

WANDSWORTH BOROUGH COUNCIL

HOUSING OVERVIEW AND SCRUTINY COMMITTEE – 25TH FEBRUARY 2014

FINANCE AND CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE –
26TH FEBRUARY 2014

GENERAL PURPOSES COMMITTEE – 26TH FEBRUARY 2014

EXECUTIVE – 3RD MARCH 2014

Report by the Executive Chief Officer for Housing on the regeneration project for the
Winstanley/York Road SW11 (Latchmere) Estate and Alton Estate West SW15 (Roehampton
and Putney Heath)

SUMMARY

This report provides an update on progress with development of the Masterplan for York Road and Winstanley regeneration area. It explains the results of the options consultation process, presents the masterplan preferred option emerging from the consultation and asks endorsement for the preferred option to enable plans to be developed further. It sets out workstreams and priorities for the next nine months of the project and makes recommendations that are considered necessary to progress the scheme. Some of the recommendations in this report will apply to the Alton Estate masterplanning process and the report references these as appropriate.

The report seeks approval for the procurement of legal, cost consultancy, finance/tax, and commercial property and planning advice to support the on-going development of the Winstanley/York Road and Alton projects and other large scale property/asset development initiatives in the Borough over the next three years. It also proposes the setting up of an Exceptions Buy-Back Fund of £4 million for discretionary purchase of leasehold and freehold interests (ahead of their requirement for phasing purposes) in exceptional cases of hardship.

It is proposed to create two posts for a fixed-term period of a maximum of two years within the Housing Regeneration Team to assist in the further implementation of the project.

The detailed comments of the Director of Finance are set out in paragraphs 72 to 76. Positive Housing Revenue Account capital budget variations of £2,319,400 in 2014/15, £2,092,500 in 2015/16 and £23,100 in 2016/17 are recommended for approval.

GLOSSARY

EIA	Equality Impact Assessment
FTE	Full Time Equivalent
GLA	Greater London Authority
HRA	Housing Revenue Account
PPD	Planning Parameters Document
TfL	Transport for London

Winstanley/York Road and Alton West regeneration programme

RECOMMENDATIONS

1. The Housing and Finance and Corporate Resources Overview and Scrutiny Committees are asked to support the recommendations in paragraph 4.
2. If the Overview and Scrutiny Committees approve any views, comments or additional recommendations on this report these will be submitted to the Executive for consideration.
3. The General Purposes Committee are recommended to approve the creation of two (FTE) posts for a fixed-term period of a maximum of two years within the Housing Regeneration Team to assist in the further implementation of the project as set out in paragraphs 65 and 66.
4. The Executive are recommended to:
 - (a) endorse the masterplan preferred option for the Winstanley and York Road Estates and the proposed workstreams required to take the project forward;
 - (b) note that a survey will be undertaken initially concentrating on Pennethorne House, Scholey House and Holcroft House to identify particular housing needs and requirements of Council residents to inform development plans;
 - (c) approve the procurement of continuing legal, cost consultancy, finance/tax, and commercial property and planning advice as outlined in paragraphs 44 to 48 to support the ongoing development of the Winstanley/York Road and Alton regeneration projects and other large scale property/asset development initiatives in the Borough over the next three years to a maximum cost of £4 million and delegate approval of the brief for these commissions to the Director of Finance, in consultation with the Executive Chief Officer for Housing, the Borough Valuer and the Borough Solicitor and Assistant Director of Administration;
 - (d) approve commencement of the identification and assessment of sites within the Battersea area that have the potential for development to contribute to securing the first phase of affordable housing re-provision;
 - (e) agree that the shared equity package for existing resident owners will be developed on the principle that rent/interest will not be charged by the Council on any share it retains in respect of both regeneration areas;
 - (f) approve the setting up of an Exceptions Buy Back Fund of £4 million for the discretionary purchase of leasehold and freehold interests (ahead of their requirement for phasing purposes) in exceptional cases of hardship as defined in paragraph 59 (the fund will be available for both the Winstanley/York Road and Alton West regeneration areas) and authorise the Executive Chief Officer for Housing to agree such purchases, in consultation with the Director of Finance;
 - (g) approve commencing implementation of the improvement and refurbishment of Inkster House and Penge House utilising the previously approved phase 1 funding within the Housing Capital Programme (previously approved as Penge

Winstanley/York Road and Alton West regeneration programme

House and Pennethorne House); and

- (h) approve positive Housing Revenue Account capital budget variations of £2,319,400 in 2014/15, £2,092,500 in 2015/16 and £23,100 in 2016/17.

BACKGROUND

5. In March 2012, the Executive agreed (Paper No. 12-218) an ambitious programme of work to improve the physical environment and raise the aspirations and improve the life chances of those living in the most deprived areas of Latchmere and Roehampton and Putney Heath Wards. In October 2012 (Paper No. 12-645), the Executive agreed the governance arrangements, terms of reference and an outcomes framework for the programme. Provision was also made in the Housing Revenue Account (HRA) business plan to borrow up to £100 million in the future to fund the Council's aspirations agenda with this capacity being targeted to support the physical regeneration of the Winstanley/York Road and Roehampton area schemes.
6. In April 2013 (Paper No. 13-242), the Finance and Corporate Resources Overview and Scrutiny Committee received an update on progress so far in delivering the wider Aspirations Programme which focused on improving the life chances of those residents living in the Winstanley/York Road and Roehampton areas.
7. Reports to the Housing and Finance and Corporate Resources Overview and Scrutiny Committees and the Executive in November 2012 (Paper Nos. 12-679 and 12-680) presented findings from initial resident consultation that particularly identified low satisfaction ratings for the general environment of the Winstanley/York Road Estates and with some residential blocks particularly on the York Road Estate. On this basis, the Executive agreed to select masterplanning teams to bring forward masterplans for both Winstanley and York Road and for Alton.
8. GVA and Levitt Bernstein were selected to produce a masterplan for the Winstanley and York Road Estates and commenced work in June 2013. Further progress reports were provided to the Housing and Finance and Corporate Resources Overview and Scrutiny Committees and the Executive in June (Paper No. 13-376) and to the Housing Overview and Scrutiny Committee and the Executive in November 2013 (Paper No. 13-703) as the plans developed.
9. The objectives of the masterplan, as set out with the selection brief for the masterplanners, were as follows: -
 - (a) to secure additional new high quality housing and promote greater housing choice and mix through the provision of intermediate and market housing as well as low cost rented housing;
 - (b) to secure new social housing to meet the needs of existing tenants and to tackle any particular housing issues identified (for example, to reduce over-crowding on the estates, to meet the needs of older Council tenants wanting to downsize);
 - (c) to provide affordable homeownership opportunities for existing Council tenants;
 - (d) to devise an urban design framework that will secure safe, attractive and legible

Winstanley/York Road and Alton West regeneration programme

public realm throughout the estates. The Plan must consider measures necessary to enhance existing through routes and suggest new connections to ensure better integration and access to public transport, the town centre and the Thames riverside; identify opportunities for the provision of new places with a strong identity; measures necessary to repair poor quality, dysfunctional public space and minimise opportunities for crime and anti-social behaviour;

- (e) to provide for new social infrastructure to serve the existing and new communities incorporating the potential for joint working and collaboration between public sector agencies;
- (f) to promote new housing, the layout and detailed design of which will minimise opportunities for anti-social behaviour and crime and improve connectivity;
- (g) to reduce long term maintenance/running costs and maximise the use of the Council's land assets;
- (h) within the context of the wider Clapham Junction area, to consider business and commercial potential. To create new employment opportunities within the area and linkages to other employment opportunities in nearby centres, in particular Clapham Town Centre and the Nine Elms and Vauxhall Opportunity Area;
- (i) to deliver sustainable development that meets current/future design and quality standards;
- (j) to ensure any scheme is both feasible and financially viable; and
- (k) to produce a plan that has wide ranging support.

MASTERPLAN OPTIONS DEVELOPMENT

- 10. The masterplan options process and conclusions are explained in the masterplan preferred option report (Appendix 1 to this report). Appendices have been attached for all Members of the Committees and the Executive only; copies are available on the Council's website and will be placed in the Members' Room.
- 11. The initial stage of the masterplan was the development of options. Four options were developed, which are set out in the Options Consultation Booklet (Appendix 2 to this report) and reported previously to the Housing Overview and Scrutiny Committee and the Executive in November 2013 (Paper No. 13-703).

OPTIONS CONSULTATION

- 12. Details regarding options consultation concerning Alton West were reported to the Finance and Corporate Resources Overview and Scrutiny Committee in January 2014 (Paper No. 14-39). With regard to Winstanley/York Road, an options consultation was held in October and November 2013. This consultation was aimed primarily at residents and owners of the two estates and active stakeholders on the estates. The aim of the consultation was to understand the degree and scale of change which residents wanted to see across the neighbourhood.

Winstanley/York Road and Alton West regeneration programme

13. The consultation involved use of a number of methods intended to secure as wide as possible level of resident and stakeholder engagement. The consultation included: -
- (a) three open day sessions with the masterplanners displaying their proposals as they developed through the process;
 - (b) weekly drop-in sessions at York Gardens Library;
 - (c) meetings with key local stakeholder organisations;
 - (d) sessions with user groups of stakeholder organisations in the area, including Providence House, Battersea Chapel, St Peter’s Church;
 - (e) events with local schoolchildren and attendance at school pick up times at Falconbrook School;
 - (f) regular meetings with representatives of residents’ associations;
 - (g) meetings with older residents living in the area;
 - (h) meeting with local businesses on Lavender Road;
 - (i) drop-in sessions in every potentially affected block on the estates;
 - (j) a booklet outlining the options and other details sent to every household with a reply paid envelope;
 - (k) web page, twitter and facebook accounts; and
 - (l) targeted door-knocking.
14. There were 379 formal responses received. This represents a response rate of 42 per cent of those properties most affected by the proposals and 26.3 per cent of the total number of properties across the area (1,440 on Winstanley and York Road Estates). The favoured options in the responses were: -

Refurbishment of block with limited new development	11%
Option 1	9%
Option 2	12%
Option 3	60%
Other	8%

15. Of those who responded, there was a significant majority of 72 per cent in favour of Options 2 and 3, both of which were for a significant intervention which involved large scale redevelopment of York Road Estate and parts of Winstanley Estate and re-modelling of York Gardens to allow for new development along the York Road frontage including provision of a new leisure/community facility in this location.
16. The long slab blocks on York Road Estate (Pennethorne, Scholey and Holcroft Houses) responded more heavily than other areas. The response from these blocks was significantly in favour of redevelopment of their own blocks but also significantly in

Winstanley/York Road and Alton West regeneration programme

favour of Options 2 and 3, which also involved re-modelling of the park rather than Option 1 which only targeted the long blocks themselves.

17. In terms of the consultation and discussion undertaken thus far, the picture is less clear when looking at the properties on Winstanley Estate which are proposed for redevelopment in Options 2 and 3. Although the numbers of properties and thus respondents overall were small, the blocks Farant House, Kiloh Court and Jackson House were overall opposed to the proposals; Arthur Newton House was divided equally between those opposed to and those in favour of its inclusion; and Shepherd House and Gagarin House were in favour of their inclusion. There was opposition from the owners (both leasehold and freehold) at Ganley Court to their inclusion, but this view was not mirrored by tenants who did not return any forms.
18. The majority of those who responded during the consultation by questionnaire in all three of the tower blocks on York Road Estate (Inkster, Penge and Chesterton Houses), expressed a preference for Option 3. Since the completion of the consultation, a petition has been received signed by 28 residents of Chesterton House asking for its retention, although some of those signing had previously expressed support for Option 3, which does not retain Chesterton House.
19. There were some themes which came through the consultation: -
 - (a) overwhelming consensus of opinion that York Road long slab blocks should be demolished;
 - (b) Pennethorne Square cannot remain as it is and other solutions need to be found to improve public spaces on the Estate;
 - (c) a positive response to the idea of new leisure provision and facilities for the area;
 - (d) new retail/commercial opportunities welcomed;
 - (e) consideration given to housing options that meet the needs of older local residents and those under-occupying, improving the understanding of housing needs on the estates and addressing, through re-provision, matters such as overcrowding, accessibility etc.;
 - (f) how would resident leaseholders and freeholders be able to afford to remain living in the area and a lack of trust that the Council will be willing or able to put together a package which would make staying affordable;
 - (g) concerns over how the area will be maintained and managed as the project progresses. The Council might allow the area to become more run down before improvement follows. This was considered a risk given the inevitably long timescale projected for any project of this type;
 - (h) tenants wanted clarification of the impact on rent levels;
 - (i) concern (particularly from older residents) that change will mean that they have to leave the area, lose their neighbours and lose their support networks;

Winstanley/York Road and Alton West regeneration programme

- (j) the need to retain local community and faith provision; and
 - (k) whether significant change would actually be delivered, although coupled with a recognition that significant physical and social change needed to take place.
20. Throughout this process the Council has been aware of the importance of providing reassurance to local residents to address concerns raised and the need to develop commitments to local residents in respect to rehousing, compensation etc. Inevitably, and understandably, there is a fear of the unknown and its impact upon individuals remains a strong disincentive for residents to embrace change. However, as the options have been developed, the Council has been clearer as to what the residents' options, for instance in respect to local rehousing, are likely to be. It is recognised that it is important to develop such options further in order to build greater support for the proposals as these are taken forward.
21. Although the consultation at this stage was aimed primarily at residents of the Estate and other key stakeholders on the estate who might be directly affected, responses were also received from three groups who all expressed support for the Council's overall aims in undertaking the masterplan, with some reservations being expressed around some elements of the proposed options, including the proposal to develop new housing along the York Road boundary of York Gardens and the extent and height of proposed development at Bramlands. The responses from the three organisations are set out in Appendix 3 to this report.
22. Some comments were received from residents of the Falcons Estate. These were generally concerned with ensuring that the Falcons were adequately involved in consultations on the development of the proposals going forward and expressed reservations about the extent of development that might be proposed for the Bramlands area.
23. Should the Council decide to proceed with the direction of travel indicated by the preferred option prepared in conjunction with local residents and stakeholders, then further more detailed development will be required. This will involve taking proposed plans out for a wider ranging consultation that will also include neighbouring areas and relevant interests and amenity societies. By this stage it is intended that the additional work undertaken will allow the implications and impacts of the proposals to be more fully understood. The consultation feedback form, consultation timetable and consultation responses are set out in Appendix 4 to this report.

PREFERRED OPTION

24. The masterplanners have over the past six months developed the masterplan to the stage where a preferred option can be identified. The preferred option is presented in Appendix 1 to this report.
25. The preferred option sets a spatial vision and framework for the future improvement and development of the area. Within these parameters, the details of the scheme can be developed and the implications fully explored with the objective of providing final and more detailed proposals including final options for delivery by summer 2014. It is intended that residents and stakeholders will continue to be engaged through this process, with issues worked through and proposals developed so that the scope of the

Winstanley/York Road and Alton West regeneration programme

plans and delivery options are set out.

26. There is a particular matter arising in respect to Ganley Court residents the properties of which have been included in Option three proposals. These have largely arisen in respect to the inclusion of the two terraces of houses in the plans. Whilst in the preferred scheme the final treatment of Ganley Court has been left open, it is hoped that through an ongoing and positive dialogue with Ganley Court residents re-housing and design options can be explored that address concerns raised. This includes considering the potential to provide replacement houses in the area.

Phasing and timing

27. The preferred option sets out an early stage phasing plan which highlights priority areas for development and the provisional proposed order of development. The plan begins to illustrate how the Council can meet its key commitments to re-housing tenants and resident leaseholders within the estates and local area while minimising the use of temporary housing. The plan will need to be evolved as the scheme progresses and as existing residents' needs and intentions become clearer.
28. The phasing and financial plan will allow for the re-provision of affordable housing and new market housing to be delivered at the same time. A key factor will be the part that market and intermediate housing can play in assisting with the viability of the scheme and aiding cash flow particularly in the earlier phases of improvement.
29. It is intended to begin a housing survey of residents in the spring of 2014 that will identify residents' existing needs more clearly while recognising that needs and requirements for some households are likely to change over the term of delivery of the scheme. This process may also identify some bespoke housing models, for example customised housing provision for older people, which it may be appropriate to provide. To allow for this the phasing plan must remain a flexible and developing part of the overall plan.
30. In order to begin the process of firming up this part of the phasing plan, it is recommended that a housing survey of the long blocks (Pennethorne, Scholey and Holcroft Houses) is undertaken.

FINANCIAL MODEL

31. The masterplan is underpinned by a financial model which has been developed by GVA to test the financial viability of the preferred option subject to a range of development assumptions. The model demonstrates that, subject to the assumptions applied, the preferred option is a viable scheme for a commercial developer.
32. As the financial viability is further developed there are key aspects that will be considered: the risks to delivery from changing market conditions, how delivery plans can be future proofed and how this might affect delivery and phasing plans.

TAKING THE SCHEME FORWARD

33. The preferred option recommended by the masterplanners provides a vision and framework for the long term development and improvement of the estates and contributes towards the achievement of the objectives agreed for this potential

Winstanley/York Road and Alton West regeneration programme

regeneration between the Council, local residents and stakeholders. It is considered that the consultation has provided a significant degree of endorsement to this overall approach and direction of travel.

34. The Council is being asked at this point to endorse an option that can then be developed in detail. The work outlined below is considered to be required to enable a final decision on the preferred option and plan for implementation to be developed.
35. Key areas for further development beyond the masterplan include: -
 - (a) further work with community stakeholders (in particular Battersea Baptist Church, Church of the Nazarene, Providence House and Thames Christian College) to understand how they can be re-accommodated and incorporated within the new scheme;
 - (b) further work with public service providers (early years, education, Environment and Community Services Department, public health and the National Health Service) to further understand and agree a strategy for the structure and future operation of community infrastructure particularly in respect to serving the future resident population and provision of new community buildings;
 - (c) finalise a brief for new leisure facilities and for re-provision of the library, One-O'clock Club and community centre subject to financial viability and the availability of capital and revenue resources;
 - (d) discussions with local business owners concerning the implications of the proposals and how they will be treated;
 - (e) the treatment of Ganley Court and other resident buildings where residents are more unsure about the proposals and benefits of the option being put forward;
 - (f) further work with Transport for London (TfL) to clarify arrangements for tackling the existing bus stand in the Bramlands area and generally looking to significantly improve this area and use of it;
 - (g) investigation and due diligence on major technical issues, detailed understanding of existing statutory services, consideration of stock condition information and costs of maintaining stock and environmental improvements;
 - (h) further design detail to test development parameters, for example density;
 - (i) agreement with Network Rail over their long term plans for improvement of their assets, in particular the railway arches along Grant Road;
 - (j) discussion with other outside agencies, such as the Greater London Authority (GLA), to seek their support and as required cooperation to help deliver improvement plans; and
 - (k) decant and phasing strategy – including identification and assessment of any off-site re-provision in the local area.

Winstanley/York Road and Alton West regeneration programme

36. This work can be undertaken as a part of a process to develop a more detailed delivery plan and proposals and an outline planning and delivery document that can be used to seek endorsement and support of plans from key parties and interests (for example and identified the GLA and TfL) and used as a prospectus to test interest (for example, with the private sector) in participating in the improvement of this area. Such a document would not be a statutory document, but would provide a more detailed interpretation of the Council's adopted development policies for the site and set out the Council's informal advice on what form of development is likely to be acceptable.
37. The document would constitute detailed pre-application advice and would form the basis of a prospectus which the Council can use as a core document for any future procurement process to secure a partner. Producing this planning parameters document (PPD) will assist in securing a better long term deal with partners. By further clarifying the development potential of the site and the Council's own aims, the production of the delivery plan will lock in additional value of the land for the Council in advance of the procurement process.
38. It is expected that this work will take approximately five months to complete once procurement of appropriate advisors is made. Although work with residents and stakeholders to involve them in developing details of the proposals will continue, it is intended that the next major consultation on the PPD will be held once this work is complete. This is, therefore, targeted to take place in summer 2014.
39. The Council will need to consider delivery options, recognising that any form of estate regeneration is likely to involve selection of a delivery partner. The key consideration being how to ensure that the selection of any partners is effectively timed and structured and secures the best value in outcome, quality and financial terms to ensure that the Council's and residents' vision is delivered. To assist with this process, it is proposed that soft market testing will be undertaken over the next five months. Through this dialogue, the Council and the master planners will be able to test and reality check the plans as they are developed and consider delivery options. Options might include, for instance, the Council seeking outline planning permission itself, seeking a development partner through competitive dialogue to take forward a planning application and/or identifying delivery options that might involve more than one delivery partner.
40. The completed PPD will be reported back to the Council following its completion together with a report on the results of the soft market testing exercise and recommendations as to the proposed delivery structure for the project.

PROCUREMENT OF ADVISORS FOR THE NEXT PHASE

41. The Council will need to secure continuing specialist support and advice for the regeneration projects both at Winstanley/York Road and at Alton. It is also an opportunity to consider the potential requirements for specialist advice arising from other strategic property and development matters that may arise for the Council. There are two elements to this.
42. Firstly, for Winstanley/York Road, as indicated above, there is a need to commission further work to firm up details of the masterplan, prepare a PPD and prospectus for the site, undertake soft market testing of the plans and produce proposals for the delivery and related legal, contractual and financial structure going forwards.

Winstanley/York Road and Alton West regeneration programme

43. GVA and Levitt Bernstein were selected to undertake the masterplan following an extensive procurement process using the Homes and Communities Agency Multi-Disciplinary Technical Panel (Paper No. 12-679 and Paper No. 13-376). This process thoroughly tested the rates being charged by GVA and Levitt Bernstein against the market. However, the price for the next stage of work is estimated to be in the region of £250,000. Although there is scope to extend the existing contract with GVA/Levitt Bernstein, the size of this next commission is sufficiently large to require a separate procurement process. The procurement for the bulk of this work should proceed now. There may, however, be some smaller elements of this work (such as the soft market testing) which are dealt with as an extension to the existing GVA/Levitt Bernstein contract in order to maintain momentum.
44. Secondly, for both Winstanley/York Road and Alton, the proposal is to procure additional ongoing specialist advice to support the projects through the post-masterplan stage and over the next three years. Some of this advice will also be applicable for other Council schemes seeking to develop and improve significant property assets. Since this process will create a longer term structure for specialist advice from contractors with sufficient experience and expertise at a competitive day and possibly project rate, it would be prudent to enable the advice contracted to extend to advice on other strategic property initiatives in the Borough.
45. The advice required would support the development of the regeneration and other projects in a range of areas but would specifically be required in the following areas: -
- (a) specialist development finance and tax advice to support the assessment of optimum delivery structures and to support any partner procurement process, assessing the viability of developing proposals;
 - (b) cost consultancy review and advice, in particular to support any partner procurement process and challenge bidders' cost assumptions;
 - (c) expert legal advice to advise on optimum delivery structures, support the Council through any partner procurement process and subsequent negotiation of legal agreements and structures and support any land assembly process; and
 - (d) strategic property, planning and design advice to assist with further detailing and development of proposals, support any partner procurement process and support the Council in negotiating commercial and legal agreements with partners.
46. It is not possible to fully quantify or set out the scope and timing of the advice required for the two projects at this stage, or what call on specialist advice might be required, for instance to support other improvement initiatives which involve Council holdings (for example, see the potential redevelopment of the Garratt Lane Housing Offices (17-27 Garratt Lane, SW18 (Fairfield)) and schools projects that need to be taken forward). Consequently, it is proposed to set up arrangements to allow for the timely access to services when required particularly by the two projects. To achieve this aim, the following arrangements are proposed: -
- (a) for legal, cost consultancy and finance advice, the Council will tender for

Winstanley/York Road and Alton West regeneration programme

specialist firms to support these general roles and agree competitive ongoing day rates for a three year period. The two projects will then agree to call off this advice as and when required for specific tasks within the projects. Through the procurement, officers will negotiate appropriate discount rates for the number of hours worked on particular projects. As above, officers have further identified that the legal advice identified here would also support other strategic property and asset development initiatives from other sections of the Council. It is recommended that a budget of £2.5 million be identified for this work for the next three years; and

- (b) for development and design advice and support to secure the implementation of regeneration schemes, it is recommended that this is procured on the basis of a contract price for each identified piece of work. It is difficult to anticipate costs; however, given the scope of current work, it is estimated that costs may be in the region of £1.5 million over the next three years.

- 47. In order that advice can be procured in a timely manner, the intention would be to utilise the appropriate public procurement frameworks. In the case of legal advice, it is intended that this will be through the Government's Legal Services Framework (RM919); for commercial property and planning advice, cost consultancy advice and financial advice the intended panel is the Homes and Communities Agency Procurement Panel. However, over time the panels can expire and the range of work required here is broad so there may be occasions where other panels or direct procurement for particular pieces of work will need to be utilised or be more appropriate. The total amount of funds that would be requested is £4 million over the three year period.
- 48. The intention is to evaluate the bids using a quality/price weighting to reflect the specialist nature of the advice relative to the activities that it will underpin (namely the regeneration of Council assets and delivery of improvements of Council assets). This should, in general, be a quality/price weighting of 70/30 to reflect the need for consultants and advisors with a successful and proven track record in this type of work, although there may be exceptions to this where the price weighting could be increased. The procurements were considered by the Council's Procurement Advisory Group on 30th January 2014. It is proposed that approval of the detailed briefs be delegated to the Director of Finance, in consultation with Executive Chief Officer for Housing, the Borough Valuer and the Borough Solicitor and Assistant Director of Administration.

RE-HOUSING AND DEVELOPMENT OF THE RESIDENTS' OFFER

- 49. The Council issued initial commitments to residents as part of the consultation on options in the autumn of 2013. The commitments are contained within the Options Consultation Booklet ([Appendix 2 to this report](#)).
- 50. The Council has committed to developing these further in consultation with residents as the scheme progresses and there is greater clarity in terms of the scope of plans and the financial viability of options. A leaseholder group has been created to start this process with resident owners. A more detailed development of the resident commitments to both owners and tenants will be prepared over the next phase of the project and publicised in the summer along with the further developed proposal.
- 51. As might be expected, a range of issues have already been raised by residents around

Winstanley/York Road and Alton West regeneration programme

the initial commitments. There are some common themes to the questions being raised, which help to pinpoint some of the priority areas where the Council need to reassure and respond at the earliest opportunity.

For existing tenants:

52. When will they be expected to move? The phasing plan will be worked up in more detail as information on tenants' needs is gathered. This will be consulted on more fully in the summer. At present, the working assumption is that Council residents would only be expected to move once.
53. Where will they be moved to and will they remain as Council tenants? The intention is that the re-provided social rent properties will be Council owned properties. However, this cannot be definitively confirmed at this stage, as this is dependent on more detailed financial assessment. The Council has already committed to re-providing any social rent properties that may be redeveloped on the existing estates or within the local area.
54. What will happen to rents? The intention is that these will be social rent properties and rents will be set to the same criteria as other social rent properties in the Borough.
55. In order to help achieve local rehousing and seeking to minimise the number of moves required, the Council has stated it will identify sites within the local area where new housing will be developed to help secure the first phase of affordable re-provision and enable redevelopment and improvement to commence. It is proposed that work commences now to identify these possible sites and that consultation is held with residents concerning these.

For resident owners:

56. How would they afford to buy a replacement property in the new scheme without additional borrowing? The Council has confirmed that it is exploring the use of a shared equity package to enable resident owners to buy back into the scheme (Paper No. 13-703). This has effectively proposed that once a resident owner who wishes to buy back into the scheme has invested the value of their own existing property and the ten per cent home loss compensation towards the value of the new property, then if there remains a gap in value the Council will hold any remaining equity, thus allowing the existing owner to afford to live in the new property. The report recommends that the Council continues to develop this option on the basis that the shared equity package will be offered to existing resident owners and that this will work on the assumption that no rent will be charged on any share held by the Council. This is the package that has been and will continue to be modelled in the financial viability assessment for the preferred option.
57. The developing phasing plan also models re-provision for all resident owners in the same size property that they currently own. It is further proposed that, should the Council proceed with this preferred option, then resident owners will be offered shared equity to a level which could enable them to purchase a property of equivalent bedroom size as they currently own, irrespective of their occupancy level if this is what they choose to do. Further, the Council is also looking at offering a financial incentive to resident owners to downsize within the shared equity model with the levels of incentive subject to further financial modelling and appraisal.
58. Would the Council be prepared to buy back properties if they needed to sell before their

Winstanley/York Road and Alton West regeneration programme

property was actually required? The phasing and implementation plan will need to be further developed before commitments can be given to buy back properties. However, there is fear from some owners that the scheme will leave them trapped in uncertainty and unable to sell. Whilst it is not anticipated that the masterplan process will impact negatively on the ability of owners to sell, it is recognised that this is a real fear for owners. To respond to this concern, it is proposed to develop a scheme that would allow the Council to purchase properties where owners wish to sell. If the scheme is progressing this should make sound financial sense for the Council to acquire available properties by consent. It is recommended that officers identify the parameters for such a proposal and report back to the Committee and the Executive with proposals in the summer.

59. Meanwhile, through the consultations in both Winstanley and Alton, it is apparent that there is a small handful of owners who urgently need to sell now. To assist these owners, it is proposed that the Council set up a small fund to purchase properties in cases of exceptional hardship. Approval for purchases would require agreement by the Executive Chief Housing Officer in consultation with the Director of Finance. Consideration for a purchase would be for one or more of the following circumstances affecting the leaseholder/freeholder only: -
- (a) financial hardship;
 - (b) a requirement to move to secure or retain employment;
 - (c) probate; or
 - (d) marital or long term relationship breakdown.
60. An initial fund of £4 million is proposed.
61. How will they ensure they get a fair valuation for their property? The Council has already committed to funding independent valuation advice for resident owners. In addition, the Council is intending that a valuation and compulsory purchase specialist is invited to talk to the leaseholder group to explain the process.

MANAGEMENT OF THE AREA IN THE MEANWHILE

62. The Council is committed to continuing to manage the estates to the same standards as other estates across the Borough. However, the existence of the regeneration plan being developed may begin to have an effect on lettings across the estates in potentially affected buildings and may make potential tenants less likely to choose to move to the area. It is suggested that, to ensure that this does not impact on the stability of the estate, a plan be produced for lettings on the estates. This should explore the potential for targeting fixed term tenancies for the estates for a mixture of higher and lower priority households in order to maintain a sustainable balance of lettings across the estate.
63. Whilst the Council has not decided at this stage whether to proceed with the redevelopment of properties shown as within the preferred option, it has, in effect, ruled out the redevelopment of the southern part of Winstanley Estate and of Inkster House and Penge House. Penge House and Inkster House are identified for refurbishment. In order to continue the momentum for change it is, therefore, proposed that consultation

Winstanley/York Road and Alton West regeneration programme

should be commenced with those residents concerning the refurbishment proposals following approval of this report and endorsement of the preferred option. The funding for this initial phase would be utilisation of the already approved Phase 1 major refurbishment programme previously approved by the Executive and contained within the Housing Capital programme.

PROJECT WORKSTREAMS AND EXPANSION OF COUNCIL TEAM

64. This report has set out a number of key workstreams for the next nine months required to take forward the improvement proposals for Winstanley and York Road Estates. These are summarised below, with an anticipated timetable in Appendix 5 to this report: -
- (a) complete the final elements of the masterplan;
 - (b) further development of the phasing and decant plan and any particular housing requirements that need to be taken into account;
 - (c) identify the proposed off-site re-provision sites and engage with residents on these;
 - (d) consultation with residents of estates and the wider area on further developed plans;
 - (e) develop the preferred option into a PPD;
 - (f) procure strategic property, financial, planning and architectural advice for the next phase;
 - (g) procure legal, specialist finance and tax, commercial property and planning, and cost consultancy advice to support the project through the next stage of development;
 - (h) undertake soft market testing to understand the degree of private sector interest in the scheme and apply commercial sector feedback to the proposals;
 - (i) explore and report back to the Council on the most appropriate implementation method and procurement structure for the project going forward;
 - (j) develop residents' offer commitments further in consultation with local residents;
 - (k) assess the need, rationale and feasibility of implementing a buy back fund and develop proposals for further early buy-back of interests and explore options for management of acquired properties;
 - (l) develop a plan for lettings on the Winstanley and York Road Estates;
 - (m) undertake a residents' profiling exercise for Pennethorne House, Holcroft House and Scholey House;
 - (n) commence consultation with residents of Inkster House and Penge House concerning the refurbishment proposals; and

Winstanley/York Road and Alton West regeneration programme

- (o) begin to agree terms for the purchase and re-provision of identified local community assets.
65. Delivery of these workstreams will require an expansion and review of the project team over the next period. The current team consists of a Project Manager and one full time Project Officer. The delivery of the workstreams identified above will require an expansion of the project team and it is proposed that the following posts be created: -
- (a) one Project Assistant (grade PO1/2 subject to job evaluation) to continue to develop the consultation programme and, in particular, to increase the capacity to undertake direct discussion and re-assurance with individual residents and to co-ordinate the housing needs survey; and
 - (b) one Project Officer (PO3/4 grade subject to job evaluation) to assist in working with the Council's advisors to develop the planning parameter plans and develop appropriate specific housing policies.
66. It is proposed that these would be fixed-term posts for a maximum of two years and would initially be offered as secondment opportunities to existing staff across the Council. It should be noted that, should the scheme progress and re-housing commence, there would also be a need to create a dedicated re-housing team.

EQUALITY IMPACT ASSESSMENT

67. The Equality Act 2010 requires that the Council when exercising its functions must have "due regard" to the need to eliminate discrimination, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. As such, an Equality Impact Assessment (EIA) has been undertaken on the recommendations in this paper. This screening exercise has identified potential negative impacts on some equality groups and is the first scoping to provide a framework for assessing equalities impacts during the long-term delivery of this policy. Potential negative impacts can be fully mitigated against through robust management and monitoring as the design, planning, and delivery progresses. These issues, therefore, need to be fully considered as the masterplanning process moves forward. At this stage, and based on the information available, there is no reason for any major negative impacts on any equality strands to be identified. Minor and potential negative impacts have been identified which can be mitigated through the future management and monitoring of the planning, phasing, delivery and housing allocation process – with a continual approach to assessing equalities issues at the forefront. As the preferred option is progressed it is important to review potential impacts on particular groups that are unknown as this stage. The Equality Impact Assessment is set out in Appendix 6 to this report.

COMMENTS OF THE HEAD OF HUMAN RESOURCES

68. The Head of Human Resources comments that the proposals would result in the creation of one FTE post of Project Officer and one FTE post of Assistant Project Officer on fixed term contracts for two years to support the regeneration projects. Any extension of the fixed term posts beyond two years will require separate Committee approval. The

Winstanley/York Road and Alton West regeneration programme

posts will initially be offered as secondment opportunities to existing staff across the Council.

COMMENTS OF THE DIRECTOR OF ENVIRONMENT AND COMMUNITY SERVICES

69. The Director of Environment and Community Services comments that the Planning Service has been fully consulted in the process of the development of the masterplan preferred option. Details of the approach being adopted are included in the Area Spatial Strategy for Clapham Junction and the site allocation for the Winstanley/York Road Estates in the Submission Version of the Site Specific Allocations Document which forms part of the Council's Local Plan. The Local Plan Review is being reported to the February meeting of the Strategic Planning and Transportation Overview and Scrutiny Committee and the Executive for approval of submission to the Secretary of State for Examination in March 2014.
70. The Planning Service's continuing involvement in the development of the masterplan preferred option and the related PPD, providing details of the preferred approach to be adopted for specific sites throughout the estates, will be essential to ensure co-ordination and compliance with the Council's statutory Local Plan policies.

STAFF CONSULTATION

71. The Staff Side have been consulted on this report and any comments received from them will be reported to the Overview and Scrutiny Committees.

COMMENTS OF THE DIRECTOR OF FINANCE

72. The Director of Finance comments that based on the work that has been undertaken by the masterplanning consultants on the preferred option and the assumptions underpinning that model, the overall scheme is shown to be financially viable but it is not yet clear how much of the £100 million borrowing provision made in the HRA will actually be required. Detailed analysis of the impact of the scheme on both the General Fund and the HRA is still to be ascertained as the scheme not only needs to be viable overall but also be viable within the General Fund and the HRA individually. Another aspect of the financial model that will become clearer as the preferred option evolves will be the cash flow implications that will be linked to the timing and phasing of the developments.
73. Further work is required to firm up the details of the masterplan for Winstanley and York Road. Due to the estimated value of the work being in the region of £250,000 it will be market tested and, therefore, subject to a separate procurement process although there may be scope to extend the existing contract for smaller items. A positive HRA capital budget variation of £250,000 in 2014/15 is, therefore, recommended for approval to cover the cost of this work.
74. Due to the level of expertise required to see this project through to the masterplan stage and beyond it is proposed to procure ongoing specialist advice in relation to finance and tax issues, cost consultancy, legal and planning. This expertise would also be utilised on any other significant property related proposals that the Council considers necessary. Although it is not possible to quantify the cost or the timing of the advice required, it is estimated that a total budget of £4 million should be created over the next three years.

Winstanley/York Road and Alton West regeneration programme

This will be met from existing approved budgets for refurbishment of the York Road Estate. To give maximum flexibility, any unspent balance at the end of each financial year will slip forward to the following year until either the resources are utilised in full or the advice is no longer required.

75. Establishing an Exceptions Buy Back Fund would enable the Council to purchase leasehold and freehold interests in the regeneration areas without the use of compulsory purchase powers in exceptional cases as agreed by the Executive Chief Officer for Housing, in consultation with the Director of Finance. The purchases would need to be at no more than market value as assessed through independent valuation advice and confirmed by the Borough Valuer to ensure that the interests the Council acquire represent value for money. The proposal is to increase the HRA purchase of property capital budget by £4 million (£2 million in 2014/15 and £2 million in 2015/16) for which positive capital budget variations are recommended. The buy back option will apply to both regeneration schemes.
76. The expansion of the project team would increase the resources in the team to four full time equivalents. The cost of the two additional posts is estimated to be £92,500 per annum. Positive HRA capital budget variations of £69,400 in 2014/15, £92,500 in 2015/16 and £23,100 in 2016/17 are, therefore, recommended which will fund the two additional posts for up to a maximum of two years. Whether it will be necessary to extend the existing re-housing team or to create an additional team to deal solely with re-housings arising from the regeneration schemes will be reviewed. Should extra resources be required this would be subject to future recommendations.

CONCLUSIONS

77. This report aims to secure endorsement and approval to the approach to future improvement and development of the Winstanley and York Road Estates as set out in the masterplan preferred option (Appendix 1 to this report).
78. The masterplan options consultation process has demonstrated clear support for Option 3. This option has now been modified to take account of the consultation and to produce the preferred option within this report. The Council recognises that, whilst a preferred option has been identified, this remains in outline and will require further development and work that is set out in this report. It is also recognised that resident engagement remains a key and continuing priority to both inform the more detailed development of plans and to further develop and confirm resident offers. The report also identifies the wider consultation that will now need to begin with for instance local resident and amenity groups and the more detailed work required to firm up accommodation and facility requirements with local freeholder/faith/community groups.
79. The proposed workstreams are designed to ensure continuing progress and momentum with key elements of the plans. Producing a PPD will build up a clearer picture of the details of the proposals and assist the Council in securing the maximum value and quality through any future agreement with private sector partners. Developing the phasing plan will help in understanding the timescales and firming up re-housing commitments. Actions to develop an exceptions buy back scheme, shorter term renting proposals and developing local lettings plans will reassure residents about continuing commitments to effective and considered meanwhile management of the estates. Providing a commitment to develop a more comprehensive buy back scheme, over the

Winstanley/York Road and Alton West regeneration programme

next six months, will provide more options for leaseholders, as will developing the equity model further. Progressing the capital programme improvements to Inkster House and Penge House will secure early improvements and boost confidence in the area and the Council's and other stakeholders' commitment to deliver improvement and change.

80. Having developed the masterplan preferred option, the Council must now consider the optimum method for implementation of the project and, in particular, how, to what extent and at what point the Council should contract with partners to assist in successful delivery. Soft market testing will allow the masterplanners and Council to determine levels of interest in participating in the improvement of the area, will allow the testing of the preferred option and, in part, determine next steps.

The Town Hall,
Wandsworth,
SW18 2PU.

BRIAN REILLY
Executive Chief Officer for Housing

14th February 2014

Background Papers

There are no background papers to this report.

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the committee secretary (Thayyiba Shaah –, 020 8871 6039; email tshaah@wandsworth.gov.uk) can supply if required.

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