

CABINET

27 January 2015

Title: Estate Renewal Programme 2015 - 2021 and Delivery of Existing Estate Renewal and Infill Site Projects	
Report of the Cabinet Member for Regeneration	
Open Report	For Decision
Wards Affected: Gascoigne, Heath, Thames, Chadwell Heath and Village	Key Decision: Yes
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Accountable Divisional Director: Jeremy Grint, Divisional Director of Regeneration	
Accountable Directors: Steve Cox, Director of Growth and Steven Tucker, Director of Housing	
Summary <p>Between 6 July 2010 and 24 April 2012 Cabinet approved the implementation of a programme of estate renewal across Gascoigne (East), Goresbrook Village, the Leys, Althorne way and the inclusion of later phases of Gascoigne East as part of the Councils Housing Asset Management Strategy - these projects contained over 1,621 tenant decants. Separately, Cabinet agreed to a variety of delivery arrangements for the resulting cleared sites.</p> <p>Now the clearing of the original sites in this programme is substantially complete this report proposes additional sites to be added to the Estate Renewal Programme in addition to the remaining decants and buybacks on Gascoigne East. These new projects have been drawn from a long list of sites and tested through an option appraisal model which looks at Asset Management and HRA business plan considerations alongside environmental, social, planning, design issues and delivery options. These additional sites add approximately 231 tenant decants to the programme</p> <p>The objectives for bringing forward these additional Estate Renewal sites are to replace poor quality homes in Barking and Dagenham with more homes, of a higher standard. Throughout the programme, the following principles are recommended:</p> <ul style="list-style-type: none">• Increase the overall supply of homes in Barking and Dagenham.• Replacement of council rented homes with new council rented homes (current residents will be invited to express an interest in returning to the redeveloped homes)• Introduction of new tenures for the council such as Shared Ownership• Detailed tenure mix will be established on a site by site basis. <p>In addition to the approval of the new programme additional approvals are sought to confirm the delivery arrangements for Leys Phase 2 and Althorne Way / Becontree Heath sites within in the original programme. The recently approved Corporate Delivery Plan</p>	

seeks to increase the amount of Shared Ownership properties available in the borough and these sites present opportunities to meet this objective by providing Shared Ownership homes alongside of the Affordable rent originally planned.

The draft Capital Programme in the Housing Revenue Account Business Plan sets out that funding of £36.4m will be available for the delivery of Estate Renewal Projects between 2015/16 and 2020/21 subject to Members agreement. To maximise the use of available Capital Programme Resources it is proposed that we seek alternative forms of delivery with Development Partners to off set up front costs and ease the impact of decanting wherever possible.

With the Council's available stock coming under increasing pressure this report also gives an indication of likely supply from Councils emerging 10 year housing programme which includes our own new build programme and other developer led schemes that will provide affordable housing within the new Programme period and beyond.

Recommendation(s)

The Cabinet is recommended to agree:

- (i) The areas and properties as set out in section 2.2 of this report as additional sites within the Borough wide Estate Renewal Programme, including the addresses identified in the Gascoigne West Area subject to the confirmation of securing Housing Zone funding;
- (ii) The commencement of the decant of tenants and purchase of leasehold interests in respect of the addresses set out in section 2.2 following a programme of community consultation and engagement with the affected residents;
- (iii) The serving of Initial Demolition Notices on all secure tenants within this programme at the appropriate time, in order to suspend the requirement for the Council to complete Right to Buy applications for as long as the notices remain in force;
- (iv) Authorise the use by the Council of its Compulsory Purchase Order (CPO) making powers pursuant to Section 17 of the Housing Act 1985 for the acquisition of the leasehold interests in the properties set out in the report, for the purposes of securing land needed to allow the redevelopment of these areas;
- (v) Authorise the Chief Finance Officer, in consultation with the Head of Legal and Democratic Services, to take all necessary steps to secure the making, confirmation and implementation of a CPO including the publication and service of all Notices and the presentation of the Council's case at any Public Inquiry;
- (vi) The procurement of a contractor for the Leys Phase 2 redevelopment site via the London Development Partner Panel as outlined in section 7 of the report, and to delegate authority to the Director of Housing, in consultation with the Cabinet Members for Housing and Regeneration, the Director of Growth, the Chief Finance Officer and the Head of Legal and Democratic Services, to agree the final terms of the contract;
- (vii) The procurement of a development partner for the sites at Althorne Way and Becontree Heath via the London Development Panel in accordance with the parameters set out in section 6 of the report, with the final development and

delivery proposals being reported back to Cabinet for approval.

Reason(s)

The recommendations are aligned to four elements of the new vision and priorities namely:

- Build high quality homes and a sustainable community
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Enhance the borough's image to attract investment and business growth
- Work with London partners to deliver homes and jobs across our growth hubs

1. Introduction and Background

- 1.1 Between 6 July 2010 and 24 April 2012 Cabinet approved the implementation of a programme of estate renewal across the Gascoigne (East), Goresbrook Village, the Leys, Althorne way and the inclusion of later phases of Gascoigne East as part of the Councils Asset Management Strategy.
- 1.2 Further to these approvals Cabinet subsequently agreed to separate delivery arrangements for the redevelopment of Gascoigne East, Goresbrook Village and phase 1 of the Leys Estate.
- 1.3 The Housing Capital Investment Programme 2012 – 2017 report approved by Cabinet on 24 July 2012 agreed the provision of a rolling five year Housing Investment Programme for a number of identified Council New Build schemes and possible further additions to the Estate Renewal Programme of sites. This report also agreed the serving of Initial Demolition Notices on all secure tenants in order to suspend the requirement for the Council to complete Right-to-Buy applications across the wider area of the Gascoigne estate east.
- 1.4 The decants and Leasehold buybacks resulting from the original approvals are now complete apart from a small number of properties contained within phase 1 of the Gascoigne. These will be completed by the end of March 2015 meaning that the original programme will be complete. This programme has moved over 800 tenants and brought back 105 Leasehold interests since it commenced activity in early 2011. The decanting and buying back of Leasehold interests on the further phases of the Gascoigne East Programme is continuing.
- 1.5 Cabinet agreed in separate reports to the delivery arrangements for the sites at Althorne Way (including other Council owned adjacent sites) and Phase 2 of the Leys. The Council has recently agreed in its Corporate Delivery Plan (approved by Cabinet on 7 October 2014) the objective to increase Shared Ownership across the Borough, these sites present an opportunity to meet this objective and therefore alternative delivery options are now proposed

2. Proposals

New Estate Renewal Programme

2.1 Following a high-level review of Estates across the Borough a list of sites has been drawn up, for approval for additional Estate Renewal activity between 2015 and 2021.

2.2 These sites are:

- Sebastian Court
- Marks Gate – 168 to 284 (evens)
- Roxwell Road - 53 to 135 Stebbing Way 1 to 3
- Oxlow Lane - 291 to 301
- Rainham Road North – 265 to 285 (odds)

In addition, dependant on the announcement of the GLA Housing Zone Funding bid a number of homes on Gascoigne West could be added to the overall programme but with no impact on the HRA in terms of up front costs for tenant decants and Leasehold buybacks. These addresses are:

- 105 to 135 Abbey Road
- 55 to 87 Tomlins Orchard
- 1 to 16 The Shaftesburys
- 94 to 117 the Clarksons
- 2 to 55 Lindsell Road
- 28 to 63 Hardwicke Street

2.3 It should be noted that there are a number of other sites in Thames View, Marks Gate and Village Ward areas that have also been considered as part of the long list of areas. These areas are included within the 10 year Housing Supply programme and can be considered for bringing forward in later years.

2.4 These sites have all been taken through an Option Appraisal Matrix. The basic premise of this is detailed below and the results of these appraisals are attached as Appendix 1 with a summary table as Appendix 2. Plans of these sites are attached also attached as Appendix 3

New Estate Renewal schemes – option analysis matrix

Basic data and costs

- No of homes
- Total number of tenants
- Total numbers of Leaseholds
- Property size breakdown
- Estimate of Tenant decant costs @ approx £5,500 per unit
- Estimate of costs for Leasehold Buybacks (using current market values plus statutory homelessness etc)

Stock condition, maintenance and Decent Homes

- Repairs and Maintenance issues
- Long term stock condition and cyclical maintenance estimates
- Decent Homes costs

Environmental and social considerations

- Environmental context
- Anti social behaviour
- Management issues
- Carbon Savings and emissions improvements

Planning and design considerations

- Site size
- Layout and design current scheme – how it works with adjacent homes/property
- Planning use allocation
- Development opportunities and concept designs

HRA Business Planning Considerations

- Model rent loss/impact within the Business Plan?
- Does the site maximise its economic potential? (eg could more or better homes be built and how would that balance with the rental loss)
- Does the site maximise its potential to meet the objectives of the Housing Strategy? (eg are the homes fit for purpose and the demands of the waiting list)
- Is investment in the site feasible within the current HRA Business Plan and cashflow?
- Is investment in this site the best use of HRA funds at that point? (eg are there other priorities which would either improve the economic or social performance of a site)

Economic Viability

- Potential grant opportunity
- Tenure Mix linked to viability
- Potential Funding schemes

- 2.5 As part of the appraisal process we have considered the impact the new homes will have on residents' energy bills and carbon emissions. New homes will be built to the Code for Sustainable Homes Level 4 and will have significantly lower carbon emissions for residents which should lead to lower bills. During the planning of the programme, detailed 'Carbon Appraisals' will be carried out to measure the improvement.

Available HRA Capital Programme, European Investment Bank and Housing Zone Funding

HRA Capital Programme Funding

- 2.6 The current HRA capital programme and HRA Business plan includes £16.2m for estate renewal from 2015/16 to 2018/19. The proposed HRA Capital Programme in the Housing Revenue Account and Business Plan to be agreed by Cabinet in February 2015 includes a budget provision of £36.4m for the delivery of estate renewal in the years 2015/16 – 2020/21.
- 2.7 £30.057m of this budget has already been allocated to the delivery of Gascoigne East. The estate renewal costs for the programme recommended in this report are set out below:

Site	Units	Tenant decant costs	LH buy back costs	Total
Gascoigne West*	91 Tenants 89 Leasehold	Funded from Housing Zone	Funded from Housing Zone	N/A
Sebastian Court	59 Tenants 6 Leasehold	£0.324m	£0.8m	£1.124m
Marks Gate (168-284 Padnall Road evens)	35 Tenants 18 Leasehold	£0.192m	£3.1m	£3.292m
Roxwell Road 53-135 1& 3 Stebbing	35 Tenants 6 Leasehold	£0.192m	£0.875m	£1.067m
Oxlow Lane 291 – 301 Rainham Rd N 265-285 (odds)	11 Tenants 6 Leasehold	£0.060m	£0.8m	£0.860m
Total	231 Tenants 125 Leasehold	£0.768m	£5.575m	£6.343m

*105 – 135 Abbey Road, 55 – 87 Tomlins Orchard, 1-16 The Shaftesbury's, 94 – 117 The Clarkson's, 2-55 Lindsell Road and 28 – 63 Hardwicke Street.

2.8 The above estimates for front funded decant and leasehold buyback costs have been calculated using the current buyback and decant costs. Contributions from land receipts have only been assumed for Gascoigne East currently and it is also assumed that any demolition costs will be met as development costs and not fronted from the Capital Programme. The amount of receipts available will be dependant on the methods and models for the delivery of cleared sites.

Right to buy 1-4-1 receipts

2.9 The establishment of a new programme of Estate Renewal projects provides opportunities for the provision of one for one replacement for properties sold via Right to Buy. Local Authorities keep a proportion of the receipt from the sale of Council Homes through the Right to Buy. One element of the retained receipt is known as '1-4-1 receipts'. The Government has a national 1-4-1 replacement policy under which the government is committed to replacing the total number of homes sold nationally. This commitment is to replace the total number of homes sold and there is no national spend commitment.

2.10 However, there are 2 key local rules for spending 1-4-1 receipts:

- The receipts must be spent within 3 years of receiving them – this is monitored on a quarterly basis and will start to be monitored in Quarter 1 2015/16 – i.e. spring 2015.
- The RTB 1-4-1 element can only be a maximum of 30% of our total spend on new build. This is monitored on quarterly basis. For example, our total 1-4-1 receipt in 2012/3 was £3.35m and we must demonstrate that our total spend on new build homes by the end of 2015/16 is £11.76m (ie £3.35m/30 x 100)

- 2.11 We have plans for spending all our RTB 1-4-1s until the end of 2016/17 and have made provision within the Business Plan to 'match' those receipts until then. From 2017/18 onwards, we start to build up a surplus within the HRA. The scale of that surplus is likely to reduce as we plan the capital investment programme for 15/16 onwards however, it is still significant – approx £20mil annually (INCLUDING RTB 1-4-1).

Mayors Housing Zone Funding

- 2.12 The Council has bid for Barking Town Centre to become a London Housing Zone. This is a new Greater London Authority initiative to unlock new housing development through a mix of grant and loan funding and other support. Cabinet approved the submission of a bid at the 4 August 2014 meeting and it has passed the first stage and is going to a Challenge Panel. The Council's bid includes an initial 12 sites of which Gascoigne West is relevant to this report. London Housing Zone grant funding would be required for Gascoigne West leaseholder buy back acquisitions. Any funding agreement for the Housing Zone would be reported to Cabinet for agreement.

European Investment Bank Funding

- 2.13 The Council has secured the option for a £89m borrowing facility with the European Investment Bank (EIB) for the delivery of affordable housing. This facility will be used to fund the Gascoigne East but could also be used to fund additional affordable housing across new projects subject to availability and EIB approval.

3. Decant Impact

- 3.1 The original Estate Renewal Reports highlighted the risk of an adverse impact on general lettings and mitigated this by assessing the amount of new homes at Council Rent equivalent that would be available during the life of the programme as new supply. The Balance agreed was that Decant cases should not exceed 50% of the total lettings in any month. This was achieved by limiting the number of decant visits to 20 per month and trickling these into the bidding system so as not to swamp normal lettings. We propose that this is continued for the future Gascoigne and Additional Estate Renewal Projects but that we also look to future delivery partners to provide units, on site where possible to mitigate the impact.
- 3.2 Since the beginning of the original Estate Renewal programme there have been a number of increasing demands on the Boroughs housing stock, less people being housed via the traditional route has led to an increase in the number of approaches as "Homeless" and there has also been an impact on service provision and budgets of associated departments/agencies whose clients require Social Housing who again traditionally would have been housed either via Choice system or direct let.
- 3.3 For these reasons it is vital that we monitor impact of future programmes against the supply of new homes and ensure that all opportunities are taken to provide decant capacity via our partnership arrangements for delivery. The Gascoigne East scheme partnership with East Thames has already confirmed 20% of the required Decants from Phase 2 to be provided by East Thames but it the addition of new projects requiring decant will ultimately have some impact on the speed of the remaining Gascoigne East Decants.

3.4 The production of the 10 year housing supply schedule will make it easier to map the supply that will be available to decant cases. Linked to the development of the Local Plan this maps the emerging sites tenure and mix and confirms that a total of approximately 800 homes at capped/social rent will be delivered between now and 2021. This number will be delivered by the Council, Special Purpose Delivery arrangements and Registered Social Landlords.

4. Temporary Accommodation in Decant voids

4.1 In May 2011 the Members Estate Renewal Project Board agreed to 100 Decant Voids being used as Temporary Accommodation whilst the remaining homes were being decanted. The use of decant voids as TA has been very beneficial to the borough and has been carefully co-ordinated between Decant and TA teams to ensure that programme dates are met for demolition and redevelopment.

4.2 It is intended that Decant Voids will continue to be used in this way in the future programme, this also ensures that blocks are kept occupied and vandalism and the cost of security is kept down.

Demolition Notices and Suspension of the Right-to-Buy

4.3 Under the provisions of the Housing Act 2004 the Council is empowered to serve demolition notices where areas have been identified for regeneration and redevelopment. These notices are in two stages: firstly the Initial Demolition Notice which is valid for up to five years which can be extended to a maximum of seven years, followed by the Final demolition Notice which is valid for up to two years (with possible extension subject to Government permission). Declaration of an Initial Demolition Notice will prevent named properties from being acquired from the Council through Right-to-Buy.

4.4 The Notices will include all Council-owned properties identified as being included in the Estate Renewal programme these areas are to be affected within the first seven years of the programme.

Use of Compulsory Purchase Powers

4.5 The Council has an agreed range of options for leaseholders who are affected by redevelopment; these include options for anyone who finds they are not able to find suitable accommodation for their needs within the compensation offered. These options have now been in place for some years and in relation to the remaining Gascoigne buybacks the Council is seeking new options to be available for occupying Leaseholders to transfer their equity to a new home in the development.

4.6 The acquisition of leasehold owned properties will be required to bring forward the recommended Estate Renewal programme. The acquisition programme would run concurrently with the re-housing of tenants. The Council always seeks to acquire by negotiation and offers a fair package of compensation based on the current Compulsory Purchase legislation, including a 10% premium on top of the agreed market value for leaseholders in occupation.

4.7 In order to expedite matters should we not be able to acquire by negotiation the necessary leasehold interests, this report seeks authority for the use of the Council's Compulsory Purchase Order making powers pursuant to Section 17 of the Housing Act 1985 for the acquisition of any outstanding leasehold interests in the

properties outlined in the report, for the purposes of securing land needed to allow the redevelopment of the sites included in the Estate Renewal Programme.

5 Original Estate Renewal programme delivery update

5.1 The Summary Table below confirms the current position on delivery of the redevelopment of the original Estate Renewal programme.

Scheme Name	Development update
Goresbrook Village	Countryside Homes were appointed by the Council via the HCA Development Partner Panel to redevelop this site. The new scheme provides 149 new 1,2,3,4 & 5 bedroom homes. The following table sets out the new tenure mix. The homes are all due for completion by March 2015.
Gascoigne Phase 1	The Council have selected East Thames Group via OJEU procedure as our partner for the redevelopment of the first phase of the Gascoigne Regeneration project. Planning has been obtained for 421 units. The following table sets out the new tenure mix, the affordable rented homes will be owned by an SPV with the Shared Ownership units being taken by both the Council and East Thames. The Construction will commence later this year.
The Leys Estate Phase 1	The Council have directly appointed Mulalley as the contractor to build the Leys Phase 1 scheme which contains 89 units, 70 for affordable rent and 19 for private sale. Some delays have been encountered due to ground contamination, construction is due to commence once the remediation of the site is complete in March 2015

5.2 The table below shows the original unit numbers and tenure splits alongside the new scheme breakdowns.

Scheme Name	Original unit total	Tnt	L/H	New unit total	Aff Rent	Sale	Shared Ownership
Leys 1 & 2	215	150	65	158	105	19	34
Goresbrook	282	275	7	149	98	41	10
Gascoigne	364	340	24	421	186	51	184
Total	861	765	96	728	389*	111	228

*239 of this number are allocated as 50% or market rent

5.3 The delivery arrangements for the two final sites in the original programme have been subject to previous reports but have yet to be finalised. The following two sections set out proposals for the Althorne Way / Becontree Heath sites and the Leys Phase 2 site.

6. Delivery arrangements for Althorne Way and Becontree Heath sites

6.1 The block of flats at Althorne Way was included as a later addition to the original Estate Renewal Programme and all the residential occupiers have now been decanted or bought back. Two commercial lessees remain in occupation and

arrangements have been agreed with both parties that will enable the block to be demolished commencing late spring 2015.

- 6.2 The delivery options for the redevelopment opportunities for the cleared Althorne Way site and other adjacent sites have been covered in previous Cabinet reports in April 2012 and October 2013. Included in these reports were a number of proposals for the wider Becontree Heath Area including options for combining the Leisure Centre and Supermarket Car Parks and arrangements for traffic access and buses.
- 6.3 The report to Cabinet in October 2013 proposed a Masterplanning exercise for the wider Becontree Heath area, this has now been completed as an internal exercise and a number of interventions mentioned above have been agreed and commenced, the result of this is that we are now clearer about the residential sites that can be brought forward and the parameters for development of these sites.
- 6.4 The map attached as Appendix 4 sets out the sites with development potential. It is proposed that alongside the residential development provision is made within the new development for the relocation of the current pharmacy operators to maintain their location adjacent to the Laburnham Health Centre.
- 6.5 The Report to Cabinet in October 2013 confirmed the use of the London Development Panel to appoint a Partner for the delivery of these sites. This Panel contains Developers, Contractors and Registered Providers often in consortiums and allows for the each organisation in a consortium to bid together or separately depending on the delivery model.
- 6.6 It is proposed that we now issue a brief to the London Development Panel to appoint a partner to bring their expertise to work up detailed schemes for each site within the following parameters:
 - To diversify housing type and tenure limiting the provision of capped /social rent level homes and market homes that would go to buy to let to create a balanced tenure across the wider area.
 - Improve the quality of the public realm according to the works already carried out around the leisure centre in order to provide a safe and pleasant environment between key local destinations such as shops, schools, amenities and public transport connections;
 - Integration of the currently disjointed land uses and commercial activity by linking vacant, unproductive and undeveloped sites and taking into account council investment recently committed to the new Becontree Leisure Centre, improvements to the public realm/shopping parade along Whalebone Lane South, The Merry Fiddler's junction improvement scheme and other projects underway.
 - To support and improve the role of the area which is classified as a Neighbourhood Centre
 - To unlock economic growth by regenerating key sites and create a visual link in the streetscape, enabling residents to enjoy a better quality of life as a result of upgraded open spaces and public realm, renovated housing stock and amenities, and newly built homes, and businesses.

- To complete this in full consultation with relevant stakeholders, including Ward Members, residents, local schools, businesses and community groups to get local buy in.

6.7 Set out below is an indicative timetable for procurement and delivery:

Procurement Stages	Timing
Cabinet Approval to approve LDP delivery option	27 th January 2015
Initial expressions of interests to be returned.	27 February 2015
Sifting brief sent out	13 March 2015
Sifting brief returns	03 April 2015
Select Panel Members invited to tender	17 April 2015
Mini Tender return	19 June 2015
Interviews	1 st week July 2014
Confirmation of selected bidder	End July 2015
Legal agreements completed	End September 2015

Delivery and Construction Stages	Timing
Consultation and Developing Scheme	October 2015
Planning application(s) submission	December 2015
Resolution to Grant Planning Permission	March 2016
Completion of S106 Agreement/ Planning Permission	April 2016
Site preparation/enabling works	May 2016
Construction start	June 2016
Practical Completion	February 2017

6.8 By setting out a brief with wide parameters we are keen to appoint potential partners that will bring their expertise and advice on the detailed development and delivery proposals. These proposals would then be brought back to Cabinet for final approval before the commencement of the Delivery and Construction stages.

7 Delivery arrangements for Leys phase 2

7.1 The flatted areas of the Leys Estate were included in the Boroughs original Estate Renewal programme. On the Leys Estate the renewal area is split into two areas Phase One (Birdbrook Close) and Phase Two (Wellington Drive). The redevelopment delivery arrangements for the Leys Estate were included in a report to Cabinet on 23 August 2011 (Minute 27), when it was agreed to procure a development partner for the Leys Estate via the City West Homes 'Framework' Developer Panel.

7.2 A further report to Cabinet on 24 July 2012 (Minute 31) presented alternative options for the delivery of projects within the Housing Capital Programme and the City West Homes 'Framework' Developer Panel option was not taken forward after the Leys Estate scheme was identified for delivery via a direct contract.

- 7.3 Karakusevic Carson Architects undertook the masterplanning for both the sites and submitted the planning application which was subsequently approved in December 2013. Phase One is already demolished and the development contractors Mulalley Ltd have been appointed, to build 89 residential units it is expected that completion of the development will be mid 2016.
- 7.4 In July 2014 the GLA gave all London Boroughs the opportunity to apply for additional HRA borrowing via the Local Growth Fund bidding round. This bidding round presented the possibility of this scheme providing Shared Ownership Homes in accordance with the new Corporate Delivery Plan. The original August 2011 report approved the delivery of market homes and affordable rent, 19 market homes along with homes for affordable rent are being delivered in Phase 1. The table below shows the proposed mix for phase 2.

Unit data	
Tenure – Affordable Rent/AHO	Affordable Rent and Affordable Home Ownership
Number of units	69 units in total
Type of housing	General Needs and Shared Ownership
Rent terms	35 units at 65% of market rent 34 units Shared Ownership
No. of bedrooms per unit	2 bed homes: 25 houses 3 bed homes: 35 houses 4 bed homes: 9 houses

- 7.5 As there is an existing implementable planning approval and allocation within the HRA Capital Programme of £9,000,000 this scheme is ready to be tendered via the London Development Panel to appoint a Contractor. The proposed mix of Shared Ownership and affordable rent units are modelled in Appendix 5. It should be noted that this has been modelled using comparison construction costs
- 7.6 The proposal for the delivery of 34 shared ownership units directly by the Council will require an agreed strategy for the marketing, sales and management of these units as we have not directly offered shared ownership before. A number of options are open to the council to manage this work including expanding the work of the Right to Buy Team or appointing consultants to do all or part of this work. The ultimate decision will need to consider the volume of direct Council Shared Ownership units included in emerging plans to assess the most effective method to market, sell and manage the units.
- 7.7 The London Development Panel is administered by the GLA and outline programme timetables are included in the Framework Handbook along with standard template agreements and contracts. This saves time in both procurement and legal processes. An outline programme is set out below:

Procurement Stage	Timing
Initial expressions of interests to be sent out	30 January 2015
Initial expressions of interest to be returned	6 February 2015
Sifting brief sent out	27 February 2015
Sifting brief returns	27 March 2015
Select Panel Members invited to tender	24 April 2015
Mini Tender return	19 June 2015
Interviews	10 July 2015
Confirmation of selected bidder	17 July 2015
Legal agreements completed	25 September 2015

Stage	Timing
Possible S73	Sept 2015
Site preparation/enabling works	November 2015
Construction start	February 2016
Practical Completion	February 2017

8. Options Appraisal

8.1 **Estate Renewal Projects** – The Projects included in this report have been through a specifically designed options appraisal matrix which has been subject to Community Consultation at Housing Forums and Tenant Events. This matrix was drawn up to assist with the selection of sites to bring forward taking a rounded view of all issues but retaining stock condition and necessary investment levels at its core. The completed Appraisals are attached as Appendix 1 and the Summary in Appendix 2

8.2 **Delivery of Althorne Way / Becontree sites and Leys Phase 2** - The alternative options for the delivery of these sites have been considered but set aside in favour of appointment of delivery partners via the LDP. The options considered and dismissed are set out below;

- Option 1 - Complete both projects as Direct Delivery using the Councils current Housing Contractor Framework, – this has been dismissed as it is not felt that the current Housing Contractor Framework contains the expertise to delivery these sites, in particular we are looking for expertise in the delivery of Shared Ownership homes (a market product) at the Leys and an organisation with development expertise at the Althorne Way and Becontree Heath sites.
- Option 2 – Full OJEU of both sites. This has been dismissed as an option as a full OJEU procedure can take up to 12 months to complete before appointment.
- Option 3 – The use of other available frameworks. This option has been dismissed as other Frameworks available such as CCS do not include organisations with the relevant House building, marketing and development experience.

- Option 4 – Use of the London Developer Panel. This is the chosen option as the panel contains 25 organisations that are a mix of Developers, Contractors and Registered Providers often in consortiums and allows for the each organisation in a consortium to bid together or separately depending on the delivery model to bring expertise to these schemes. This Panel has been established via an OJEU procedure and has standard forms of agreements in place to save time and legal costs.

9. Consultation

- 9.1 Consultation and engagement strategies that will continue throughout the lifetime of the projects will be developed following the initial contact with residents. The consultation will be divided into three stages, with different levels of engagement reflecting different stages of the development process as outlined below. A close working relationship with existing Tenants' and Residents' Groups will be developed and maintained throughout the decant and demolition process.
- 9.2 Stage 1 – Community Consultation on the initial programme and identified areas within the estates – informing both tenants and leaseholders of the Council's plans for the redevelopment with a particular focus on the timetable for decanting arrangements and key activities prior to the masterplanning process commencing.
- 9.3 Stage 2 – Community consultation and residents involvement in the Design and Development process - focused on residents directly involved in each phase of redevelopment. The appointed Design teams will work closely with residents and engage with key stakeholders active in the areas. The Council will also work closely with leaseholders to ensure that their needs and requirements are met as well as setting up specific stakeholder groups to work alongside Officers in delivering the Estate Renewal programme.
- 9.4 Stage 3 – Capacity Building and working towards greater community integration and cohesion. Alongside the Stages 1 and 2, project officers will scope the need to provide extra community development / capacity building resource in order to facilitate resident engagement in the estate renewal programme areas throughout the project's lifespan. This would include a range of projects with different user groups (i.e. young people and older people) to be facilitated by external and internal resources as necessary.

10. Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

- 10.1 The current budget for Estate Renewal, as agreed by Cabinet in November 2014, for the period between 2015/16 and 2018/19 is £16.2m. The proposed HRA Capital Programme and HRA business plan, to be agreed by Cabinet in February 2015, include a budget provision of £36.4m for the delivery of estate renewal in the years 2015/16 – 2020/21. This is due to the inclusion of budgets for the estate renewal programme from 2019/20 to 2020/21 and additional schemes as outlined in paragraph 2.7.
- 10.2 The proposed HRA capital programme and HRA business plan includes a further budget provision of £20.2m to the end of 2020/21.

- 10.3 The funding of the Estate Renewal programme is from Revenue contributions to capital via the Major Repairs Reserve.
- 10.4 The Leys 2 new build project (scheme FC03009) referred to in paragraph 7.5 includes a budget provision of £9.0m (£8.5m in 2015/16 and £0.5m in 2016/17) in the agreed capital programme and HRA business plan. Additional funding of £3.9m is required (£1.2m in 2015/16 and £2.7m in 2016/17) to fund the scheme, however, it is anticipated that receipts of £3.5m will be obtained in 2016/17 through sale of shared ownership units.
- 10.5 The scheme also includes £3.2m of funding in 2015/16 from borrowing following the agreed debt cap extension.
- 10.6 Section 6 sets out proposals with respect to the delivery arrangements for the Althorne Way and Becontree Heath sites. Budget has not currently been agreed, however, the report states these proposals will be brought back to Cabinet for final approval before the commencement of the delivery and construction stages. At this stage there will need to be a business case presented with full analysis of the proposals to ensure financial viability and affordability

11. Legal Implications

Implications completed by: Evonne Obasuyi, Senior Lawyer

- 11.1 The report seeks cabinet approval for the regeneration of the sites highlighted using HRA and third party funding options for development of new housing units. The report details proposals to undertake procurement of development partner(s) for the earmarked sites.
- 11.2 Section 9 of the Housing Act 1985 provides local authorities power to provide housing accommodation. Section 17 of the Act further provides local authorities power to compulsorily acquire land for housing purposes. Furthermore, section 46 Housing Act 2004 permits the serving of demolition orders to facilitate the proposed redevelopment.
- 11.3 The Council's land acquisition and disposal rules require officers to ensure that where the Council is acquiring an interest the consideration paid is supported by valuation. The Council is also required to ensure EU procurement rules (where it applies) and its contract rules are met.
- 11.4 The Legal Practice should be consulted to assist with the preparation and completion of legal documentation required.

12. Other Implications

12.1 Risk Management

Estate Renewal sites - The original Estate Renewal Programme set up an Integrated Project Team that included officers from all departments involved in the delivery of the programme. One of the first actions for this group was to complete risk workshops facilitated by the Group Manager Risk and Insurance. This produced a robust risk appraisal with an associated action plan and regular monitoring plan.

This process would be repeated to include all the existing Gascoigne East and additional project sites with particular attention given to processes to mitigate the risk of securing cleared and partially cleared sites against theft, squatting and Traveller occupation.

Delivery of Althorne Way, Becontree Heath and Leys Phase 2 sites - There are risks associated with the capacity, financial standing and project management resources of each potential partner appointed to delivery these schemes. The use of the GLA London Development Panel (LDP) mitigates these risks as it has been specifically set up for public land owners to bring forward land for development. It is a Framework of 25 organisations and consortiums that has been procured for a four year period from May 2013 ensuring that these organisations have the capacity, financial stand and resources for delivery of projects of all values.

12.2 **Contractual Issues**

Estate Renewal sites - All Procurement relating to these projects will be undertaken in accordance with the provisions of the Council's contract rules and procurement rules including EU procurement rules where applicable. The Legal Services and Procurement Teams would be consulted in entering into terms and conditions with suppliers in relation to such procurement

Delivery of Althorne Way, Becontree Heath and Leys Phase 2 sites - The London Development Panel has been procured via OJEU process for use by Public Bodies specifically for the provision of housing. The panel members have been fully evaluated to confirm their capacity and financial standing for undertaking projects of this nature and value.

- 12.3 **Staffing Issues** – Resources are currently in place to deliver the current Estate Renewal and new build development programme across Housing and Regeneration. These teams have been resourced across these Divisions to ensure that the right skills and expertise are available to take projects from Decanting and Buybacks through to delivery of new homes. The dedicated cross-departmental project team will continue to meet regularly to monitor the delivery of the programme.
- 12.4 **Corporate Policy and Customer Impact** - The Estate Renewal Decant, Leasehold buyback and new developments have all been the subject of a full Equalities Impact Assessment. This was completed at the beginning of the programme and has recently been fully reviewed including a survey of 100 tenants and Leaseholders to gauge their views on the process to review the Decant and Leaseholder Charter for future programmes. A full action plan arising from this assessment has been implemented to ensure that the decant and leasehold buyback process does not adversely impact any specific group.
- 12.5 **Safeguarding Children** - Design Development undertaken as part of the estate renewal will take into consideration needs of local communities with a focus on creation of accessible spaces that allow for freedom of movement and will benefit local community at large including children. In particular, the development process will explore opportunities to introduce new or improve existing play facilities.
- 12.6 **Health Issues** - The estate renewal proposals are expected to have beneficial impact on health of residents by removing housing stock that performs poorly in terms of thermal comfort replacing it with well insulated homes that reduce Carbon

emissions and have a positive impact on ill health attributed to poor housing conditions. The redevelopment of the sites will provide a safer and more secure environment where opportunities for crime are reduced and public realm improvements make the area safer and more legible. General health and well being will be improved as a result of improved visual appearance of the site thereby increasing civic pride. Overall, the proposal would be expected to result in a benefit upon local well being and an improvement of quality of life.

- 12.7 **Crime and Disorder Issues** Section 17 of the Crime and Disorder Act 1998 places a responsibility on councils to consider the crime and disorder implications of any proposals. The redevelopment of the proposals resulting from the redevelopment of the sites in this report will help make the areas safer by improving the quality of the environment, creating safer more natural surveillance for public areas and pedestrian routes. Any resulting new developments will fully met the requirements for Secured by Design accreditation.

The process of decanting presents issues for security especially in the final stages of the process when particular attention needs to be given to mitigating the risk of securing cleared and partially cleared sites against theft, squatting and Traveller occupation. In relation to the Traveller occupation risk this is being specifically covered in new procedures being drawn up to protect vulnerable sites and work to an agree protocol with police and other partners.

12.8 **Property / Asset Issues –**

Estate Renewal projects – The requirement to acquire the Leasehold interests required to bring forward the clearance of these sites will be delivered in accordance with the Boroughs agreed Leaseholder Buyback procedure. This procedure sets out the level of compensation in accordance with the Land and compensation Act. It centres on buy back by negotiation with use of CPO powers if necessary to ensure that programmes are not delayed if agreement cannot be reached. A package of measures to assist Leaseholders who are unable to acquire alternative accommodation on the open market are included in the agreed procedures and on a scheme by scheme basis we would look to provide other alternatives such as equity sharing arrangements for new homes within the developments.

The Property and Asset issues related to the delivery of sites arising from the programme will be subject to the individual development proposals and will be agreed when these schemes are brought forward for delivery.

The proposals in this report form an important part of addressing the investment needs within HRA housing stock. As previously agreed by Cabinet stock will be will be redeveloped which is considered uneconomic to retain or is socially obsolescent.

Public Background Papers Used in the Preparation of the Report:

- Cabinet - Boroughwide Estate Renewal Report - 6 July 2010
- Cabinet – Boroughwide Estate Renewal Report Phasing - 10 November 2010
- Cabinet – Housing Capital Investment Report - 24 July 2012
- Cabinet – Becontree Heath and Althorne Way Report – 24 April 2012
- Cabinet – Becontree Heath Masterplan – 22 October 2013

- Cabinet – Housing Zone Report – 4 August 2014
- Cabinet – Corporate Delivery Plan – 7 October 2014

List of appendices:

- **Appendix 1** - Estate Renewal sites option appraisal information
- **Appendix 2** - Estate Renewal sites option appraisal summary
- **Appendix 3** – Estate Renewal site plans
- **Appendix 4** – Becontree Heath site plans
- **Appendix 5** - Leys Phase 2 financial model including Shared Ownership