

Community Wealth Building  
Town Hall, Upper Street, N1 2UD

Report of: Cllr Diarmaid Ward, Executive Member for Finance, Planning and Performance

Meeting of: Executive

Date: 14 March 2024

Ward(s): All Wards

---

**Appendices 1 and 2 to this report are exempt and not for publication.**

## Subject: Islington's New Council Homes Programme

### 1. Synopsis

- 1.1. There are 15,000 households on the Council's housing register, many of whom are at risk of homelessness or live in overcrowded accommodation. Typically, only around 1,000 council homes become available for letting every year, many of which are smaller one-bedroom homes. Islington also has one of the most unequal housing markets in London, much of which is unaffordable for Islington residents.
- 1.2. To tackle this inequality and scale of housing need, the Borough urgently needs many more genuinely affordable, energy efficient, accessible and high-quality homes including the larger homes needed to tackle overcrowding. The construction of new council homes is central to the achievement of the Council's mission of making Islington a safe place to call home, as well as a Greener Islington (low carbon development) and a Healthier Islington (accessible homes and additional supported housing provision to enable independent living).
- 1.3. In October 2021, the Council committed to starting the construction of 750 new council homes by December 2027. This target was based on an assessment of available funding and the cost of building new homes at that time. Since 2021 the cost of building new homes and the risks associated with construction have increased significantly, with

interest rates rises, cost inflation and depressed sales values providing unprecedented challenges.

- 1.4. In response to these unprecedented challenges, many public and private sector housing developers have either paused, stopped or scaled back their delivery programmes. However, the Council retains its ambition to continue building new council homes given the scale of our local housing crisis. Arguably the risk of not building outweighs the risk of building. A comprehensive review of the Council's new homes programme has been undertaken over the last 12 months, ensuring that constrained funds are focussed on the most viable schemes and that the Council can continue building new homes. Associated governance, assurance and financial/commercial processes have also been significantly strengthened as well as strengthening our delivery teams.
- 1.5. This report sets out a revised New Council Homes Programme and confirms how available funding will be used to maximise delivery and the forward pipeline of schemes. The Executive is also asked to note the steps that have been taken to avoid, manage and mitigate the significant risks associated with the delivery of the programme, including approving work to settle outstanding commercial matters. It should also note that only schemes which are financially viable and deliverable will be taken forward and all schemes will be subject to ongoing feasibility and viability review. Some may not be progressed and replacement schemes will be brought forward as required.

## 2. Recommendations

- 2.1. To agree that the Council should retain its ambition to build 750 new council homes.
  - 2.2. To approve plans to build around 178 new council homes as well as 10 shared ownership homes at the Finsbury Leisure Centre, Vorley Road, Harvist Estate and Bemerton Estate (South) sites, subject to ongoing viability reviews and planning permission.
  - 2.3. To approve plans to commence the design of schemes seeking to deliver a further 570 new council homes as set out in Exempt Appendix Two of this report, subject to ongoing viability reviews and potential replacement schemes.
  - 2.4. To note that the expected resources needed to deliver these new council homes and commence design of further schemes were approved by the Executive on 9 February 2024.
  - 2.5. To note the risk that all or part of the costs of the pipeline programme in Exempt Appendix 2 may need to be written off if these schemes do not proceed to
-

- 2.6. construction, to be mitigated by robust gateway management and the early cessation of non-viable schemes
- 2.7. To note that some previously publicised schemes will no longer proceed on viability grounds and that these decisions have been communicated to residents as appropriate as well as local ward members
- 2.8. To note the New Council Homes Programme's strengthened governance and assurance processes, also reviewed by Audit Committee in January 2024 and subject to an Internal Audit review in 2024/25.
- 2.9. To delegate authority to the Corporate Director of Community Wealth Building to settle any claims arising from the schemes under construction as set out in the exempt Appendix One of this report, following consultation with the Corporate Director of Resources, the Monitoring Officer, and the Executive Member for Finance, Planning and Performance.
- 2.10. To approve increased fee spend of £0.492m on the Finsbury Leisure Centre Scheme to cover additional costs up to the submission of the planning application.
- 2.11. To note the Council continues to lobby Government to allow more flexible use of receipts and grants and to increase funding for new genuinely affordable homes.

## 3. Background

### **Achievements to date**

- 3.1. Following the adoption of the Local Plan in 2023, the Council has some of the most ambitious affordable housing planning policies in London and remains committed to ensuring that at least half of the homes that are built in Islington are genuinely affordable. Islington is also one of the few central London boroughs that has met its housing delivery target.
  - 3.2. Between 2009 and the end of January 2024, the Council built 580 new high quality, genuinely affordable council homes. New specialist supported accommodation was also provided at Leigh Road and Stacey Street, enabling Islington residents to remain living in their communities. Homes have been built in more than 40 locations in 17 Wards, providing a safe place to call home for over 2,500 Islington residents.
  - 3.3. The Council's local lettings policy means council tenants and the family members who live with them have priority for the new homes we build on their estate or in their Ward, particularly those residents living in homes that don't meet their current
-

needs. This then releases existing council homes that are re-let to meet the needs of other Islington residents.

- 3.4. As well as providing high quality homes, the new homes programme has delivered significant investment in Islington's estates with new or improved landscaping, community facilities and affordable workspaces - making sure the benefits of new housing projects are felt by both existing and new residents and the wider community.

## **Challenges**

- 3.5. This delivery has taken place within an increasingly challenging economic and financial context. Interest rates have risen significantly, impacting the cost of borrowing. The council borrows to fund capital schemes from the Public Works Loan Board (PWLB). From December 2021 to November 2023 the PWLB 40-year maturity rate rose from 2.06% to 5.49%. In addition, high levels of inflation and shortages of labour and building materials have led to significant and rapid increases in construction costs, seeing a reasonably consistent trend of an annual 3-4% construction cost increase to above 20% over the last 2 years. Furthermore, the introduction of more stringent fire safety regulations has created uncertainty and delay to some schemes, especially buildings over 18m, contributing to significant increases in construction costs and delay to the progress of schemes as new Building Safety Act processes take time to establish.
  - 3.6. These factors have negatively impacted the cost and viability of council house building schemes to a significant degree. Following interest rate rises, a notional scheme providing c.40-45 social rented properties that would have previously been viable now typically generates a c£20m funding shortfall.
  - 3.7. These economic challenges have been further compounded by several other factors including a lack of Government investment in council house building, restrictions on the use of grant and right to buy receipts, and falling sales values from a depressed housing market. In partnership with the GLA and London Councils, Islington is lobbying DLUHC for a relaxation of these restrictions and increased funding.
  - 3.8. Finally, the ability of the council's Housing Revenue Account (HRA) to fund the construction of council homes has been significantly reduced. Increased construction costs have also impacted the cost of maintaining and repairing existing council homes whilst national rent controls have reduced the level of funding that is available for investment into existing and new council homes. In identifying the resources that are needed to deliver the New Build programme, a careful balance has therefore had to be made between building new homes and maintaining and improving existing council homes.
-

## Contractor failure and claims

- 3.9. The cost pressures and risks outlined in this report have also impacted the behaviour of contractors resulting in higher-than-expected tender costs, contract failure, and claims for additional payments. The council is robustly defending these claims and will manage these claims based on expert professional and legal advice. The Executive is asked to delegate authority to settle these claims as set out in recommendation 2.7 and the exempt Appendix One.

## Continuing to deliver schemes under construction

- 3.10. Despite the intense challenges highlighted in this report, the Council is continuing to build 154 new council homes (as well as 8 shared ownership homes) at the following sites across the borough:

**Table 1 – Ongoing schemes**

Scheme	Ward	Total homes	Council rent	Market sale	Anticipated completion date
Andover Block B2	Finsbury Park	6	6	0	Q3/4 2023/24
Dixon Clark Court	Laycock	41	27	14	Q3/4 2023/24
Andover Estate	Finsbury Park	36	36	0	Q3/4 2023/24
Beaumont Rise	Hillrise	27	27	0	Q3/4 2023/24
Windsor Street	St Mary's & St James'	11	11	0	Q3/4 2023/24
Elthorne Estate	Hillrise	46	16	22 (& 8 Shared Ownership)	Q2/3 2024/25
Parkview Estate	Mildmay	31	31	0	Q2/3 2024/25
<b>Total homes</b>		<b>198</b>	<b>154</b>	<b>44</b>	

## Schemes to be stopped

- 3.11. In the context of the intense cost pressures and significant risks identified in this report, including significantly increased tender prices, a review of the viability and value for money of previously agreed schemes has been carried out. Schemes that were in significant deficit, technically complex, with ongoing cost and construction risk, or very small and fundamentally uneconomic, were all reviewed.
- 3.12. Following the completion of this review, the following schemes will no longer proceed: Triangle Estate; Quaker and Braithwaite Court; Drakeley and Aubert Court; New Orleans Estate; Mersey Garages; ; Elmore and Lindsey; and Macclesfield House Garages. In addition, the construction of Block D on the

Parkview Estate will not proceed.

- 3.13. As appropriate, resident and local ward member engagement has been undertaken in relation to all these schemes. As set out in the Financial Implications section, the cessation of these schemes will involve a write-off of design fees but will also release a significantly larger sum which will be used to deliver the revised programme.

### **Revised New Council Homes Programme**

- 3.14. As part of the Community Wealth Building Directorate taking on full accountability for the delivery of new affordable homes in early 2023, a strategic review of the existing new homes pipeline was undertaken.
- 3.15. A series of pipeline workshops reviewed both existing schemes and potential schemes, ensuring we focused scarce resources on the most deliverable schemes. As well as traditional HRA sites, there opportunities were considered across General Fund land and assets, either through mixed use development or residential only. These sites have the benefit of being outside existing estates and generally offer greater scale and lower construction risk, particularly where existing services can be relocated. Where services remain, subject to affordability, these schemes also offer the potential for modernised buildings and spaces.
- 3.16. Further evaluation was undertaken to assess opportunities in more detail using a sensitivity analysis model to forecast when schemes are likely to be viable at the point of procurement, removing schemes that were considered high risk in terms of deliverability. The revised pipeline has been tested with key internal stakeholders (including Planning, Legal, Finance, Housing Property and Estate Services to provide a realistic assessment of site potential. A Strategic Pipeline Group has been established to monitor, prioritise, resource and manage the new pipeline and to ensure the continuing robust scrutiny of new opportunities.
- 3.17. Following this comprehensive review of all opportunities, the schemes likely to be most financially viable and deliverable have been included within the revised New Council Homes programme. It comprises three elements:

Redevelopment of Finsbury Leisure Centre, targeting delivery of 100 new council homes as well as a new leisure centre, GP surgery, and improved public realm.

Utilising available funding to deliver schemes at Bemerton Estate (South), Vorley Road, and the Harvist Estate, targeting around 78 new council homes and 10 shared ownership homes.

---

Commencing assessment of new schemes as set out in exempt Appendix Two of this report, securing planning consent where viable, ensuring availability of 'shovel ready' schemes ready to deliver around 570 new council homes, across 15 wards, should economic conditions improve, and more funding become available. Further feasibility work will include the exploration of opportunities to deliver some of these new homes for local people who need extra care or support, supporting our Healthier Islington mission. Continuing to identify additional pipeline schemes that will be commenced should further funds become available.

- 3.18. The council is committed to a thorough and effective process of engagement with local residents, businesses and other stakeholders impacted by proposals for new homes.
- 3.19. Any housing developments on General Fund land currently occupied by other facilities will ensure either re-provision or agreement with relevant services and stakeholders about relocation or other changes to provision.
- 3.20. Funding is available to support the first three programme elements. However, all schemes within the programme are subject to ongoing viability testing and gateway reviews. Some may not be progressed, and replacement schemes will be brought forward as required.
- 3.21. Financial modelling has been subjected to sensitivity testing at both a scheme and programme wide level. This testing identifies those schemes that are most likely to become viable more quickly if the current day financial pressures start to ease in relation to key factors such as construction costs, interest rates, the availability of grant, or the value of new private homes.
- 3.22. Furthermore, the cost of schemes has been increased by 10% to adjust for optimism bias. This increase is additional to the usual assumptions about risk and contingency. If risks are mitigated, the level of optimism bias can be reduced as schemes move from initial feasibility to contract award.

### **Finsbury Leisure Centre**

- 3.23. Work is continuing to progress the proposals for the redevelopment of the Finsbury Leisure Centre, the Council's largest scheme. This scheme will deliver up to 100 new council homes, a new leisure centre, a space for an NHS GP Practice, and improved public routes and landscaping.
  - 3.24. The council is working towards the submission of a planning application in summer 2024. Prior to the planned submission of the planning application, the Executive
-

will receive a further update on the proposals for this site.

- 3.25. Following a gateway review at the end of Stage 2, additional funding of £0.492m is required to support the delivery of Stage 3 and the submission of a planning application, resulting from a delay in the programme to strengthen resident and stakeholder consultation and other non-forecast costs. This requirement is above the £6.750m approved by the Executive on 22 July 2023 and this report therefore seeks additional approval.

### **Vorley Rd, Bemerton & Harvist**

- 3.26. The Council is also continuing to progress schemes to build new council homes at Bemerton Estate South; Vorley Road and the Harvist Estate, subject to ongoing viability review and planning permission. Subject to ongoing design, viability and planning considerations, it is expected that these schemes will deliver up to 78 Council homes as well as 10 shared ownership homes.
- 3.27. In July 2023 it was announced that all residential buildings over 18 metres must include a second staircase to provide an acceptable means of escape in the event of a fire. Further details of this announcement were provided in Autumn 2023. Following those announcements, the proposals for the Bemerton Estate South and Vorley Road have been reviewed to include second staircases where needed by the new regulations. Furthermore, plans to build new flats above some of the buildings at Bemerton Estate South and install sprinkler systems in existing homes are no longer proceeding.
- 3.28. The financial viability of both schemes has been impacted by significant construction cost inflation during the period that it has taken to redesign the schemes and the additional cost of building second staircases where required. Design work to significantly improve the viability of the schemes is nearing completion and amended planning applications for both schemes will be submitted shortly.
- 3.29. Construction of new homes was commenced on the Harvist Estate, but the contract was subsequently terminated in August 2023 as result of the financial difficulties facing the Council's contractor. It is expected that a similar scheme will be completed, subject to viability and any additional planning permission.
- 3.30. Any borrowing capacity generated as a result of improving the financial viability of these three schemes will be used to bring forward other pipeline schemes as listed in exempt Appendix Two.
-



## **Programme Assurance and Risk Management**

- 3.31. New governance and assurance procedures have been gradually implemented following a reorganisation of the Housing New Build Team in 2021, which included the establishment of a dedicated Programme Management Office to lead on designing and implementing a programme assurance framework. The framework was based on recommendations set out in an internal audit report from October 2020 and lessons learnt from several years of delivering the programme.
- 3.31.1. New measures that will provide additional assurance and controls at both a project and programme-wide level will be implemented alongside a new scheme of delegations that will clearly set out the responsibilities and thresholds for programme decision-making. These will be critically assessed through an internal audit to be undertaken during 2024/25.

The programme assurance framework includes:

**Strategy** - Strategic Pipeline Group (SPG) has been established, to integrate new schemes into the programme, manage resources and prioritise the most deliverable schemes in the New Build programme.

**Structure** - Specialist roles, which directly contribute to the programme assurance, have been introduced to the team structure.

**Governance** - Terms of Reference for New Homes Project Board (NHPB) include accountability for monitoring the use of feasibility, contingency and sales budgets across all projects. A decisions and actions log provides a detailed audit trail of all decision-making across the programme Where appropriate matters are escalated to executive and senior management boards.

**Project Controls** - A Gateway process, which requires all projects to be critically reviewed at key stages, is well established, and is monitored monthly at New Homes Project Board.

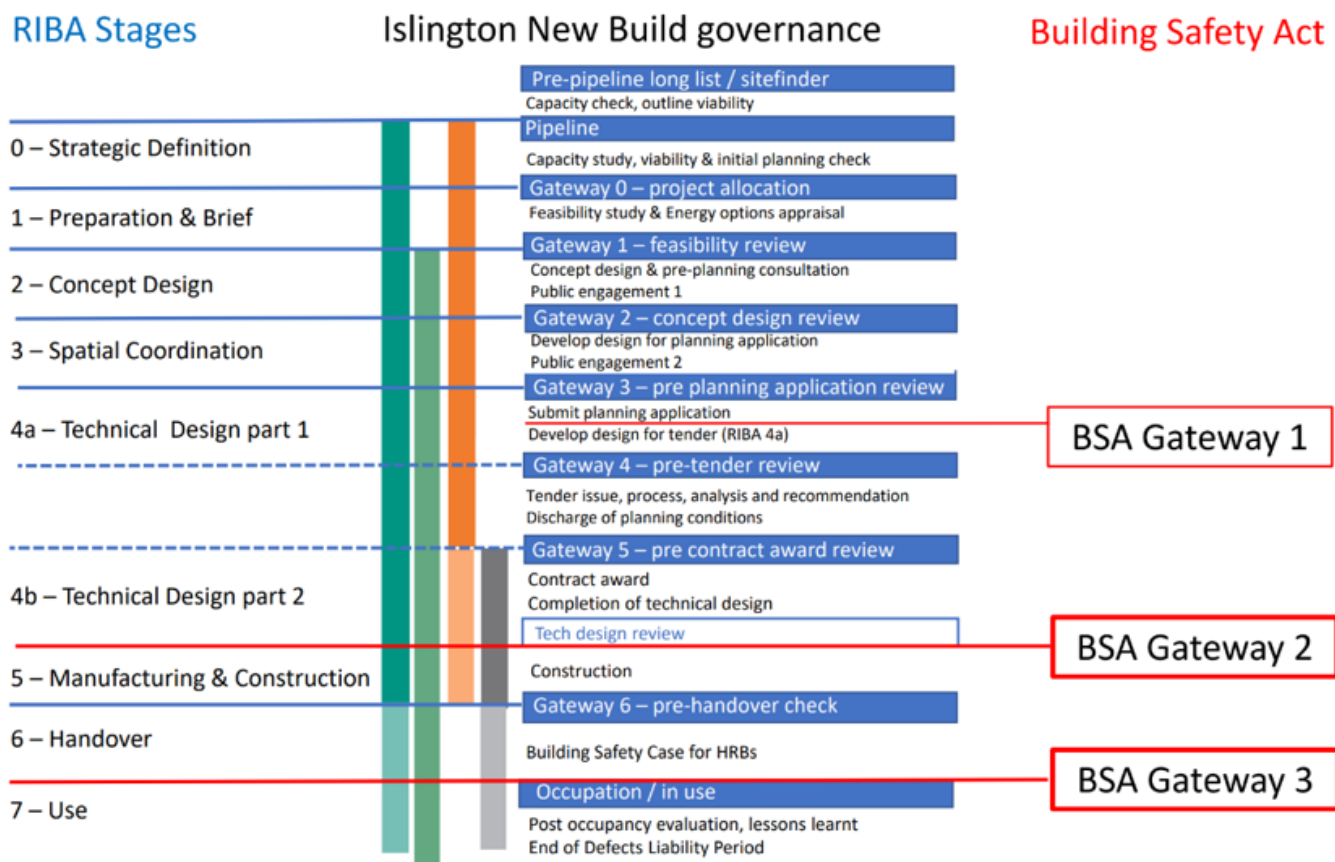
**Change control** - Monthly change control monitoring, scrutiny, and challenge at project level has been introduced, this sits alongside the monthly reporting process.

**Sales management** - A sales consultant supports sales-related activity, including closer management of sales agents, weekly sales reporting, marketing oversight and sales advice as part of early project development. Market research and sales trend information is used to inform budget setting and structured and consistent monitoring of sales values and risks across the programme.

---

**Risk management** – Risk reporting is embedded into the monthly reporting cycle and there is a monthly review of all new project level risks, and the programme level risks, and risk data is used to inform the programme delivery strategy.

The Gateway process (as illustrated below) is an essential component of the overarching framework through which the due diligence, financial viability, deliverability, compliance and risks are reviewed and managed at project milestones.



3.32. In addition:

a new monthly project and programme risk reporting system has been introduced, with all project leads required to provide an update on the status of their project (issues) and any predicted risks as part of their mandatory monthly reporting.

a tailored risk matrix has been established and it sets out how risks should be scored against 6 categories: Programme (delay), Health & Safety, Compliance & Quality, Reputation & Political, Environmental and Legal.

all the risk data gathered through the monthly reporting process is then detailed in a risk register and analysed in our programme dashboard, key trends and the highest scoring risks are reviewed at NHPB and where necessary escalated to HDB.

- 3.33. The principal risks impacting the New Homes programme and the mitigations in place to effectively manage those risks were presented to Audit and Risk Committee on the 29 January 2024. They will be subject of further scrutiny by the Housing Scrutiny Committee and a 2024/25 Internal audit Review.
- 3.34. A review of the structure of the New Build Service is underway. Following consultation, the new structure will be implemented in Spring 2024. This will ensure that the service has the skills, capacity and resources that are needed to deliver the new programme. The new structure will improve the level of commercial and contract management skills, strengthen technical design management, and increase the ability to communicate and engage more effectively with residents.

## 4. Implications

### 4.1. Financial Implications

- 4.1.1. The council has a target to start on site with the delivery of 750 New homes by 2027/28. All schemes are facing several significant challenges to due to the current economic climate, such as rising interest rates impacting the cost of borrowing (at c.6% for viability modelling), inflationary pressures on build costs, government restrictions on rental income, and very recent changes to building regulations. Notwithstanding these obstacles, schemes are still forecasting to go for planning submission within the next 12-24 months.
- 4.1.2. There are three schemes which are most significant in terms of delivering a total of 160 new homes at council rent as well as 10 shared ownership homes, and most progressed in terms of planning. These are Finsbury Leisure Centre and Residential, Bemerton South and Vorley Road. Table 1 below sets out the delivery potential of the three schemes subject to planning permission being granted, and how they will contribute to the council's 750 homes target.

**Table 2 – Three key pipeline schemes**

	Social Units	Shared Owner Units	OMS Unit	Total Resi	GF-Build	HRA-Non Resi
Bemerton South	25	4	25	<b>54</b>	N/A	Commercial for rent
Vorley Road	35	6	40	<b>81</b>	Library	Medical Centre
Finsbury Leisure Centre	100	0	97	<b>197</b>	Leisure Centre/ Medical Centre/ 28% Energy Centre	N/A

	Social Units	Shared Owner Units	OMS Unit	Total Resi	GF-Build	HRA-Non Resi
<b>Total</b>	<b>160</b>	<b>10</b>	<b>162</b>	<b>332</b>		

4.1.3. The most recent viability models for these schemes as of February 2024, including 10% optimism bias, present a total HRA capital funding shortfall of £18.93m. This funding gap is presented in table 3. It is critical to note that the schemes are progressing in a dynamic macro-economic environment, so further financial developments are expected as they advance through planning and onto construction. Previous viability modelling presented a shortfall of £34.26m. This £34.26m shortfall has been factored into the Business Plan, approved at Budget Council on 29<sup>th</sup> February 2024. To deliver the schemes, the HRA will subsidise the additional borrowing required by diverting funding from the Major Works capital programme, reducing investment on existing council stock by c.5%.

4.1.4. The additional £0.492m fees to progress Finsbury Leisure centre to planning were identified since finalising the HRA Business Plan. The £0.327m HRA related fees are proposed to be funded from funds released through stopping the Elmore and Lindsey scheme, (see section 4.1.14). The £0.166m GF element will be funded through GF borrowing, incurring £0.013m additional financing costs per year.

**Table 3 – Budgeted Cost & viability of 3 key pipeline schemes**

Scheme Viability costs as at February 2024	Capital Cost (incl 10% opt bias)	HRA – Capital Funding Shortfall (additional borrowing)	GF Borrowing Required
Bemerton South	£40.07m	£7.94m*	£0
Vorley Road	£49.66m	£4.21m	£4.82m
Finsbury Leisure Centre	£149.1m	£6.78m	£23.9m
<b>TOTAL</b>	<b>£238.77m</b>	<b>£18.93m</b>	<b>£28.72m</b>

\*Excludes £1.12m CIL funding to be confirmed. This would reduce capital funding shortfall to £6.816m

### Harvist Estate

4.1.5. The New Build team are working on a re-design for Harvist Estate, to ensure it is delivered within the current approved budget portfolio, which assumes £10.566m un-supported HRA borrowing. The current scheme had a planned delivery of 18 new council homes, and the re-designed scheme will be considered in the coming months.

### Additional pipeline opportunities

4.1.6. The New Build team have identified further potential pipeline opportunities on both HRA and GF sites, which could deliver the new homes to meet the council's 750

new homes target.

- 4.1.7. With current economic conditions, the HRA Business Plan includes only the £20.3m cost of moving these schemes to planning stage (Gateway 3), (see detail in exempt Appendix Two). The net capital cost of completing on the 570 Social rented units, is currently forecasted at £158.2m.
- 4.1.8. Although these schemes are not currently viable, this inclusion in the programme is to enable the New Build team to progress the schemes and identify new opportunities. Economic conditions are anticipated to become more favourable in the medium term. Assuming positive movement, this will enable some schemes to progress to construction.
- 4.1.9. Schemes will only be progressed beyond planning where they are viable. If unviable at this stage, the HRA will incur the relevant costs of writing-off expenditure to date. Although multiple design gateway reviews will prevent non-viable schemes progressing beyond outline design. In the current environment, the HRA cannot afford to further subsidise schemes beyond planning stage. Any HRA subsidy used to fund shortfalls in schemes will mean reducing investment in existing council stock, through the Major Repairs programme.
- 4.1.10. All New Build schemes assume a planning compliant tenure mix for public sector land (i.e., c.50% affordable/ social rented homes).

**Stopping delivery of the schemes listed at 3.12 of this report.**

- 4.1.11. The 2024/25 HRA Business Plan assumes the schemes referred to at 3.12 above will stop. Table 3 shows the costs incurred to date on schemes which are planned to be written-off to the HRA this financial year, totalling £6m.

**Table 4 - Net Write-off for ceased schemes.**

Scheme	Net Exp. Written off to Revenue (HRA)
<b>Current Programme Schemes</b>	
Braithwaite & Quaker (retained trans to new scheme)	£1.2m
Aubert & Drakeley	£0.4m
Hathersage & Besant (retained trans to new scheme)	£1.7m
Mersey Estate Garages (Ringcroft Street)	£0.2m
<b>Pipeline Programme Schemes</b>	
The Triangle Estate (retained LH buyback to SR)	£2.2m
Sotheby Mews	£0.1m
Macclesfield House	£0.1m
New Orleans Estate	£0.1m

Scheme	Net Exp. Written off to Revenue (HRA)
<b>Total</b>	<b>£6.0m</b>

4.1.12. However, these schemes had £25.3m of borrowing capacity included in the 23-24 HRA Business Plan (at an interest rate of 4.5%). Converted to the latest viability model rate of 6%, there is £19m which is proposed to be released in the 2024/25 Business Plan to offset the shortfall in the Key Pipeline schemes noted in table 3.

The schemes releasing borrowing previously included in the HRA Business Plan are shown in table 5:

**Table 5 – Resources released from stopped current prog. schemes**

Scheme	Gross EXP. Budget	OMS Receipts	141 RTB Receipts	Net Budget (Borrowing) Released (6%)	Council Homes
Braithwaite & Quaker	£26.1m	(£12.8m)	(£4.5m)	£6.6m	25
Aubert & Drakeley	£19.2m	(£9.4m)	(£3.6m)	£4.6m	25
Hathersage & Besant	£21.2m	(£8.3m)	(£3.6m)	£7.0m	23
Mersey Estate Garages	£1.7m	£0.0m	(£0.7m)	£0.8m	3
<b>Total</b>	<b>£68.2m</b>	<b>(£30.5m)</b>	<b>(£12.4m)</b>	<b>£19.0m</b>	<b>76</b>

### **Elmore Street and Lindsey Mews**

4.1.13. Further to the above, the additional cessation of Elmore and Lindsey will result in a reduced pressure on the HRA of £1.653m in borrowing, resulting in £0.099m annual reduction in financing costs. As noted in section 4.1.4, these released funds can partly be used to offset the additional Finsbury Leisure centre fees. The remaining funding can be invested in alternative schemes or used to reduce the current pressure in the Business Plan going forward.

### **Budget pressures arising from claims relating to schemes that are currently under construction**

4.1.14. The Financial Implications are set out in the exempt Appendix One.

## **4.2. Legal Implications**

4.2.1. The authority to settle any legal proceedings to which the Council is a party where such settlement involves the payment of £500,000 or more, is a function reserved for the Executive (Paragraph 4.4(e) of Part 3 of the Constitution).

4.2.2. Part 6 of the Council's Procurement Rules states at paragraph 16.1 that the Executive shall:

a. approve the award or variation of contracts where the value of the contract or variation (to the Council) is estimated to exceed officers delegated authority (in the case of Revenue Spend or Capital Spend) unless, in the case of Capital Spend the contract is for the works approved as part of the capital programme which are to be provided under a framework agreement (established by the Council or on its own or in partnership with any other organisation) in which case, Corporate Directors and the Chief Finance Officer shall be authorised to approve such award. Revenue and Capital Spend are more particularly defined within the main Financial Regulations.

b. approve awards without performance security where the contract exceeds £5,000,000.

c. The Executive may delegate its responsibilities under this Rule 16 to Corporate Directors or the Chief Finance Officer.

4.2.3. Any delegation of authority to the Corporate Director of Community Wealth Building to settle any claims arising out of the current construction programme must be following consultation with the Chief Finance Officer and the Monitoring Officer.

#### 4.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

4.3.1. This report sets out a revised New Council Homes Programme and confirms how available funding will be used to maximise delivery and the forward pipeline of schemes. Whilst the programme is operating within a challenging economic environment, the council will ensure that the sustainability standards previously committed to will not be diminished under this revised programme.

4.3.2. All construction projects generate carbon emissions and the addition of new dwellings in the borough is likely to produce a net increase in carbon emissions. The New Build Programme will seek to minimise this impact where possible through:

compliance with the new Local Plan which sets out sustainability requirements and circular economy principles to be met.

Adhering to the commitments set out in the New Homes Decarbonising New Homes Strategy 2021

---

Use of the council's Progressive Procurement Strategy and considering the environmental impacts of suppliers commissioned to deliver the programme, including construction emissions, transport, materials, fuel and operations for example.

- 4.3.3. Environmental implications will continue to be provided on a project by project basis as part of the decision-making process before each scheme is able to progress

#### 4.4. **Equalities Impact Assessment**

- 4.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.4.2. An Equalities Impact Assessment is not required in relation to this report, because the primary purpose of the report is to commit to a continuation of the council's new build programme, rather than establishing a new proposal, service or material change to an existing service or policy. An EQIA is undertaken for each individual development project delivered through the council's new build programme.
- 4.4.3. Should the schemes outlined in this paper progress, a significant volume of new and genuinely affordable homes will be delivered. This will make a major contribution to the Council's strategic mission to deliver a safer place called home as well as its over-arching ambition to make Islington fairer place for all.

## 5. Conclusion and reasons for recommendations

- 5.1. Despite the many significant risks and challenges set out in this report, including the significant financial pressures on the HRA, the Council retains its ambition to deliver new council homes. There are 6 schemes delivering 154 council homes currently on site. Subject to ongoing viability reviews, the Council is also continuing with its plans to build new council homes on the following sites: Finsbury Leisure Centre; Bemerton Estate South; Vorley Road; and the Harvist Estate. Based on our current plans and subject to planning permission, these four sites could deliver around 178 council homes and 10 shared ownership homes.
  - 5.2. Schemes that offer poor value for money have been stopped and any remaining budgets will be used to support schemes that offer better value for money and a more effective and efficient use of Council resources.
-



- 5.3. The Council has also developed a new programme targeting the delivery of a further 570 new council homes, subject to funding availability and ongoing viability reviews. Funding has been allocated to move these schemes forward to the planning application stage, ensuring availability of 'shovel ready' schemes ready to deliver should economic conditions improve, and funding is available to move these schemes into construction.
- 5.4. To improve the likelihood that schemes will become viable and deliverable significant new governance, assurance and control processes have been put in place to manage costs and control risk at both scheme and programme wide levels, as well as a new delivery team structure. These arrangements are subject to ongoing scrutiny and review.

**Appendices:**

- Appendix One (Exempt) - Outstanding commercial claims
- Appendix Two (Exempt) – Revised New Council Homes Programme

**Background papers:**

None

**Final report clearance:**

Authorised by:

**Executive Member for Finance, Planning and Performance**

Date: 4 March 2024

Report Author: Stephen Biggs, Corporate Director Community Wealth Building

Tel:

Email: [Stephen.Biggs@islington.gov.uk](mailto:Stephen.Biggs@islington.gov.uk)

Financial Implications Author: Nicholas Stylianou, Assistant Director of Finance

Tel:

Email: [Nicholas.Stylianou@islington.gov.uk](mailto:Nicholas.Stylianou@islington.gov.uk)

Legal Implications Author: Sonal Mistry, Interim Chief Lawyer (Governance)

Tel:

Email: [Sonal.Mistry@islington.gov.uk](mailto:Sonal.Mistry@islington.gov.uk)

Environmental Implications Author: Simon Bishop, Climate Action Strategic Lead

Tel:

Email: [simon.bishop@islington.gov.uk](mailto:simon.bishop@islington.gov.uk)

---