residential dwellings and ground floor non-residential.
- 9.6 Site 2 requires demolition of buildings within 205 and 235 Church Road, and redevelopment of section of Church End car park site to the rear of 207-233(odds inc.) Church Road to erect a part 2,3,4,5 and 6-storey building containing 65 residential units, retail floor space, together with seven car parking spaces and associated works.
- 9.7 The Council intend to promote the commercial units for uses that support enterprise in the local area. The development will support the provision of a new market square providing 44 pitches for market traders, storage and WC facilities.
- 9.8 Overall, the development as envisaged will deliver a new market and 99 new homes let at London Affordable Rent consisting of 26 x 1 Beds, 71 x 2 beds and 2 x 3 bed units (which includes one house). The site is constrained which prevents the delivery of more 3 bed homes and above.

***Watling Gardens, Windmill Court and Kilburn Sq.***

- 9.9 An opportunity to develop 370 new Affordable rented homes on existing estates at Watling Gardens (Appendix 2), Windmill Court (Appendix 3) and Kilburn Square (Appendix 4) has been identified.
- 9.10 As part of these proposals, two extra care facilities, comprising 104 properties can be built at Watling Gardens and Kilburn Square. The design teams for all three schemes are currently working up designs to RIBA stage 2 in preparation for planning submissions in 2021. The current proposals will deliver close to 388 homes. Start on site for all three sites is currently anticipated as late 2021. Authority will be required from Cabinet in respect of a number of matters in order to progress further and we anticipate bringing this to Cabinet imminently.
- 9.11 Officers have already commenced consultation with residents regarding the potential demolition and wider proposals. Several virtual and on site pop up events (in line with appropriate Covid safe arrangements) took place in August focusing on the landlord offer and needs assessment design.
- 9.12 Formal consultation on the proposed demolition commenced in February 2020 on 1-2-1 basis. It will initially affect 12 residents in Watling Gardens and of these,

10 residents have been offered brand new homes in Kilburn Sq. and the remaining 2, homes in the new Gloucester & Durham blocks in South Kilburn. These offers have been provisionally accepted. There will be a further 17 residents affected in phase 2 and consultation with them commenced in November 2020.

- 9.13 Mapesbury Residents Association has expressed some concern during the initial stages of consultation. Concerns for Watling and Windmill currently relate to height, number of residents and parking. There is also some on site resident objection at Windmill Ct and this mainly centres on refurbishment works to the main tower. Discussions are underway internally with a view to how it might be addressed in line with the Council’s commitment to undertake programmed works alongside the New Build programme.
- 9.14 It should be noted that at present the Council only has a partial grant allocation for these units. The balance will be funded from transfer from abortive schemes elsewhere in the programme. Any shortfall will be included in the Council’s next Approved Development Programme bid round (see Section 13.0 Greater London Authority). The affected blocks are shown in Table 4 below.

Table 4

Block
1-18 Claire Court
19-21 Claire Court
22-30 Claire Court
1-11 Watling Gardens
1-18 Windmill Court

- 9.15 Discussions are also taking place with Asset management to bring forward internal kitchen and bathroom upgrades at Windmill to coincide with the start on site of the new build programme.

**10.0 Engagement**

10.1 The previous Cabinet paper in July 2020 outlined the approach to engagement with Members and residents, and the six Stage process (see below). This is only a framework and each consultation will be tailored to the specific needs of the development and the residents. A Member Learning & Development session was held on the 7th October 2020 providing the opportunity for members to gain greater information on the wider programme and advise how improvements might be made. The session was well received and demonstrated that the collaborative approach between Members and Officers on these issues has worked well so far. The intention is to continue to provide information at a high level with a clear overview of the programme across the Borough ensuring that Members have advance warning of developments planned in their Wards.

10.2 The Six Stages of Engagement

Stage 1: Initial Engagement with Members – Cabinet Members will be provided with an overview of sites planned in the NCHP. Ward Members will be introduced to sites in their individual ward and provided with the opportunity to give their feedback.

Stage 2: Inform Residents – Residents whose homes will be impacted by a site will be written to and provided information on what the Council intends to build and how they can get involved.

Stage 3: Design Phase – Residents and Members will be invited to a face-to-face consultation event. This event will showcase designs for the site and provide more information on the homes being built. Residents will be asked for their feedback on the designs and any concerns they have which can be considered. This includes opportunities for wider community investment.

Stage 4: Statutory Planning Consultation – Officers' aim is to respond to residents' concerns throughout the design phase. Once detailed design and consultation is completed, the site will be submitted for planning consent. Planning will then start their statutory consultation. Residents will be written to and site notices will be displayed. This will include the statutory process for submitting any objections to the development.

Stage 5: Building Phase – Residents and Members will have the opportunity to meet the appointed contractor. Throughout this stage, any complaints or comments can be reported to the dedicated email address [newcouncilhomes@brent.gov.uk](mailto:newcouncilhomes@brent.gov.uk) mailbox or by calling 020 8937 3355. Complaints can be directed to staff when they are on site periodically.

Stage 6: Community Investment and Aftercare – Once the homes have been completed, any opportunities for community investment, that were agreed in the design phase will be completed.

10.3 Statutory Planning policy and consultation requirements will continue in respect of each site (in parallel with the Engagement plan) and will provide additional opportunities for members and residents to comment on aspects of design and location.

#### **11.0 Other Sources of Supply - I4B (Holdings Ltd)**

11.1 i4B Holdings Ltd (i4B) was established in 2016 to reduce homelessness by providing affordable, good quality homes and invest to deliver regeneration and financial benefits for its sole shareholder, Brent Council. It is a wholly owned subsidiary of the Council.

11.2 I4B's initial activity provided PRS homes to support the Council's Temporary Accommodation Reform Plan. As of December 2020, i4B has purchased 301 private sector homes and switched the tenure to an affordable PRS product. All properties have been refurbished to a high standard and let to families nominated by the Council.

11.3 I4B continues to expand its portfolio and will be completing the acquisition of 153 homes in January 2021, which will be let to Key Workers as determined by the Council's Key Worker Policy. I4B continues to investigate new opportunities to deliver Affordable Housing and providing a service offering wider than the Council's primary focus of Affordable Rent products.

## 12.0 Other Sources of Supply - Registered Providers (RPs)

12.1 Registered Providers continue to play a significant role in the delivery of new affordable homes in the Borough. Table 5 shows the new homes that are anticipated to be delivered over the next two financial years from RPs funded by the GLA.

Table 5

Developer	Financial Year 20/21	Financial Year 21/22
Notting Hill Genesis	165	40
Catalyst	66	66
Network Homes	6	501
Origin	0	24
Octavia	28	103
Home Group	178	0
Clarion	135	121
Metropolitan TV	33	0
Hyde	179	0
Innisfree	25	0
PA Housing	0	80
Peabody	198	0
Riverside	7	0
St Mungo's Community	6	0
Total	1026	935

There has been a drop in numbers reported previously mainly from Clarion & NHG, which could be due to delays from Covid-19. However, Officers are currently trying to understand the reason for these reductions. On initial review, NHG commented that part of the Brent house site was completed at the end of the last financial year amounting to 51 homes and there may have been a duplication of numbers, which is being investigated.

## 13.0 Greater London Authority (GLA)

13.1 The Mayor of London published his 'Building Council Homes for Londoners' funding prospectus in May 2018, encouraging London Councils to bid for grant funding to build new council homes for social rent. A special grant rate was introduced and support to help Councils invest their own resources, including Right to Buy (RTB) receipts. The Council submitted an ambitious bid to the GLA that in September 2018, resulted in the allocation of £65,600,000 to subsidise the delivery of 817 new homes during the next 3 years (2019/20 – 2021/2022). The allocation has since been increased through negotiation to £100m.

13.2 The Council continues to work closely with the GLA despite the limitations of the Pandemic. The Council continues to meet the deadlines set by GLA for starts on site and the number of homes required to be delivered. The programme period is routinely 3 years however this has been extended by a further year to the end of 2022/23, which provides an additional year for the final starts on site allowing for any slippage caused by the pandemic.

- 13.3 The new prospectus Homes for Londoners: Affordable Homes Programme 2021-2026 was published on the 24<sup>th</sup> November 2020 and introduces some changes from the previous Approved Development Programme.
- A move away from the previous fixed rates of grant and a proposal to align grant allocations on a scheme-by-scheme basis. This presents the opportunity to obtain higher rates of grant to deliver more expensive and difficult to deliver sites.
  - New rented homes developed to be let at Social (Formula) rents rather than London Affordable Rent which essentially sees a real reduction in rents at today's prices of approximately 9%
- 13.4 The timetable for bids is likely to open towards the end of January 2021.

#### **14.0 Procurement Approach**

- 14.1 Developments with estimated values over £5,000,000. Each of the development sites listed in sections 5 above have been reviewed to confirm the most appropriate method for procuring an experienced contractor to deliver the works.
- 14.2 For large value procurements, suppliers need to spend a significant amount of time and money in preparing their bids and therefore would only participate if the number of bidders were restricted (normally between 3 – 5 suppliers). Due to the size, scale and value of the larger development sites, the procurement options available for sourcing a contractor are either by (i) carrying out an OJEU procurement where the opportunity would be advertised to the market or (ii) via a mini competition from a framework.
- 14.3 Advertising the opportunity via OJEU means all suppliers in the market have an opportunity to bid for the contract. All suppliers would need to be checked for compliance. This process can take significant amount of time versus procuring from a framework. A framework has a list of pre-approved suppliers where compliance checks have already been undertaken. The frameworks allow for mini-competitions to be undertaken to appoint a contractor and tend to be a much quicker process.
- 14.4 It is proposed to use the following approach for each of the development sites:
- Church End**
- 14.5 Subject to approval from this report – the proposed procurement approach is to carry out a mini competition from Network Homes contractor's framework. Planning permission has been preserved for this scheme and therefore procurement to commence over the coming months.

As use of a contractor's framework is proposed, the details of the procurement will be confirmed by way of a recordable decision to procure report, using delegated powers, which is expected to be completed over the coming months subject to the Recommendations within this report being accepted.

#### ***Developments with estimated values under £5,000,000***

- 14.6 Projects with a contract value less than £5,000,000 can be authorised using delegated powers. The procurement approach is listed here for information purposes.
- 14.7 For the smaller developments (infill) sites, interest from suppliers in the market tend to be from the smaller/SME contractors. Programmes of this nature can be difficult to manage in terms of finding suitably skilled small to medium sized contractors who are experienced in delivering high-quality projects on small sites.
- 14.8 There are some frameworks available with contractors for contract values less than £5,000,000. Where it is deemed suitable with sufficient interest from the suppliers on the framework a mini competition will be undertaken.
- 14.9 For the majority of the small sites developments (infills), the best platform for sourcing and appointing qualified contractors is through the open tender procurement approach.
- 14.10 An open tender is where the opportunity is widely advertised to all contractors in the market allowing them to submit a proposal.
- 14.11 The open tender approach could have the following benefits for the Council:
- It will afford the Council an opportunity to engage with local suppliers and businesses who could benefit from the Council's Development Programme and this could help ease unemployment and bring revenue into the Borough.
  - Provide the Council with a wider selection of small to medium sized contractors who are more suited to the Infill Programme.
  - Small to medium sized contractors are thought to be more competitive and will seek to offer value for money in terms of quality and costs.
  - It gives the Council better scope to seek the best supplier for the works as tenders are carefully evaluated for cost and quality. There will also be a wider selection of suppliers to choose from.
  - Open tendering also offers ease of entry into the market for smaller suppliers, and this can help new experienced firms to get a foothold in the market or industry, which will help lower the traditional barriers faced by many small but very experienced contractors.
- 14.12 The Council is progressing with the procurement of a contractor for the following projects:
- Pharamond & Longley***
- 14.13 These two sites have been merged together for the purpose of sourcing a contractor from the open tender process to build out the scheme. The procurement opportunity was issued in November 2020 with a contract award expected March/April 2021.
- Anuerin Bevan Court & Sycamore***
- 14.14 These two sites have been merged together for the purpose of sourcing a contractor from the open tender process to build out the scheme. The procurement opportunity was issued in November 2020 with a contract award expected March/April 2021.

### ***Clock Cottage***

- 14.15 This scheme is for Support Living Accommodation for vulnerable Brent residents. On review of the requirements for the scheme, it was deemed appropriate to progress with the procurement approach via a framework where there are contractors that are specialist for this type of work.

The Council is currently carrying out an Expression of Interest under the London Consortium Framework with the intention of issuing the tender in December 2020.

### ***Preston Road Annex***

- 14.16 The procurement approach for this project uses the SCAPE Minor Works Framework agreement for which the contractor is Kier. This framework allowed for early contractor engagement and enabled the Council to utilise the contractor's knowledge of cost, programme and buildability while developing the design through to planning. The Council is currently awaiting a decision from the Judicial Review hearing, which was heard in October 2020. Subject to the outcome from the hearing, the Council will then be able to evaluate the development potential/options for the site.
- 14.17 Whilst the estimated value of all of the above contracts is under £5,000,000 and therefore procurement and award would be authorised using delegated powers, there is a possibility, particularly with the uncertainties surrounding raw material and labour costs cost due to Brexit and the Covid crisis, that bids exceed this sum. Should this occur, Cabinet authority would be required to award. In order to avoid the delay in the award of the contract, Officers would recommend that authority is given to the Strategic Director, Community Wellbeing, in consultation with the Lead Member for Housing and Welfare Reform, to award development / construction contracts with developers / contractors in respect of the sites listed in this Section 5.

## **15.0 Social Value**

- 15.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 ("the Social Value Act") to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. This duty does not strictly apply to the proposed contract, as it is not a services contract. Nevertheless, Officers have had regard to considerations contained in the Social Value Act in relation to the procurement.
- 15.2 The procurement of contractors will follow Brent Council's Social Value Policy. 10% of the overall evaluation will be used for social value commitments. It is envisaged that the successful contractors will be able to offer local employment, apprenticeships and work experience to residents in Brent as part of their bid. It would be expected that the successful contractors would also offer other community benefits to the residents in Brent
- 15.3 Examples of the Social Value driven by the Council's development activity;



- Knowles House - 133 people have benefited from employment and training initiatives on this project, with 59 people being from the local area, in other words 456 training and employment weeks created with 272 being created for the local area. There have been 5 apprentices employed on the project so far, and over 20% of the site team are based locally with some months achieving nearly 30% of the workforce as local labour. Additional support has been provided to the Freemans Centre in Longstone Avenue and the Roundwood School.
- Honeypot Lane – the contractor has appointed 3 apprentices to work on the development

## 16.0 Financial Implications

16.1 A financial summary of Church End (scheme exceeding £5m) is provided below in Table 7

Table 7 Estimated Financial Breakdown

Scheme	Total Project Cost	GLA Grant	Council Investment
Church End	£29.55	£9.9m	£19.65m

- 16.2 Officers will be reviewing the current programme and pipeline schemes to ensure that development sites originally identified, timescales, number of build units, massing and forecast costs remain realistic and current.
- 16.3 It is therefore envisaged that certain schemes may need to be re-profiled and/or added to in order to better reflect the anticipated capital expenditure required during the remainder of the delivery programme. This can be incorporated to the normal revenue and capital budget setting process in early 2020.

## 17.0 Legal Implications

- 17.1 As High Value Contracts under the Council's Standing Orders, approval of pre-tender considerations, inviting tenders, evaluating tenders and thereafter awarding of development / construction contracts for sites with a value over £5,000,000 require Cabinet approval pursuant to Standing Order 88 and 89. In order to ensure an efficient delivery programme as detailed at paragraph 10.2 previously agreed Cabinet will be provided with full details of each proposed contract on six monthly basis and requested to delegated authority to the Strategic Director of Community Wellbeing, in consultation with the Lead Member for Housing and Welfare Reform, is sought for to award such contracts.
- 17.2 Development or construction contracts with an estimated value of less than £5,000,000 do not require a Cabinet approval because they are classed as Medium Value contracts under the Standing Orders and procurement and award of such contracts is delegated to the Strategic Director/Operational Director. In these cases, Members will receive information via the six monthly update.

- 17.3 Significant grant funding has been secured from the GLA. The Council has entered into grant agreements with the GLA governing the award of such funding to include the requirement to deliver specified numbers of new homes. Failure to observe grant conditions or achieve specified delivery numbers may lead to a requirement to repay grant funding and therefore efficient and timely delivery approaches are essential to mitigate the risk.

## **18.0 Equality Implications**

- 18.1 The Council must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment and victimisation
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

Pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.

- 18.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 18.3 The purpose of the duty is to enquire into whether a proposed decision disproportionately affects people with a protected characteristic. In other words, the indirect discriminatory effects of a proposed decision. Due regard is the regard that is appropriate in all the circumstances.
- 18.4 Equality Impact Assessments (EIAs) have been / will be completed as part of the planning application process to demonstrate that the Council has considered the quality impacts of its decisions in relation to design and development. EIAs / screening assessments will be available prior to the exercise of any delegated decision to award and will be taken into account in making any decision to award in relation to the key projects brought forward.

## **19.0 Human Resources / Property Implications**

- 19.1 The Council's Development Team manages the contracts that are established and is supported by technical consultants as required. The Council has also ensured that it has access to additional capacity to deliver the programme by entering into the collaboration agreement with Network Homes.
- 19.2 The Council's Housing Supply and Partnerships Team will continue to facilitate and bring forward development sites in conjunction with a wide range of stakeholders, including acting as 'responsible client' for ensuring the NCHP is delivered in line with cost, quality and time expectations.
- 19.3 Support from a variety of Council teams in delivering the NCHP remains critical, covering specialisms such as planning, legal, communications, finance etc. A Design and Delivery Board provides the co-ordination required internally, whilst

remaining accountable to the Housing and Care Investment Board that provides oversight and strategic direction.

- 19.4 To maximise the number of affordable homes being delivered and ensure rents can be set at London Affordable Rent levels, the Council is utilising Council owned land, which is under developed or unused. This means a number of sites are located within the grounds of existing Council developments.
- 19.5 Existing properties which are being used by local community groups and residents will continue to need proactive engagement, prior to and during transition into new facilities on site. Landowners adjacent to the development sites (i.e. NHS at Honeypot Lane) are also proactively engaged.

**Report sign off:**

***Phil Porter***

Strategic Director for Community Wellbeing