

Overview and scrutiny



Delivering Affordable Homes in Partnership Scrutiny Task & Finish Group



October 2025

Membership of the task and finish group



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1. Purpose and structure of the review

- 1.1. The Task & Finish Group (TFG) on *Delivering Affordable Homes in Partnership* was established in November 2024 to explore how the council can work through innovative partnerships to meet its **affordable housing** goals.
- 1.2. Lewisham faces a growing housing crisis, marked by rising homelessness and a severe shortage of affordable homes, with 2,826 households in temporary accommodation and 11,008 on the social housing waiting list as of November 2024.
- 1.3. Despite this rising need, the delivery of affordable homes in the UK has declined sharply in recent years, driven by challenges such as limited grant funding, unfavourable market conditions, rising building and borrowing costs, and new pressures linked to decarbonisation, decent homes standards and new fire safety requirements.
- 1.4. The TFG was set up to review Lewisham's current approach to partnerships with private developers and financial institutions involved in large-scale developments, gathering evidence from successful schemes locally and nationally.
- 1.5. The ultimate goal was to understand how the council can deliver affordable homes in difficult financial and market conditions, supporting the objectives set out in Lewisham's Local Plan and Housing Strategy (2020-2026).
- 1.6. The TFG was formally established on 24 February 2025, with a scope focused on public-private strategic partnerships and alternative financial models—recognising their potential to unlock land, investment, expertise and resources, accelerate development, share risk, and deliver wider social and economic benefits. Within this scope, the TFG set out to examine innovative approaches to public-private collaboration; assess alternative financing options to enhance long-term sustainability; identify good practice from successful affordable housing initiatives; explore under-utilised funding opportunities; understand the barriers faced by registered providers (RPs) in delivering and managing affordable housing in the borough; and draw on good practice from other councils across England and consider how it could be adapted to Lewisham's needs.
- 1.7. A key focus of the TFG's work was to be the Building for Lewisham (BfL) programme, which is central to the council's housing delivery. The BfL combines directly delivered council homes, homes built through partnerships, and strategic housing acquisitions.

2. Progress and Challenges

- 2.1. The intention was for the TFG to engage widely with developers, housing associations, and other local authorities to gather insight and examples of good practice. Initial evidence sessions with stakeholders began in April 2025, but progress was interrupted soon after due to staffing constraints within the scrutiny team.
- 2.2. As a result, the group has been unable to carry out the full depth of inquiry originally planned. However, rather than leave the work unfinished, the TFG has chosen to draw conclusions based on the evidence already gathered, recent conversations with officers and awareness of key developments over the past year.
- 2.3. Notably, this includes the launch in September 2025 of a major tendering process to establish a 10-year strategic partnership agreement (SPA) to lead on the delivery of £1.85bn of residential-led development, as well as wider progress across the BfL programme. These developments provide important context for the group's recommendations.

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3. Insights from Initial Evidence Gathering

- 3.1. When the TFG began gathering evidence in April 2025, several key themes emerged from conversations with stakeholders.
- 3.2. Stakeholders initially engaged with included the council's housing development and planning teams, the Cabinet Member for Inclusive Regeneration and Planning; Cornerstone Place and Peabody Housing Association.
- 3.3. The Group also arranged to meet with the London Deputy Mayor for Housing and Residential Development, Tom Copley, on 16th October 2025, to gather insight from the GLA's perspective on delivering affordable housing through partnerships.

Existing partnerships and delivery models

- 3.4. In relation to its work on innovative affordable housing delivery models and partnerships it is apparent that Lewisham already engages in **joint ventures** with private developers to increase affordable housing delivery. A notable example is the partnership with Grainger at Besson Street, a 100% build-to-rent scheme delivering 324 homes, including 114 at London Living Rent.
- 3.5. The council is exploring an **Strategic Partnership Agreement (SPA)** model, which combines contracting and developer partnerships, to bring forward more complex schemes requiring flexible delivery approaches.
- 3.6. **Land-led development**, used for schemes such as Willoway and Apollo Business Centre, is proving successful. This approach gives the council greater control over design and delivery, maximising land use and increasing housing density.
- 3.7. The council is looking at **Modern Methods of Construction (MMC)** to improve sustainability and cost efficiency. Previous projects were hampered by contractor insolvency, but lessons have been learned for future projects.

Challenges facing delivery

- 3.8. Funding for strategic thinking is limited, as the housing development team's costs are capitalised against projects, leaving little resource for longer-term, big-picture work on complex schemes like Catford.
- 3.9. Section 106 agreements are complex and inconsistent across London. Standardisation would help focus efforts on substance rather than legal wording.
- 3.10. RPs face financial pressures from repairs, regulation and the gap between housing benefit and rent levels, making it difficult to find RPs willing to take on smaller schemes.
- 3.11. Borrowing constraints are significant, with the council primarily reliant on the Public Works Loan Board (PWLb). While PWLB offers preferential rates, overall financial headroom and risk appetite are limited.

Opportunities for improvement

- 3.12. Combining small sites into larger packages could make projects more viable for RPs or the council to manage and address the challenge of managing scattered small units.
- 3.13. Alternative funding models, such as those proposed by Cornerstone Place, could help reduce financial risk and generate additional income streams, reducing the financial burden on the Council. While the TFG had intended to explore financial models that support affordable housing delivery – including potential under-utilised government funding opportunities – this was not possible within the timeframe. However, this remains an important area, and the TFG encourages Council officers to continue to identify and pursue such opportunities. In parallel, officers should keep abreast of investors entering or expanding in the sector and monitor how their approaches and

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products might offer partnership or funding routes suitable for Lewisham.

- 3.14. Estate regeneration offers a route to delivering large numbers of new homes, with estates like Winslade seen as strong candidates for redevelopment.
- 3.15. Public sector collaboration – for example, working with health partners or Network Rail – could unlock significant land for housing if approached strategically.
- 3.16. Well-structured forums or regular meetings can help improve collaboration, but poorly run ones risk becoming stale and unproductive. Lambeth Council's model was highlighted as best practice.

4. Recent Developments: The Building for Lewisham Programme

- 4.1. Since the TFG's initial evidence-gathering, Lewisham has published its fourth BfL update report (July 2025) to Mayor and Cabinet. This report provides vital additional context for the TFG's recommendations.

Ongoing challenges

- 4.2. The construction industry remains difficult for housing delivery. Since the programme's approval in 2018, a series of economic and regulatory factors have disrupted progress across the sector, including: rising construction and labour costs; higher borrowing costs; and significant building safety and regulatory changes.

Strategic Partner procurement

- 4.3. As mentioned above, progress has been made on procuring a Strategic Partner to lead the delivery of large-scale developments (100+ unit schemes) over a 10 (+5) year period, either as a contractor or developer. Initial schemes will include Thomas Lane Yard and Achilles, with Achilles Phase 3 delivered through a development agreement. This will be the primary delivery vehicle going forwards for the large schemes the TFG was exploring.

Mixed delivery approach

- 4.4. The council continues to pursue a mixed economy housing delivery model, combining: Joint ventures (JVs); Acquisitions; and Land-led development agreements. Recent examples include Willow Way and Apollo Business Centre, which aim to unlock stalled sites and deliver high-quality affordable homes while meeting rigorous commercial thresholds to maintain programme viability.

Small Site Aggregator pilot

- 4.5. Lewisham has been selected by the government as the London pathfinder for its Small Site Aggregator pilot. The pilot will focus on accelerating development on smaller plots of land, boosting the delivery of social and affordable housing and helping reduce local housing waiting lists. The pilot will be developed during 2025, with a full launch in 2026.

5. Recommendations

- 5.1. The TFG recognises that Lewisham's housing development team is operating in an exceptionally challenging environment, yet continues to deliver innovative solutions to meet the borough's affordable housing needs. The Group recognises and celebrates the excellent work already underway within the council, including the successful Housing Acquisition Programme that has acquired over 200 properties and is being used as a model by other boroughs, the innovative Building for Lewisham programme delivering new social homes across diverse delivery methods, and pioneering initiatives such as the council's selection as London pathfinder for the government's Small Sites Aggregator pilot. The TFG strongly supports the council's mixed-economy approach to housing delivery, combining direct delivery, strategic partnerships, joint ventures, and acquisitions. This foundation of existing achievement provides the

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platform for exploring further innovative partnership approaches that can accelerate affordable housing delivery while maintaining quality, value for money, and community benefit.

- 5.2. The recommendations that follow are intended to support and strengthen this pragmatic, innovative approach, ensuring that partnerships deliver maximum value, accountability, and social benefit for Lewisham residents.

Post-procurement review of the Strategic Partnership Agreement (SPA).

- 5.3. Given the significance of the SPA as Lewisham's main delivery vehicle for major schemes, it is vital to ensure that the partnership structure enables the Council to achieve its affordable housing and social value objectives. **Recommendation 1:** Carry out a light-touch "lessons learned" review after the SPA appointment (mid-2026) to assess whether the partnership structure, governance, and KPIs are delivering on agreed objectives, and identify refinements for future phases.

Embed KPIs and performance measures.

- 5.4. Having a clear set of success measures will help the council and its partners stay focused on delivery and accountability. **Recommendation 2:** Build clear KPIs into the SPA – for example: proportion of affordable housing, pace of delivery, build quality and compliance, social value, and use of local suppliers.

Early warning points and agreed actions.

- 5.5. Market fluctuations can delay or jeopardise delivery if not planned for in advance. **Recommendation 3:** Agree clear early warning points and pre-defined actions (such as design adjustments, grant applications or tenure mix changes) to keep schemes on track if costs or values shift.

Partnership charter and shared values.

- 5.6. Long-term partnerships work best when expectations and principles are clear from the outset. **Recommendation 4:** Develop a short Partnership Charter at the start of the SPA setting out shared values on affordability, design standards, social impact and resident engagement, supported by regular milestone reviews.

Knowledge management and continuity.

- 5.7. Major housing partnerships rely on long-term relationships, but staff turnover can cause delays and loss of context. **Recommendation 5:** Put in place a simple process for recording key decisions, assumptions and contact points so that knowledge and understanding are retained across the life of the partnership.

Local skills and supply chain commitments.

- 5.8. Each major scheme offers opportunities to support local employment and training. **Recommendation 6:** Ensure SPA and joint-venture partners commit to delivering measurable outcomes on apprenticeships, local jobs and supply chain opportunities, aligned with the Council's Social Value Framework.

Strategic capacity and forward planning.

- 5.9. The housing development team needs time and flexibility to plan ahead, test ideas and engage with funders at an early stage. **Recommendation 7:** Explore ways to fund additional strategic capacity – for example, through small partnership contributions, shared posts, or more flexible use of existing budgets.

Partnership prospectus for investors.

- 5.10. Clear communication can help attract responsible investment aligned with Lewisham's values and housing goals. **Recommendation 8:** Publish a short "partnership prospectus" setting out the council's priorities, how to engage, and what the process

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looks like for potential development or investment partners.

Resident engagement in the small-sites pilot.

- 5.11. Smaller developments can bring real benefits locally but need early communication to build trust and support. **Recommendation 9:** Embed resident engagement in the Small Sites Aggregator pilot from the outset, with a clear published pipeline, transparent timelines and visible commitments to local jobs and suppliers.

Future scrutiny and learning.

- 5.12. The new partnership model will evolve over time and should remain under regular review. **Recommendation 10:** The Overview and Scrutiny Committee should revisit progress after 12 months to review delivery under the SPA and small-sites programme, capturing learning for future housing strategy and partnership work.
- 5.13. **Recommendation 11:** the Overview and Scrutiny Committee should also request an annual co-authored report from the housing development and planning teams on affordable housing delivery, providing a comprehensive overview of progress across the borough. The report should include all affordable housing, including Section 106 units, and present data in line with the National Planning Policy Framework (NPPF) definition of affordable housing, broken down by tenure type.

Early engagement with the City Hall Developer Investment Fund

- 5.14. Recent evidence to the Group highlighted City Hall's forthcoming Developer Investment Fund. **Recommendation 12:** Engage proactively and at pace to position a pipeline of eligible schemes (including stalled and small-site opportunities) for early consideration on launch, maximising access to grant, loan and equity options.

Early preparation for regulatory change

- 5.15. Significant regulatory change is coming across Decent Homes, energy standards, and repairs/maintenance. **Recommendation 13:** formalise a rolling horizon-scan and preparation plan for housing-relevant policy and regulatory changes, working in partnership with the GLA, RPs and developers, so that foreseeable barriers are addressed early and do not delay delivery.

6. Monitoring and ongoing scrutiny

- 6.1. A copy of each final report will be circulated by email to the Overview and Scrutiny Committee to note, and the Chair of Overview and Scrutiny may suggest that the report is presented to full Council to allow for wider debate, in addition to it being considered by the Mayor and Cabinet for an executive response.
- 6.2. The task and finish group will be disbanded once it has made its final report. Its final set of minutes will go to the Overview and Scrutiny Committee for agreement.
- 6.3. The Mayoral response to the report will be considered by the Overview and Scrutiny Committee. The relevant task and finish group Members will be invited to lead the discussion on the response. The Overview and Scrutiny Committee may request an update on the implementation of agreed recommendations in six or 12 months' time to itself or an appropriate select committee.

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