

# 7. Delivery and implementation

## 7.1 Introduction

7.1.1 This section explains our approach to the delivery and phasing of the development and the way that important infrastructure such as open spaces and certain community facilities will be provided.

## 7.2 Phasing

7.2.1 The Area Action Plan will be delivered in 4 main phases over 20 years. Much work is already under way, in particular:

- The first phase of development, Phase 1a, starts on site shortly.
- Preliminary works are underway for Phase 1, and re-housing has commenced.
- A re-housing policy and phasing plan have been established.
- Commitment to funding and political support has been achieved.

7.2.2 We will deliver the scheme by creating manageable development parcels attractive to a wide private sector market as well as to different types of developer, contractor, investment fund and Registered Social Landlord (RSL) at different times throughout the redevelopment programme. A public sector partnership will be set up which will help us to secure funding and manage risk. The council will control the release of sites to the developer market in a series of phases over time. Flexibility will be vital for the project to adapt and adjust to the changing property market. Further details of the phasing programme are set out in Appendix 7.

### Policy D1: Phasing

We will work through a public sector partnership and will release sites in accordance with a phasing programme. The anticipated phasing programme is set out in Figure 6 and Appendix 7. The phasing programme will be kept under review and may be revised in response to monitoring to ensure that our objectives for the Aylesbury area continue to be achieved.

### REASONS

7.2.3 Delivery will be broadly in accordance with the phasing programme shown in figure 6 and in Appendix 7 and detailed proposals for implementation and development will be brought forward on a phase by phase basis. The phasing plan is flexible and each phase may be broken in to smaller sub-phases if required. Our aim is to combine the expertise of public and private sectors, capture growth in land value brought about by regeneration and deliver change within as short a timescale as possible. Infrastructure will be provided through a social and strategic infrastructure tariff (see Policy D2). Progress will be monitored and the phasing programme may be adjusted and revised in order to ensure that the project objectives continue to be met.

7.2.4 We will take a lead role in preparing for development, securing vacant possession and clearing sites. We and our partners will bear the up-front cost of securing the land thus taking away this cost and the risk of land assembly from prospective private sector development partners and funders. This is intended to encourage a higher level of private sector confidence in the project, enabling it to secure more competitive funding terms, leading to enhanced viability.

It will also help us to respond to the various property market, macro-economic, financial risks and other factors that change over time and will affect how and when, sites are taken to the market.

- 7.2.5 The release of development sites in manageable parcels is likely to prove more attractive to the private sector as well as to a wider range of developers, contractors, funders and Registered Social Landlords (RSLs). This approach will attract the best developers, the highest quality design and will facilitate development within commercially acceptable time-frames.
- 7.2.6 In order to minimise abortive expenditure on blocks which are due for demolition, we will demolish the worst blocks first and maximise the pace of change by undertaking a managed programme which will include the acquisition of existing leaseholders, the re-housing of tenants and demolition. We will accommodate approximately 50% of existing tenants through the re-provision of homes on site; the remainder will be accommodated off site, but given the option to return to the estate.
- 7.2.7 The phasing programme will:
  - create a series of neighbourhoods, each with its own character;
  - respond to the characteristics of different parts of the site;
  - provide the flexibility to influence the form and content of the individual phases;
  - respond more effectively to the change over time;
  - manage effectively the delivery of mixed tenure housing to create a balanced community;
  - attract the best private sector developers and architects; and
  - enhance the financial viability of the project and reduce the risk.

## 7.3 Infrastructure funding

- 7.3.1 New routes, open spaces and community facilities will form an integral and important part of the development. In many cases these will need to be provided in conjunction with, or in advance of, the development phase to which they relate. In order to achieve this, the AAP includes a tariff scheme. This section explains our approach to the delivery of these facilities and the way the tariff will work.

### Policy D2: Infrastructure funding

**We will seek financial contributions, in the form of a tariff scheme, to ensure delivery of key infrastructure. In addition to the tariff, we will also seek planning obligations to secure contributions or other works where these relate fairly and reasonably to the development and are necessary for it to proceed.**

### REASONS

- 7.3.2 Infrastructure will be provided on site by appointed contractors or by preferred developer partners and will be paid for out of an estate-wide social and strategic infrastructure tariff. The tariff, which will be set out in an SPD, will be designed with flexibility in mind and will be updated in line with inflation and the changing needs of the regeneration of the area. This will also allow it to take account of the Community Infrastructure Levy (CIL) should this come into effect. The tariff will be a simple mechanism allowing for fairness across the different phases of the scheme. It will be charged on a standard rate per residential unit. Payments will normally be required on a phased basis and a charge will be incorporated to fund the administration and monitoring of the tariff. Further details will be set out in the SPD.

- 7.3.3 The tariff will provide the private sector with certainty and transparency about the required levels of contribution to items of infrastructure. It will give confidence that infrastructure will be delivered in a timely manner in conjunction with the phasing of the development, with certain infrastructure being delivered in advance of development.
- 7.3.4 Certain elements of infrastructure will have to be delivered before a commensurate level of housing is built (for example, the Combined Heat and Power Plant). This cost will need to be funded in advance by the council or through other forms of private or public funding such as the Regional Infrastructure Fund. Once the scheme progresses, the tariff will generate the income necessary to repay this early capital expenditure.
- 7.3.5 The tariff will secure the delivery of the following key components:
- Public open space including the provision of 'green fingers', parks and squares and childrens' play equipment in these spaces
  - Improvements to Burgess Park
  - Highways improvements to Albany Road, Thurlow Street and Portland Street
  - Public transport improvements and cycling and walking facilities
  - Community facilities and pre-school education facilities
  - The Combined Heat and Power Plant and its energy infrastructure
- 7.3.6 The development will give rise to additional facilities and requirements which are not covered by the tariff. Among these are health facilities, training and employment support and strategic transport improvements. We will seek planning obligations to secure such requirements fairly and reasonably related to the development, in accordance with policy 2.5 and Appendix 3 of the Southwark Plan (2007) and supplementary planning documents.
- 7.3.7 The table at the end of this section sets out funding mechanisms in relation to phasing.

## 7.4 Land assembly, land disposal, funding and partnership

- 7.4.1 The land required for the programme is in the council's freehold ownership, subject to a number of long leases granted as Right to Buy or business leases. We have already begun a programme of leaseholder acquisition through negotiation. However, where it is not possible to secure agreement, we will exercise our compulsory purchase powers. In addition, many dwellings are subject to secure tenancies granted under the Housing Act 1985. We have policies in place for re-housing tenants in regeneration schemes and a range of options for leaseholders whose interests are being bought out.
- 7.4.2 This scheme is expected to span several property cycles and it is important that a long term view is taken of the property market and the underlying demand in London for homes. The success of the scheme requires the private sector to commit to significant levels of borrowing and investment. We have produced a financial model for the lifetime of the project. The model estimates the full lifetime cost of the capital programme at around £1.8 billion and has identified a total funding shortfall of around £299m. The model assumes that we will deliver the first three phases of development to the market as cleared sites i.e. with re-housing and demolition complete. The second and third phases may be partially delivered through the Government's Private Finance Initiative (Round 6) and details of this are set out in Appendix 7. The fourth phase which is likely to retain greater value, may be demolished by the appointed developer.
- 7.4.3 A series of land disposals will generate competitive bids, attract a diverse range of bidders and allow the project to adapt to external factors. We are in discussions with the Homes and Communities Agency (HCA) (formerly Housing Corporation and English Partnerships) about the funding the delivery of new replacement affordable rented and intermediate accommodation in phase 1. As regards phases 2 and 3 of the project, we have recently submitted an Expression of Interest for Housing Revenue Account (HRA) Private Finance Initiative Funding (PFI) to Communities and Local Government (CLG) to partially support the delivery of these phases. In addition, we have submitted a bid to the GLA under the Priority Parks scheme for £2m to support improvements to Burgess Park. We have a commitment of £4m NDC match funding.
- 7.4.4 A partnership will bring together Southwark Council, HCA, GLA and Government Office for London (GOL) to share aims, objectives and priorities and responsibilities and provide public sector leadership in a clearly defined client role. This will allow us to make best use of public sector expertise and financial support, and will enhance private sector developer confidence. (We have already formed a partnership with Creation Trust, the successor body to Aylesbury NDC.) The Partnership will retain control over all aspects of the development programme, maximise its returns on a phase by phase basis because it will retain control of the land, and ensure that infrastructure is delivered in a sustainable way to support the development.
- 7.4.5 The following table sets out the relationship of funding mechanisms to phasing.

Phase/works	Time scale	Organisation responsible for coordinating implementation	Funding (2008 costs) and sources
Phase 1 housing	2009-2016	Southwark Council in partnership with GOL, GLA, HCA and NDC  Site 1a to be developed by London & Quadrant  Remaining sites to be developed by RSL and private sector developer	London Housing Board: £10m, NDC funding: £19m; and Homes and Community Agency (amounts tbc).
Phase 2 housing	2013-2018	Southwark Council with appointed PFI contractor/developer partner	Private Finance Initiative (Round 6)  Other funding to be confirmed.
Phase 3 housing	2017-2020	Southwark Council with appointed PFI contractor/developer partner	Private Finance Initiative (Round 6)  Other funding to be confirmed.
Phase 4 housing	2020-2027	Sites to be developed by RSL and private sector developer	Homes and Communities Agency (amounts tbc).-
Green fingers (King William IV, Bagshot, Chumleigh green fingers)	2012-2022	Southwark Council or an appointed developer/RSL contractor/developer	Infrastructure tariff: £1.47m
Burgess Park	2012-2017	Southwark Council and appointed contractor	GLA Priority Parks Scheme: £2m; council match funding: £2m; NDC match funding: £4m; infrastructure tariff: £12m
CHP	Phased from 2011-2021	Southwark Council or an appointed supplier	Infrastructure tariff: £13m
Albany Road	2012-2014	Southwark Council or an appointed contractor/developer	Infrastructure tariff: £5m
Thurlow Street	2014-2016	Southwark Council or an appointed contractor/developer	Infrastructure tariff: £5m
Play space	All phases	Southwark Council or an appointed contractor	Infrastructure tariff: £4.7m
Squares and Public Spaces (Surrey Square, East Street, Westmoreland Road, Amersham, Michael Faraday and Portland St	Phases 1,3 and 4	Southwark Council or an appointed contractor	Infrastructure tariff: £4.9m
Health Facilities	2009-2016	Southwark Council and Southwark PCT	S106 obligations: £4.04m
Aylesbury Resource Centre	2009-2016		
Employment space	2013 and 2018	Developer partner	Cross subsidy from private development
Retail space	All 4 phases	Developer partner	Cross subsidy from private development
Pre-school facilities	Phases 1, 3 and 4	Southwark Council	Infrastructure tariff: £1.65m
Michael Faraday school and Community Learning Centre	2009-2010	Southwark Council	Building Schools for the Future Programme
Walworth Academy	2009-2010	Southwark Council	Building Schools for the Future Programme
Walworth Secondary School	2009-2013	Southwark Council	Building Schools for the Future Programme

**Table 1: The relationship of funding mechanisms to phasing**