

## CABINET

20 April 2021

<b>Title:</b> Next Stage of Transformation of the Gascoigne Neighbourhood	
<b>Report of the Cabinet Member for Social Housing and Regeneration</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Gascoigne	<b>Key Decision:</b> Yes
<b>Report Authors:</b> Darren Mackin, Head of Commissioning and Place, Inclusive Growth; Mark Crane, Head of Affordable Housing Delivery, Be First; Jennie Coombes, Head of Affordable Housing Strategy, Be First	<b>Contact Details:</b> <a href="mailto:darren.mackin@lbbd.gov.uk">darren.mackin@lbbd.gov.uk</a> .
<b>Accountable Director:</b> Ed Skeates, Development Director, Be First	
<b>Accountable Strategic Leadership Director:</b> Graeme Cooke, Strategic Director of Inclusive Growth	
<b>Summary</b> <p>Between July 2010 and July 2016 Cabinet approved a series of reports related to the delivery of the Gascoigne Estate Renewal Programme These included approvals for the rehousing, leaseholder acquisitions, services of statutory notices, CPO and delivery arrangements for specific phases. Since the formation of Be First the delivery arrangements for specific phases have been dealt with approvals under the Be First Business Plan.</p> <p>The purpose of this report is to update Cabinet on the progress to date, key issues and next steps in the regeneration of the Gascoigne Estate.</p> <p>Significant progress has been made including:</p> <ul style="list-style-type: none"><li>- securing full planning consent to deliver 2375 new homes.</li><li>- 408 units completed in Phase 1 – Weavers Quarter &amp; Kingsbridge.</li><li>- commencing construction works to deliver 253 units.</li><li>- construction works on a further 890 units are due to commence in April 2021.</li><li>- 930 secure tenants rehoused, and 174 Leaseholder interests bought back to enable development to progress.</li><li>- design work has commenced to prepare a full planning application to deliver approximately 320 new homes in the southern part of Gascoigne East, which is due to be submitted in Summer 2021.</li><li>- establishing a coherent placemaking strategy for the Gascoigne Estate,</li></ul> <p>Approximately 56% of the new homes that are either under construction or have full planning permission are affordable.</p> <p>Over the next 12 months we will build on the progress in the following ways:</p>	

- the establishment an estate management strategy for the Gascoigne Estate, to be in place prior to ensure current and future residents receive a high-quality management service.
- identifying funding to invest in the infrastructure required to create a sustainable vibrant neighbourhood.
- progressing the rehousing of the future development phases, to enable a start on site by March 2023.

Significant work has been completed to bring together a more comprehensive approach to delivery and this has identified the opportunities to bring forward future development phases that sit outside of the current approvals. These later phases will require a significant level of rehousing, new CPO's and likely to require ballots as a requirement of any grant funding. The paper sets out a series of requests for delegations to the relevant chief officers to allow the development parcels to be brought forward.

### **Recommendation(s)**

The Cabinet is recommended to:

- (i) Delegate authority to the Managing Director, advised by Investment Panel and in consultation with the Cabinet Member for Finance, Performance and Core Services, to consider and agree investment proposals for individual parcels of the Gascoigne Estate regeneration as they are brought forward;
- (ii) Delegate authority to the Managing Director, in consultation with the Strategic Director of Law and Governance, to enter into a lease agreement with B+D Energy for the lease of land on Gudwara Way, to enable the delivery of the energy centre to provide energy to the new homes on the Gascoigne Estate and other town centre developments; and
- (iii) Re-affirm the approval given by Cabinet under Minute 31(xi) (24 July 2012) for the use by the Council of its Compulsory Purchase Order making powers pursuant to Section 17 of the Housing Act 1985 (as amended) for the acquisition of leasehold interests in relevant properties, for the purposes of securing land to facilitate the redevelopment of those areas.

### **Reason(s)**

To assist the Council to achieve its priority of 'Inclusive Growth'.

## **1. Introduction and Background**

- 1.1 The council's corporate plan sets out our approach to delivering inclusive growth in Barking and Dagenham. The plan commits us to ensuring that the growth that is underway in the borough will benefit all residents, and that no residents will be left behind.
- 1.2 The borough faces a particular challenge around ensuring that residents are able to access safe, affordable and good quality housing that meets their needs. The Council recognises that residents' needs will vary considerably depending on their

individual or family circumstances, and as such the corporate plan sets out a range of responses to addressing housing need. This includes building new homes via Be First, making better use of existing council housing stock, and a programme of work which is focused on providing housing for residents with specific vulnerabilities. This includes building homes for adults with ASD on the site of Brocklebank Lodge and extending and adapting existing properties for residents with complex needs.

- 1.3 The transformation of the Gascoigne Estate will make a critical contribution to the delivery of council owned new homes. It is the largest housing estate in Barking Town centre. Over the past 15 years the Council has been developing and delivering plans to transform the estate to secure a vibrant and sustainable long-term future for the local community. This includes replacing poor quality housing, at the same time as providing additional housing to help meet housing needs in the borough. As part of this, we are also investing in improving the public realm, including providing new open spaces, which will benefit the wider community, as well as existing and future residents of the neighbourhood.
- 1.4 This is the Council's largest single estate regeneration project. The initial phase of the programme was delivered by the Council in partnership with L+Q and delivered 380 affordable homes. When Be First was established in 2017 it took on responsibility for designing and delivering the future phases of the programme on behalf of the Council.
- 1.5 This purpose of this paper is to set out a review of the progress made to date in planning for and delivering this investment programme; while looking forward to the delivery of future phases and the place making strategy. In order to maintain progress on the programme the paper seeks delegations from Cabinet to officers which will allow schemes to progress through project gateways efficiently.

## **2. Delivery**

### **Housing Development Projects**

- 2.1 At the core of the regeneration of the estate is the desire to provide much needed new high-quality homes for residents of Barking and Dagenham, the majority of which being affordable homes and a significant proportion of which are affordable family size homes. As well as providing additional new homes, existing residents will be given the option to return. Current and future residents will then have the opportunity to form part of the new and growing community which will develop in the coming years.
- 2.2 In common with other housing developments which the council is delivering via Be First each of schemes which has not been built out will undergo further design work before the plans are finalised. This means that the tenure mix and bedroom size mix set out in this paper are currently indicative. There will be a particular focus on looking at opportunities to maximise the provision of family sized and adaptable units in the later phases.

### Development Phases

- 2.3 A plan illustrating all the development parcels, and table showing the development programme are provided in **Appendix 1**. In summary:

- Gascoigne East Phase 1 was completed in 2019, providing 380 affordable homes.
- The development of the former Kingsbridge Care home provided 27 new Shared Ownership homes completed in 2018.
- Gascoigne West Phase 1, located in the south-west corner of the estate is currently under construction, and will deliver 200 new homes by March 2022.
- Gascoigne West Phase 2, and Gascoigne East Phase 2, located on the northern boundary of the estate, will commence construction in early 2021, and complete during 2023/24, providing approximately 900 new homes.
- Gascoigne East Phase 3a, located centrally within the eastern part of the estate, will commence construction in Spring 2021, and complete during 2023/24, providing approximately 220 new homes.
- Gascoigne East Phase 3b/4, located in the central and southern part of Gascoigne East, is forecast to commence construction during by March 2023 with a target completion by March 2028, providing over 1,000 new homes.

2.4 Approximately 57% of the new homes that will be delivered in the development phases set out above will be affordable homes. This goes beyond the GLA requirement that 50% of homes provided on public land should be affordable. Around 47% of the affordable units will be let at 'target rent' which is a Council rent equivalent level of rent. Many of these homes will go to residents who are on the Council's housing waiting list. The mix is summarised in the table below:

<b>Development Phase Unit Numbers Summary</b>	<b>Market rent</b>	<b>Shared Ownership</b>	<b>LAR/Target Rent</b>	<b>Affordable Rent</b>	<b>Total</b>
<b>Gascoigne West</b>					
Phase 1	79	0	42	80	201
Phase 2	158	0	106	122	386
<b>Subtotal Gascoigne West Units</b>	<b>237</b>	<b>0</b>	<b>148</b>	<b>202</b>	<b>587</b>
<b>Tenure Mix Gascoigne West</b>	<b>40.5%</b>	<b>0%</b>	<b>25%</b>	<b>34.5%</b>	<b>100%</b>
<b>Gascoigne East</b>					
Phase 2	256	79	107	84	526
Phase 3a	102	0	66	58	226
Phase 3b	116	0	132	76	324
<b>Subtotal Gascoigne East Units</b>	<b>474</b>	<b>79</b>	<b>305</b>	<b>218</b>	<b>1,076</b>
<b>Tenure Mix Gascoigne East</b>	<b>44%</b>	<b>7%</b>	<b>28%</b>	<b>20%</b>	<b>100%</b>
<b>Gascoigne Development Total units</b>	<b>711</b>	<b>79</b>	<b>453</b>	<b>420</b>	<b>1,663</b>
<b>Gascoigne Development Tenure Mix</b>	<b>43%</b>	<b>5%</b>	<b>27%</b>	<b>25%</b>	<b>100%</b>

### Tenure Mix - Gascoigne West

Unit Type	Private Rent	Affordable Rent	LAR	Target Rent	Total
1 Bed	74	86	14	13	187
2 Bed	162	100	16	21	299
3 Bed	1	16	32	52	101
<b>Total</b>	<b>237</b>	<b>202</b>	<b>62</b>	<b>86</b>	<b>587</b>

### Tenure Mix - Gascoigne East

Unit Type	Private Rent	Affordable Rent	LAR	SO	Total
1 Bed	151	59	49	23	282
2 Bed	277	106	158	16	557
3 Bed	46	53	92	40	231
4 Bed	0	0	6	0	6
<b>Total</b>	<b>474</b>	<b>218</b>	<b>305</b>	<b>79</b>	<b>1,076</b>

### Tenure Mix - Gascoigne Combined

Unit Type	Private Rent	Affordable Rent	LAR	SO	Total
1 Bed	225	145	63	36	469
2 Bed	439	206	174	37	856
3 Bed	47	69	124	92	332
4 Bed	0	0	6	0	6
<b>Total</b>	<b>711</b>	<b>420</b>	<b>367</b>	<b>165</b>	<b>1,663</b>

- 2.5 Based on the development programme and housing tenure mix, the table below summarises the forecast unit completions over the next five years by tenure per annum:

Unit completions	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Market rent	80	72	352	92	116	712
Shared Ownership	0	0	79	0	0	79
AR	107	66	170	0	76	419
LAR/Target Rent	66	145	110	0	132	453
<b>Total Gascoigne</b>	<b>253</b>	<b>283</b>	<b>711</b>	<b>92</b>	<b>324</b>	<b>1,663</b>

- 2.6 The forecast unit completions reflect the Be First Business Plan target completion dates for each year. The majority (over 70%) of unit completions in the first two years will be affordable homes., The prioritising of the affordable units means that we are able to provide homes for residents on the housing waiting list as well as homes for residents who wish to return to the area. The later phase of the programme will see the provision of more of the market rent properties. The successful delivery of the affordable housing, and investment in infrastructure this delivers will provide the platform to achieve the value from the market rent product which is critical to achieving the overall financial viability of the development, while creating a diverse community.

## **Funding of the Development Phases**

- 2.7 The delivery of each development phase is funded through a mixture of Council long-term borrowing and GLA grant funding. Each phase of the scheme is subjected to a rigorous investment approval process, to ensure the schemes can deliver a long term financial return for the council which is a key element of the Council's financial strategy.
- 2.8 In common with Neighbourhood regeneration schemes across London, there are ongoing challenges around ensuring the projects are financially viable. This is a particular challenge where we are maximising the delivery of London Affordable Rent units (which are the most affordable rents levels for residents). Alongside this some of the phases of the development will deliver significant public realm improvements, and the cost of this also needs to be factored into the financial assumptions. This investment is critical not only to ensuring the neighbourhood is attractive for current and future residents as a place to live, but also to enable the delivery of the financial return in the long term.
- 2.9 To take account of the financial variations between different phases of the overall development, viability is tested across all of the elements that we are delivering. This ensures the Council can satisfy itself that it will be able to make a return on the investment it is making in the long term across the Gascoigne Neighbourhood as a whole. The total investment required to deliver all the development phases is approximately £700m.
- 2.10 Reside will manage the schemes from completion. The company will have a key role in managing the financial pressures across the portfolio to ensure the Council receives its forecast returns. It will be important that Reside can achieve the rental levels which underpin the scheme appraisals, and an important element of that will be creating an attractive place.
- 2.11 The new homes on the Neighbourhood will be connected to the town centre district heating network, which is being delivered by B+D energy. In order to enable the construction of the energy centre B+D Energy have identified a piece of Council owned land on Gurdwara Way as suitable for use for the delivery of the centre. This is a crucial piece of infrastructure which will not only provide energy to the Gascoigne Neighbourhood, but also the rest of the town centre.
- 2.12 They have therefore approached the Council to request that the land be leased to them. The lease would be entered into subject to planning consent being achieved for the centre at that location. As the land is currently derelict and unlikely to be suitable for other development or community uses it is currently proposed that the Council will lease the land to B+D Energy for a peppercorn rent. Cabinet is asked to agree to this proposal in principle and delegate authority for entering into the lease with B+D energy to the Managing Director in consultation with the Strategic Director of Law and Governance, once planning permission for the site has been achieved.

## **Placemaking Objectives – a Gascoigne neighbourhood**

- 2.13 In order to ensure that the Gascoigne Neighbourhood regeneration remains successful for the long term, the programme needs to deliver more than simply new

homes. As a result, the Council and Be First have developed a placemaking strategy for the neighbourhood which sets out an ambitious plan to create a vibrant, safe and coherent neighbourhood that is better connected to its surroundings. The plan in **Appendix 2** provides some more detail on the interventions required.

2.14 The approach focuses on improving the external environment, stitching the neighbourhood together and improving connections to surrounding areas and assets including Abbey Green, Greatfields Park, Barking Town Centre and the River Roding.

2.15 Objectives for the strategy include:

- Improve the health and wellbeing of Gascoigne residents.
- Enable a confident and coherent identity that is rooted in its place.
- Develop a network of routes and streets that prioritise pedestrian and cycle movement.
- Develop a neighbourhood with attractive accessible open spaces that are open to all.
- Develop the neighbourhood in a sustainable manner that addresses the climate emergency.
- Promote civic life.

2.16 The strategy has been informed by engagement with current residents in the area. This has included specific placemaking consultation events, including with young people in local schools. This has been complimented through the numerous consultation events related to the development parcels across Gascoigne East and West.

2.17 Based on the feedback gained through resident engagement a number of neighbourhood projects have been identified within the placemaking strategy shown in the plan in **Appendix 2**, which are listed in the following table:

<b>Neighbourhood Project</b>
St Pauls Rd improvements (item 1,2,3 in the plan in Appendix 2)
Gascoigne Road South (item 4)
Gascoigne Road play on the way (5)
Gascoigne Road North improvements (6)
The Orchard (item 7)
Western Green Corridor (item 8)
Eastern Green Corridor (item 9)
East-West Green corridor (item 10)
Wayfinding Strategy (item 11)
Meanwhile Projects e.g. a viewing platform (Item 12)

2.18 A number of these initiatives have already secured funding through individual scheme appraisals that the Council has agreed to finance through the programme to date. The same approach will need to be considered for future activity and will be factored into the decision-making process.

- 2.19 As this strategy is delivered the Council and Be First will continue to engage with residents on the 'big picture' and neighbourhood projects as they are brought forward throughout the development period.
- 2.20 Through the current consultation, residents have made clear their concerns on the safety and attractiveness of the spaces between buildings at Gascoigne. The placemaking strategy responds to these concerns, recommending the creation of attractive, safe and accessible public spaces that are welcoming to all ages. This will be achieved through the use of robust and durable materials, new tree planting, better play spaces and integrating sustainable urban drainage (SUDs) into the public realm. The use of SUDs provides an environmentally friendly and attractive way of handling drainage, that can encourage wildlife habitats to develop. A key outcome of the strategy is reducing the number of small, often overlooked public spaces, to create fewer, but bigger and more vibrant parks that residents and the wider community can enjoy safely.
- 2.21 In addition, the strategy sets out an aim to improve the physical environment and promote pedestrian and cycle movement. Currently, cars dominate the public realm and a poor road layout make it difficult for pedestrians and cyclists to navigate the neighbourhood. The strategy proposes safe, direct and uncluttered routes are created through the area that will prioritise pedestrians and cyclists. The routes will connect residents and visitors to schools, shops, places of work, transport nodes, open spaces and the town centre to create a connected and walkable 15 minute neighbourhood.
- 2.22 As well as improving the physical environment, the strategy sets out an approach to making the neighbourhood easier to navigate, and to feel more like one place, rather than a series of separate developments. This is achieved through the meanwhile and wayfinding projects that will create spaces for existing and new residents to meet outside, such as in the proposed new orchard or one of the community growing areas. Bold new signage will provide a strong visual identity and help navigate the long-term physical transition of the neighbourhood.
- 2.23 The objectives of the placemaking strategy will be delivered through future development phases as well as 12 neighbourhood projects. Be First will continue to work closely with residents and ward councillors and other interested stakeholders to ensure the strategy is delivered in line with community aspirations.

### **Managing the Gascoigne neighbourhood**

- 2.24 The Council is investing a significant amount of funding in the delivery of the new neighbourhood. It is therefore critical that the value of the investment is maintained over the long term, and that the area remains a place that residents are proud to call home. It is also vital that current residents, and future residents who move in through the development phases all have a positive experience. This relies on delivering an effective housing and place management service.
- 2.25 In the short to medium term the key challenge will be to ensure that residents who are living in the neighbourhood, and those moving in, or back in, as individual development parcels progress benefit from a high-quality management service. This will require close cooperation between Reside (who will manage the new housing) and My Place (who manage existing stock). This will include ensuring that the



impacts of construction are minimised and any reports of anti-social behaviour are dealt with promptly. Effective communication with residents will play an important part in this, as will close liaison between housing management and the Be First construction team.

- 2.26 The public realm in the area will not be leased to Reside, and the Council will retain the responsibility for its ongoing maintenance and management. However there will be an important role for Reside in working with My Place to ensure that there is an effective overall strategy for managing the place as a whole to the benefit of the residents and wider community.
- 2.27 In the longer term the importance of managing public realm effectively will be critical in maintaining the attractiveness of the new neighbourhood. Well-designed public realm is as instrumental as the design and build of the homes themselves. The recently published Be First design guide, drafted in partnership with the Council and Reside, details principals for designing public realm, highways and open spaces that are robust, functional and can be effectively maintained. This new approach to design is expected to lead to changes in the way public spaces will need to be maintained and managed in the long term.
- 2.28 One example of this change will be the decision the Council has taken to introduce a new approach to waste management in the area. Instead of installing traditional bin stores an underground system will be provided, which frees up ground level space for additional homes, while creating a more attractive public realm. This approach is common on other new developments across London, however it will be the first time the Council has taken this approach. This will require some changes to the way waste teams operate and these will be planned for in advance.

### **Risks**

- 2.29 Over the next year there will be an acceleration of delivery of this programme. In common with any programme of this size and complexity there are a number of risks which will need to be monitored and managed. Specifically:
- Changes to market conditions adversely impacting viability.
  - Changes to grant conditions adversely impacting viability (grant reductions, more stringent requirements increasing development costs).
  - Programme delays (for example due to decanting or construction delays).

### **Market Conditions**

- 2.30 The viability of the developments being delivered in the Gascoigne is dependent upon the income generated by the rent or sale of the market homes, which is cross subsidising the affordable homes, particularly the LAR homes.
- 2.31 Due to the impact of Covid, market data is indicating that rental demand is significantly below rental supply at the present time. Until lockdown is released and the economic recovery is well underway there is likely to be little upward pressure on rents, which could impact on the viability of the development phases currently being brought forward.

- 2.32 In order to address this risk, while still moving forward with the delivery of new homes, the intention is to bring forward the delivery of the affordable elements of the development parcels earlier than the market rent. This will ensure there is an immediate and steady income from the development; while allowing time for the market to recovery from any downturn it may experience as a result of the pandemic. As a result, the majority of the market units will be completed between late 2023 to mid-2024, by which time the economic recovery should be well underway.
- 2.33 Alongside this the successful delivery of the place making strategy and high quality management, that help to both create and sustain a place people choose to live will be critical. The area will benefit from the wider strategy to improve Barking town centre which was approved by Cabinet in October 2020. This includes delivering improvements to Barking station and supporting the delivery of the vicarage field redevelopment.

### **Changes to Grant Conditions**

- 2.34 The current modelling for future phases assumes some Grant will be available to support viability – but changes to the funding available for re-provision on Estate Renewal schemes under the new GLA grant programme is likely to have a significant impact on the amount of grant funding achievable.
- 2.35 Schemes that start on site before March 2023 have funding under the Building Council Homes for Londoners (BCHFL) for re-provision units. Schemes which start after this time are unlikely to receive a similar level of funding. This is a significant risk to the viability and modelling to look at ways to mitigate this is being completed. This includes lobbying the government and GLA to change this requirement and looking at alternative funding options.
- 2.36 The new grant programme introduces other changes to funding that will change the types of rent levels which grant funding will support. A right to shared ownership is also introduced for any rental properties funded through the programme.
- 2.37 The new programme also introduces new requirements in respect of design, sustainability and use of Modern Methods of construction – all of which Be First have already made progress in delivering in its programme so do not represent any need for additional measures.

### **Rehousing Programme & Acquisition of Leasehold Interests**

- 2.38 GEP2 was vacated at the end of 2019 and is now under construction. Rehousing is almost complete on GEP3a, and GWP2. The rehousing team are currently working on GEP3B with a target VP date of August 2022. The GEP4 has approximately 280 tenants and 58 Leaseholders, this phase contains the last 4 large panel system high-rise blocks and current survey work is being conducted to inform the priority given to these for future rehousing.
- 2.39 To facilitate the delivery of development phases during the life of the project CPO's have been served, and a small number of properties vested to obtain vacant sites. The approvals for the service on these CPOs were contained in the various reports for both Gascoigne East and West. The approval in place to serve CPO across the

final phase 4 area dates back to a Housing Capital Programme Report approved on 24th July 2012 and is therefore included in the recommendations of this report to reconfirm this is still necessary to deliver the final phase of the current Gascoigne East Programme.

### **Consultation & Community Engagement**

- 2.40 The detailed feedback and engagement plan is included in **Appendix 3** to illustrate all the consultation and engagement carried out to date and planned as the development progresses. The recent recruitment of the first Residents' Forum will help residents shape the detailed plans for the projects which have been set out in placemaking strategy. The Gascoigne Residents' Forum has 18 members who live across the area from a diversity of backgrounds and age groups.
- 2.41 Due to recent Covid restrictions these forum meetings have been held online and have been well attended, recently they have focused on a co-design project for a meanwhile use pop up park on Abbey Road. Future sessions are planned to focus on community space, safety, security, parking, public realm.
- 2.42 The Be First Engagement & Communication Teams continue to produce the Quarterly Gascoigne Gazette providing information about all aspects of the Regeneration programme and local community interest articles, this is distributed to around 2,500 homes across the neighbourhood and adjacent areas. The teams are also working on plans to expand Youth engagement by supporting initiatives with the 2 schools and other Youth Groups in the area and continue to brief the Lead and Ward Members regularly on all facets of the programme.

### **3. Next Steps**

- 3.1 The following table lists the next steps and priorities for the next 12 months:

<b>Activity</b>	<b>Start</b>	<b>Finish</b>
Submit the planning application for GEP3B	Dec 2020	July 2021
Carry out resident engagement and rehousing for GEP3B	April 2021	March 2023
Develop marketing strategy for new private homes	April 2021	September 2021
Develop neighbourhood management strategy	Jan 2021	March 2022
Develop community space offer for the Gascoigne	Jan 2021	July 2021
Secure funding to deliver the priority Neighbourhood Projects	March 2021	March 2022

### **4. Financial Implications**

Implications completed by: David Dickinson, Investment Fund Manager

- 4.1 This report updates Cabinet on the progress to date, key issues and next steps in the regeneration of the Gascoigne neighbourhood.

- 4.2 Funding for the Gascoigne is from a mixture of grants for certain types of tenure, but the majority of the funding is from long term borrowing. A breakdown of the current forecast costs, grants and net costs are summarised in the table below:

<b>Scheme</b>	<b>Gross Cost £</b>	<b>RTB £</b>	<b>GLA £</b>	<b>HRA £</b>	<b>Net Cost £</b>	<b>Units</b>
<b>Gascoigne East Ph2 - Block E1</b>	43m	0m	0m	-3m	40m	92
<b>Gascoigne East Ph2 - Block E2</b>	72m	-1m	-8m	-3m	59m	159
<b>Gascoigne East Ph2 - Block F</b>	109m	-6m	-2m	-8m	92m	223
<b>Gascoigne East Ph2 - Block c</b>	21m	-3m	-2m	-2m	13m	52
<b>Gascoigne East 3B</b>	145m	-9m	-13m	-3m	119m	324
<b>Gascoigne East Phase 3A</b>	89m	-6m	-7m	-5m	72m	226
<b>Gascoigne West Phase 1</b>	85m	-10m	-3m	-5m	66m	201
<b>Gascoigne West Phase 2</b>	165m	-14m	-11m	-11m	130m	386
<b>Total</b>	<b>729m</b>	<b>-50m</b>	<b>-47m</b>	<b>-41m</b>	<b>592m</b>	<b>1,663</b>

- 4.3 A total net borrowing requirement to fund the schemes is £729m and the schemes will be completed in phases between 2021/22 and 2025/26.
- 4.4 As outlined in the report most schemes are viable but there are a few years where there are negative cashflows (i.e. there is insufficient income to cover the costs). The negative years are relatively small, and work is being done to smooth out some of the cashflows to reduce the impact of the negative cashflows or, where possible, to eliminate them.
- 4.5 Overall, the surpluses for the whole Gascoigne regeneration have reduced as schemes have passed through the various Gateways as a result of increased build costs generally and increased build costs due to fire regulations. The impact of this has had a greater impact on the LAR schemes where a fixed grant from the GLA, although essential, has not increased to match the increased build costs, resulting in the additional costs being met by the Council. Despite these pressures, a high level of social housing (952 units or 57% has still been provided).
- 4.6 Although there are cost pressures on the whole Gascoigne Regeneration, it is important to highlight that the financial models used for each scheme include all costs, including management and maintenance, lifecycle over the life of the asset, debt repayment over 52 years and interest. Specifically, for the interest costs, there is a margin, which is currently approximately 0.8%, that is there to provide an additional income stream to the Council but also provides a buffer to cover any financial pressures. A two-year stabilisation period is also included from when the schemes become operational, where there is no debt repayment, this provides some additional margin for each scheme should there be initial issues around letting or sales.
- 4.7 The report also covers a number of proposals around place making and management of the properties and surrounding areas. This is an essential part of ensuring that the area is a place that people want to live, which will have a positive impact on the Council's investments. For each proposal, a strategy, including funding, will be taken to the Council's Investment Panel for agreement by the Managing Director.

- 4.8 The report also outlines changes to grant conditions, and these changes will potentially impact the types of property provided in some of the latter Gascoigne developments.

## **5. Legal Implications**

Implications completed by: Dr Paul Feild, Senior Governance Lawyer

### **General Power**

- 5.1 The general power is set out in section 1 of the Localism Act 2011 and permits the Council to do anything which an individual may do. The general power is subject to several limitations which include that it cannot be used to circumvent any prohibition or restriction which exists in legislation which precedes the general power.
- 5.2 The general power is also subject to the limitation under section 4 of the Localism Act 2011, namely that if it is used for a commercial purpose then the Council must do that thing through a company or society registered or deemed to be registered.
- 5.3 This Report in its recommendations asks the Cabinet to agree subject to consideration of the matters to re-affirm its decision of 24 July 2012 set out in the report to make a Compulsory Purchase Order (“CPO” / “the Order”) pursuant to Section 17 Housing Act 1985. This is a Cabinet decision (see Constitution Part 2 Chapter 6 (vi)). A summary of the CPO powers follows.

### **Achieving Vacant Possession**

- 5.4 A key aspect of the regeneration programme is to address the requirements of the existing residents. This requires a decanting policy. The standard operating position will be that the change is brought about through negotiation and agreement. In the case of a Council tenant, they have right under the section 105 of the Housing Act 1985 to be consulted on tenancy management issues including demolition. After the position regarding demolition has been confirmed demolition notices will be served. These prevent the tenant exercising the option of right to buy. If the tenant decides they do not want to co-operate with a voluntary arrangement, then possession proceedings on the ground of need for possession to facilitate regeneration by the landlord can be taken under the Housing Act 1985 Schedule 2 part II. It requires that possession is dependent upon the offer of reasonable alternative accommodation available provided by the landlord. There are also Human Rights considerations (discussed below). This possession power is in the discretion of the court, and in current Coronavirus circumstance the courts are not ordering evictions. This may cause some delay which may be exacerbated by the courts prioritising serious tenancy breach cases first when normality returns. Having said that the Council’s teams are highly experienced in managing decanting without needing to resort to the courts.
- 5.5 However leasehold owners have a long lease and interest in land so their interest needs to be acquired. Again, the preferred route is through negotiation. As a last resort there is the option of a CPO. The exercise of the CPO power is to take action to force a property owner to sell to a local authority their interest in land be it

freehold or if a flat their leasehold interest. It involves an interference in property rights which are protected in law and specifically by the Human Rights Act. Justification has to be made by providing a statutory Statement of Reasons.

- 5.6 Section 17 of the Housing Act enables a Local Housing Authority (the Council) to acquire property for the purposes of erecting housing either by agreement or with the authority of the Secretary of State by CPO. Guidance has been issued on the use of CPO's and process to be followed (Ministry of Housing, Communities and Local Government's Guidance on compulsory purchase process and The Crichel Down Rules (February 2018)). It is a key requirement that the acquisition under the Section 17 power must achieve a quantitative or qualitative housing gain.
- 5.7 This report also proposes the granting of a lease for a site located at Gurdwara Way for the Energy Company. The Council's Constitution Part 4 Chapter 4 provides that the granting of leases for 20 years or more or for more than £2 million are reserved to the Cabinet.
- 5.8 The Section 1 Localism Act power considered above enables the granting of such a lease together with section 123 of the Local Government Act 1972 provides that a local authority may dispose of land held by them in any manner they wish providing that the disposal is for a consideration that is the best that can be reasonably obtained. If the consideration passing between the Council and the B & D Energy Company for the land to deliver the development is not the best consideration reasonably obtainable in an arm's length transaction, the disposal will require the consent of the Secretary of State. Whether the consideration obtained for the disposal is the best that can be reasonably obtained is a valuation question. Officers should instruct a valuer to determine the S.123 valuation for the property before a final decision to grant the lease. Furthermore, any disposal of the land at less than best consideration could also be considered to be a form of state aid. While the UK has left the European Union (EU), issues regarding state aid have not ceased. For example, the UK membership of the World Trade Organisations agreement on trade also has requirements regarding state aid albeit somewhat less prescriptive than the EU.

## **6. Other Implications**

- 6.1 **Staffing Issues - Project Delivery** - The delivery of the development and neighbourhood projects will be undertaken by Be First for the agreed development management fee that covers all staff costs. Reside will be responsible for the management of the completed new homes and the associated public realm will be managed by My Place). Given the number of units, and amount of public realm that will need to be managed, additional Council staff may be required. A review of resourcing will be undertaken during the next 12 months.
- 6.2 **Corporate Policy and Equality Impact** – The regeneration of the Gascoigne will create a more inclusive and accessible environment. The proposals will also enhance the priority to develop aspirational and affordable homes and shape great places and strong communities through regeneration. Whilst these sites are under construction local engagement will be undertaken to ensure that disruption to neighbouring residents is minimised and they are fully aware of the site contacts etc in case of emergency. Contractors are required to demonstrate a commitment to

supporting the Council's own teams in implementation of high-quality customer care.

**Public Background Papers Used in the Preparation of the Report: None**

**List of appendices:**

- Appendix 1 - Development Parcels and Programme
- Appendix 2 - Placemaking Strategy Plans and Projects
- Appendix 3 - Gascoigne Engagement and Communications Action Plan