

Item No. 13.	Classification: Open	Date: 13 July 2021	Meeting Name: Cabinet
Report title:		Ledbury Estate Towers update on resident ballot and future redevelopment	
Ward(s) or groups affected:		Old Kent Road	
Cabinet Member:		Councillor Stephanie Cryan, Council Homes and Homelessness	

FOREWORD - COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR COUNCIL HOMES AND HOMELESSNESS

In July 2017, following concerns raised about the fire safety of the four tower blocks on the Ledbury Estate, the council instructed an urgent investigation into the safety and structural integrity of the towers. The subsequent findings from Arup confirmed that the strengthening works required during the construction of the towers had not taken place and that the structural integrity was compromised. This resulted in the gas supply being disconnected and a programme of works planned.

After further structural investigations, and a subsequent options appraisal in late 2019 showing a range of refurbishment infill and redevelopment options, the council has worked closely with residents to safeguard the future of the estate while committing that any resident who wants to remain on the estate would have the option to do so. Residents were consulted on the options at the time and they decided that the preferred option was for a phased redevelopment of the four tower blocks and the building of new homes on the estate.

In March this year, we ran a Resident Ballot on this option and there was a clear majority of residents, who were eligible to vote in the ballot, voting Yes to the preferred option. This report now outlines the next steps on the journey of the Ledbury Estate, ensuring we continue to work closely with residents, and seeks approval from Cabinet to progress with building the new homes and securing the future of the estate.

I want to thank the members of the Resident Project Group for their ongoing commitment to the future of the Ledbury along with the wider members of the Ledbury community who have given us a clear direction through the ballot result.

RECOMMENDATIONS

Recommendations for the Cabinet

That Cabinet:

1. Note the ongoing engagement with the local community and thank all residents, and in particular the Resident Project Group, for their contribution to the Residents' Ballot.
2. Note the result and ratify the result of Residents' Ballot decision to demolish the four tower blocks consisting of 224 homes (known as Bromyard House, Peterchurch House, Skenfrith House and Sarnsfield House) and provide a minimum of 333 homes across two phases, in line with the commitments set out within the Landlord Offer Document.
3. Approve the project to deliver a minimum of 333 homes on the Ledbury Estate.
4. Approve a variation to the Housing Investment Programme for funding of £5.4M to take the project, subject to planning consent, out to tender for a contractor.
5. Note that further work will be undertaken to review phasing and contractor procurement so as to improve financial viability.
6. Approve the commencement of the next phase of acquisition of leasehold interests on the four towers via negotiation, under terms that would apply pursuant to a Compulsory Purchase Order (CPO), and delegate approval of compensation packages for the acquisition of individual leasehold interests to the Director of Planning and Growth in consultation with the Strategic Director of Housing and Modernisation.
7. Approve the continued rehousing of all secure tenants remaining in the four towers to enable vacant possession of the blocks in order that the delivery of the proposed redevelopment of the Ledbury towers can proceed.
8. To note the delivery programme, financial implications and associated risks of the project.
9. To note project progress since the February Cabinet paper.
10. To note that a Gateway report will be progressed to appoint an architect and employers' agent who will work closely with residents in the design of their new homes.

Recommendations for the Leader of the Council

11. Agrees to delegate the approval to the Cabinet Member for Council Homes and Homelessness for the procurement and appointment of a design team, to RIBA stage 3+ and consultants to the wider project team for the duration of the project to take the scheme to planning, and subject to consent, procurement of a contractor for Ledbury Towers scheme.
12. Agrees to delegate the approval to the Cabinet Member for Council Homes and Homelessness of the serving of demolition notices in order to suspend qualifying tenants from exercising their Right to Buy (RTB) their homes for a period of up to 7 years.

BACKGROUND INFORMATION

13. In July 2017 the Council held a public meeting to respond to residents' concerns about fire safety on the estate. Following an urgent investigation by structural engineers Arup, it was discovered that strengthening works on the Large Panel Structure of the towers had not been completed as previously thought. Southwark Council immediately switched off the gas supply and began a programme of works to make the towers safer for residents.
14. Since then the Council has been working closely with residents to discuss the future of the Towers. The Council has been committed to ensuring residents who want to remain on the estate had the option to do so and to work with residents on any final decision.
15. Cabinet received reports on the response to the emergency situation on the Ledbury Estate on 19 September 2017, 12 December 2017, 6 February 2018, 16 July 2019, 29 October 2019 and 17 December 2019.
16. Following detailed analysis of the blocks, it was determined that a full refurbishment option for the towers must be considered alongside a proposal for the demolition and comprehensive redevelopment of the towers.
17. Cabinet received a further paper in February of this year. In this, Cabinet agreed to proceed to a Resident Ballot for the final option, on the basis of the proposals and commitments within a Landlord Offer Document. The results of this ballot are contained within this paper.
18. In light of the Ballot result in favour of demolition of the towers, the Ledbury Towers project has been transferred from the Major Works Team to the New Homes Development Team to deliver the regeneration. This includes the commencement of the construction phase by September 2022, to secure a Greater London Authority (GLA) grant allocation of £27.8M as part of the Building Council Homes for Londoners programme.

19. Due to the rapport and significant degree of trust developed with the Resident Project Group and wider community and importance of continuity of service and retained knowledge, where possible, The New Homes Development Team has sought to retain the services of consultants appointed by the Major Works Team. The original architects, Hunter & Partners Ltd (Hunters), have been retained in the capacity as technical advisor to the Resident Project Group and a 'critical friend' of the project.
20. To meet the GLA funding deadline, the New Homes Development Team has completed the appointment of key consultants, the architect and employers' agent, up to a contract value of £100,000 each, to commence the design and consultation processes.
21. Should Cabinet approve recommendations set out in this paper, the New Homes Development Team will proceed with the appointment of the design and project team consultants to take the scheme to planning, and subject to further gateways, on site to deliver the homes.
22. The appointment of Karakusevic Carson Architects LLP (commonly referred to as KCA) the only new consultant to the core project team, followed a successful tender exercise. This was undertaken using and in accordance with the guidelines, terms and conditions of the LHC Architect Design Services Framework (Lot 3). Gateway 1 and 2 papers have been approved to appoint KCA to undertake RIBA stages 0 - 1 (feasibility work) from 4th May 2021 for a period of up to six months. A Gateway 2 paper is being progressed for a further appointment to take the scheme to planning should Cabinet approve the recommendations of this paper. Corporately, this approach has been agreed and communicated across the organisation. Further information will be included in the relevant gateway papers.
23. Calford Seaden, as employers' agent and cost consultant, were initially appointed to the project via a direct call off under the LBS Major Works Framework. As part of the original team, alongside colleagues from the Major Works Team and Hunters, they helped to develop the options appraisals presented to residents in 2018. In a similar arrangement to that of the architects, their services have also been retained to allow work to progress prior to this Cabinet meeting.
24. Notting Hill Genesis Consultant Framework 3 (Lot 2) has been identified as appropriate for a direct call-off to retain Calford Seaden's services for the duration of the project. A Gateway paper will also be progressed for this full appointment and contract value should Cabinet approve the recommendations of this paper.
25. Open Communities was appointed to the project in 2017 to provide the estate residents with independent advice enabling them to provide input into decisions taken about the future of their homes and community. This service includes organising and chairing the monthly Resident Project Group meetings. The New Homes Development Team will also seek to retain their services, if possible, but depending on the terms of their

appointment and procurement rules, may have to go out to tender for the service.

26. The Resident Project Group, which has continued to meet virtually on a monthly basis, was involved in the selection of the architectural practice and its engagement team, is satisfied with the outcome. An announcement has been made in the weekly Ledbury Estate newsletter.
27. In addition to attending the Resident Project Group meetings, The New Homes Development Team is also working closely with the on-site Ledbury Team led by the Director of the Ledbury Estate. Officers from both teams along with the Communications team lead attend monthly internal meetings to discuss the engagement plan, content for the weekly newsletter and updates on the occupation of the tower blocks along with any issues.
28. As of 24 May 2021, of the 224 homes, 23 secure tenants remain in their homes, 18 are being occupied by those with leasehold interests and 103 are being used as temporary accommodation. The 4 tenants and 3 leaseholders in Bromyard House are temporarily residing in the other blocks, as Bromyard House is entirely vacant. A breakdown is included in the table 1 below.

Table 1 – Ledbury Estate Tower blocks: Occupation data

Tower block	Secure tenants	Leasehold interests	Temporary accommodation
Bromyard House	4	3	0
Peterchurch House	3	3	29
Skenfrith House	7	6	40
Sarnsfield House	9	6	34

29. As highlighted to Cabinet in February 2021, as a result of the Covid-19 pandemic and subsequent Government guidelines regarding social distancing, void properties in the Tower blocks were being utilised as temporary accommodation for those Southwark residents who were living in shared temporary accommodation. As set out above, this continues to be the case.

KEY ISSUES FOR CONSIDERATION

Resident Ballot

30. Previous consultations held with the Ledbury Towers residents in response to the emergency situation raised in June 2017 meant that the ballot was not (and did not need to be) held in accordance with the GLA's requirements. Compliance with the GLA's rules would have excluded residents with a right to return, and non-resident leaseholders who at the time were promised they would have a say on the future of the Towers.
31. This predated the GLA's resident Ballot requirements, introduced in July 2018. The project remains eligible for funding as The GLA issued, on 9th April 2021, an exemption certificate on the grounds that demolition is required due to fire safety concerns.
32. Estate Regeneration Resident Ballot requirements meant there was no minimum turnout needed, the result was based on a simple majority and voter eligibility criteria applied. The process was conducted and managed by Open Communities, an independent organisation.
33. On 3 March 2021, the resident ballot took place. The ballot went to the 196 qualifying households (i.e. permanent tenants, tenants who have moved and have the right to return, resident leaseholders and non-resident leaseholders).
34. The ballot asked residents if they were in favour of the proposal for the re-development of the towers on the Ledbury Estate. On 26 March 2021, the deadline for the receipt of the completed ballot papers, 86% of the respondents voted in favour of the proposals.
35. Of the households eligible to vote, 56% participated. Of those residents still living in the towers 77% took part while 49% of the former tenants with a right to return took part. A number of those families that have moved from the Towers did not participate as they do not intend to return to the estate.
36. Along with the casting of votes, comments made by residents included expected construction related concerns such as noise and air pollution, traffic congestion as well as general congestion of Commercial Way. Concerns were also raised regarding permit parking and loss of green space.
37. The project and design team will directly address resident and stakeholder concerns highlighted during the consultation process and take them into consideration during the design of the new homes. Consultation will be delivered in accordance with the Southwark Charter of Principles and the latest Government guidance regarding Covid-19 restrictions.

Secure Tenants

38. In June 2017, following the discovery of structural integrity issues with the four towers, the Council made available to all secure tenants residing in the towers and who expressed a desire to move, the opportunity to be allocated band one status on the Council's Homesearch system.
39. In November 2017, Cabinet approved the Right to Return for secure tenants who moved from the estate, and in February 2018 the Council made rehousing an additional option available to Ledbury tenants following the Council's acquisition of a block of 80 units at Sylvan Grove.
40. Since then the Council has continued to rehouse secure tenants of the towers, with their agreement, to various locations across London. The Council however now requires vacant possession of these blocks and will continue to work with the secure tenants within the blocks to rehouse them, in line with the Landlord rehousing offer set out in February 2021 Cabinet report.
41. As of 24th of May 2021 there remains 22 secure tenants residing in the towers.
42. The Council will seek to continue rehousing the remaining secure tenants by agreement, however Cabinet are asked to note that it may be necessary to apply to the court for an order for possession under one of the grounds in Schedule 2 of the Housing Act 1985 so that the Council can obtain vacant possession of dwellings occupied by secure tenants in the blocks where vacant possession is required so that redevelopment can proceed, and the new homes can be provided as mandated by the residents via the ballot.

Acquisition of leasehold interests

43. The Council holds the freehold interest of the development site, but in order for the Council to proceed with the demolition and redevelopment of the towers, it is necessary to acquire all the residential leasehold interests, and any commercial interests within the development area.
44. In December 2017, Cabinet approved a voluntary buy back scheme for leaseholders within the towers in recognition of the potential disruption to residents in these blocks whilst further investigative works were undertaken around the long-term future of the blocks. Following the resident vote for demolition of the towers a voluntary buy back scheme is no longer appropriate as it cannot guarantee vacant possession of the blocks, and so that scheme is now brought to end.
45. This report then seeks to replace the voluntary acquisition scheme with approval to acquire all remaining leasehold interests in the four towers in order to deliver vacant possession of the tower blocks. These interests will be acquired on similar terms to those that would apply had a Compulsory

Purchase Order been made, in terms of compensation and disturbance payments.

46. The Council has built an extremely positive dialogue with the majority of residents and leaseholders so it remains the Council's intention to acquire all leasehold interests by agreement rather than by compulsory acquisition. However, if this is not possible then it may be necessary to bring a further report to Cabinet at a later date to seek approval to commence the Compulsory Purchase Order process. This would enable the Council to acquire compulsorily any outstanding leasehold interests in the towers, which it is not able to acquire by agreement, to enable the delivery of the redevelopment programme to proceed. The Council has wide ranging powers available to acquire land by agreement and these are set out in the legal section of this report.
47. The formal Compulsory Purchase Order process (and the temporary suspension of tenants' right to buy their home) as part of the vacant possession strategy has been discussed with the Resident Project Group. This was received positively by the Group as it is understood that timely vacant possession is critical to securing the grant allocation to help pay for the development of the homes.
48. In December 2017, there were 33 leasehold interests in Bromyard House, Peterchurch House, Skenfrith House and Sarnsfield House. The previous voluntary buy back scheme acquired 16 leasehold interests in these blocks. Since that date, one tenant has exercised their Right to Buy, leaving 18 leasehold interests remaining to be acquired.
49. The Council will now be seeking to acquire these remaining interests in line with the provisions set out in the Land Compensation Acts 1961 and 1973, the Compulsory Purchase Act 1965 and relevant case law. This includes the opportunity for leaseholders to be represented in any negotiations to acquire their leasehold interest by a surveyor whose fees will be reimbursed at completion by the Council.
50. In addition to this statutory basis for acquisitions, in February 2021 Cabinet approved a report which brought forward a ballot of residents on the estate and contained a landlord offer, which set out the main rehousing policies which were to be offered to leaseholders on the Ledbury Estate. This report authorising the scheme will serve to formally enable those leaseholders, who are eligible for rehousing assistance under the Ledbury offer and the Council's standard rehousing policies for leaseholders affected by regeneration, to have access to rehousing opportunities through the Council.
51. It is important to note that the voluntary buy back scheme brought forward in December 2017 aligned very closely to the compensation provisions of the Land Compensation Acts 1961 and 1973 and the Compulsory Purchase Act 1965 and so leaseholders selling their interest to the Council now will be eligible for the same heads of claim as leaseholders were under the

voluntary buy back scheme approved in December 2017. However, this report does bring forward an increased range of rehousing opportunities for eligible leaseholders under the landlord offer set out in the February 2021 Cabinet report as opposed to those limited rehousing options which were available under the voluntary buy back scheme.

52. Alongside the acquisition of residential interests, there are a range of commercial interests within the development area, including mobile phone infrastructure, whose interests will need to be acquired so that the development is able to proceed. Council officers have commenced early discussions with the relevant parties, and as with the residential interests, will seek to acquire those commercial interests in the development area by agreement. If and where this is not possible it may be that the Council will have to exercise its compulsory purchase powers to acquire those interests.
53. Officers are also reviewing whether any appropriation of land on the site is required, or recommended, and if so may also need to bring forward a further report with regard to appropriation of any land required within the development area.

Demolition Notices

54. This report notes that since the introduction of the voluntary buy back scheme in December 2017, there has been the completion of one Right to Buy within one of the four towers affected by these proposals. To prevent temporarily any remaining secure tenants from exercising their Right to Buy, this reports proposes that Initial Demolition Notices are served under Schedule 5A of the Housing Act 1985 as inserted by clause 182 of the Housing Act 2004 and amended by the Housing and Regeneration Act 2008.
55. This will serve to suspend the Right to Buy in Bromyard House, Peterchurch House, Skenfrith House and Sarnsfield House. This will protect the Council's financial position by not requiring the Council to sell properties within these blocks under the Right to Buy at a discount, which is then not able to be recovered by the Council where that property is acquired either pursuant to a CPO or through a CPO.

Legal implications

56. Please refer to the legal concurrent below from the Director of Law and Governance.

Community impact statement

57. Section 149 of the Equality Act 2010 lays out the Public Sector Equality Duty (PSED) which requires public bodies when taking decisions, to have due regard to the need to:

- a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - c) Foster good relations between those who share a relevant characteristic and those that do not share it.
58. The Council through a process of regular review has been considering the impact on all protected groups throughout the development of the Council's proposals for all regeneration projects within the borough. This has led to the Council's developing rehousing policies for leaseholders and tenants affected by regeneration proposals in the borough.
59. These have identified that the Council has a range of measures in place to mitigate any potential impacts of regeneration proposals, including:
- a) Rehousing policies through the Council which provide a range of local re-housing opportunities that enable residents to move locally (if they choose to do so) to a new home that meets the needs of their family and financial position, following an assessment based on the specific needs of each household.
 - b) A dedicated team of officers which supports both tenants and leaseholders through the rehousing process.
 - c) Providing support and guidance about a range of routes to all residents affected by regeneration but with particular focus on those that may be vulnerable or in need of additional support.
 - d) The development of new homes in the borough which will provide high quality homes to modern standards for residents in the borough to move to.
60. Therefore, the Council considers that the potential impacts of the scheme are fully addressed through the operation of its rehousing policies and provision of dedicated support and guidance available through Council officers and local independent organisations that provide support and guidance to Ledbury Estate residents.
61. Through the consultation process, the Council has also sought to update its understanding of the makeup of individuals affected by the rehousing and process. The Council will continue to monitor any resulting impacts. The Council will also seek to update and expand upon this information throughout the ongoing process as it continues to discharge its public sector equality duty. Individual assessments of the housing needs of secure tenants are also carried out to ensure alternative accommodation offered is suitable to their needs.
62. In addition, an Equality Health and Impact Assessment (EqIA) has been undertaken and reviewed independently by Open Communities to ensure that the consultation process considers all affected residents by ensuring that the engagement team is aware of the various needs so that the process can be tailored accordingly.

63. The assessment focuses on the potential effects, including health effects, likely to be experienced by those living and working in the community in light of their 'protected characteristics'. Please refer to Appendix 1.
64. It identifies differential or disproportionate effects, both positive and negative, on those with protected characteristics from the development proposals and sets out mitigation or enhancement measures that the Council can put in place. It looks at these factors ahead of confirming decisions and policy.
65. The EqIA has been informed by the Council's iWorld housing database as well as other sources including discussions with TRA members, consultation hubs, residents' feedback about communication in the Southwark Conversation, feedback from other consultation workshops and the Ledbury team's housing needs survey.
66. Various communication methods and engagement tools are already in place such as the distribution of weekly newsletters, online and by post, and the 24 hour on-site presence of Ledbury resident service officers available to provide a dedicated one to one service as and when required. These officers are aware of the specific communication needs of each resident to ensure information is accessible to them.
67. The assessment will be shared with the architect's appointed engagement team, which will be working with residents throughout the design development process. The team will also work with the Ledbury Team and residents' interpreters, whilst also implementing additional specific engagement tools appropriate to each of the identified user groups such as older residents who prefer information by hard copy and face to face contact.
68. A further Equality Health and Impact Assessment will be carried out prior to submission of a planning application to ensure a fair and accurate representation of the impact of the final design and new development on the Ledbury Estate including the allocation and specific lettings policy as well as management of works on site.

Financial implications

69. Subject to construction works commencing in September 2022, the project will be part-funded by £27.8M of GLA grant along with the Housing Revenue Account funding (HRA) and borrowing. The scheme proposals include 75 homes for private sale, any receipts generated will ease the borrowing on future developments or HRA programmes.
70. However, due to the significant demolition costs, the delivery of 78% of the homes for council rent (i.e. 264 of 340), public realm works, re-housing costs and enacting set requirements and specifications within the ballot's

Landlord Offer, an initial feasibility assessment demonstrates that the project is not financially viable.

71. Officers will attempt to improve viability throughout every stage of the process. This will include finessing the design requirements, optimising unit numbers to allow for further cross-subsidy from the market and potentially shared-ownership homes and working closely with the employers agent and design team to ensure a competitive price from the tender. However, due to the reasons stated in the paragraph above, the scheme is extremely unlikely to achieve a positive Net Present Value.
72. It should be noted that as the scheme evolves, officers will undertake further work to review phasing options, ensuring that the Council remains flexible and is in a position to limit exposure to financial risk. Furthermore, officers will continue to review the most appropriate route to market for a contractor and work to provide the most commercially advantageous approach to reduce the Council's peak debt of financing the overall capital cost of the works.
73. Significant investment would have been required to address the issues. The cost to refurbish the tower blocks was estimated, by Calford Seaden in December 2019, at £85.1M¹ (4,708 per square metre).
74. The cost of refurbishing the towers would have resulted in a negative financial impact. However, this would not have delivered the holistic regeneration benefits or additional homes contained within the current proposals.
75. The redevelopment, as mandated by the residents, provides new high-quality, sustainable and safe homes with minimized long term maintenance costs. Of which some of the costs are off-set by the income from the additional homes for future development projects. This option also provides wider regeneration benefits.
76. An operational budget of 20% of on costs is expected to be expended to develop design proposals to planning application stage, and subject to planning consent, on to pre contractor tender stage.
77. Tables 2a and 2b below set out the indicative accommodation schedule:

¹ Refurbishment works option cost does not include on costs.

Table 2a – Proposed unit mix (indicative)

Bed type/property category	1 bed	2 bed	3 bed	4 bed	5 bed	Total
Existing homes ²	76	72	76	0	0	224
New homes	23	70	10	12*	1*	116
Total	99	142	86	12	1	340

*Provision of these homes is based on identified housing need.

Table 2b – Proposed tenure mix (indicative)³

Bed type/Tenure	1 bed	2 bed	3 bed	4 bed	5 bed	Total	% of total homes
Council rent	86	84	81	12	1	264	78
Shared equity	2	8	8	0	0	18	5
Private sale	12	35	11	0	0	58	17
Total	100	127	100	12	1	340	

78. A closed version of this report contains further detail on the financial position as it contains information exempt by virtue of category 3 of paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution.

Policy implications

79. The project will be delivered in line with the Council's carbon neutrality commitments. Achieving an enhanced environmental performance will be integral to the design process to provide low carbon, high comfort homes with lower lifecycle and maintenance costs. This will be achieved by considering interventions such as;

- utilising materials and components chosen to reduce embodied carbon footprint and in turn reduce long term future maintenance costs
- landscape interventions to significantly enhance bio diversity

² Includes 206 council rented and 18 leasehold homes.

³ This proposal is in accordance with current Council and GLA policies.

- photovoltaic cells to roofs
 - placing winter gardens along Old Kent Road to mitigate noise pollution
 - rainwater harvesting for landscape irrigation
 - recesses, entrances and balconies to mitigate wind effect
 - services located into dwellings to prevent corridors overheating
 - maximising natural ventilation in communal circulation.
80. The option presented in the Resident Ballot (option D) will align with the Council Plan, Housing Strategy and Great Estates Programme and the Protocol for Consideration of New Homes and Charter of Principles.
81. The detailed design of the redeveloped estate will also align with National, Regional and Local Planning policy frameworks including the Old Kent Road Area Action Plan (OKR AAP). The Old Kent Road Planning Team remains engaged in the process, most recently participating in the architect selection process as members of the panel. Officers from the New Homes Development Team will ensure that the OKR team remain an essential stakeholder in the evolution of the proposals.
82. Design will also be compliant with the newly adopted London Plan (2021) and Southwark's planning policies Core Strategy 2011 and the New Southwark Plan.
83. The design options will also be considered in light of the Council's Climate Emergency Declaration. The carbon footprint associated with the redevelopment will be modelled against the existing baseline and will include a calculation of the option against the uplift of carbon associated with delivering the number of homes in the redevelopment option.
84. Commitments established in the Landlord Offer Document (see Appendix 2) detail a proposed local lettings policy specific to the Ledbury Estate. The principles of the policy are outlined in the Offer Document, and reflect the promises made to residents when the emergency first arose in the summer of 2017. Cabinet noted the policy implications of this offer document in the February 2021 Cabinet report.

Consultation

85. A summary of consultation carried out with the Ledbury Estate community since mid-2017 is set out in table 3 below.
86. This includes the weekly Ledbury newsletter and the Ledbury Resident Project Group. The Resident Project Group consists of residents and former residents of the tower blocks and the low rise blocks, established in response to the substantiated concerns raised by residents. Its purpose, to ensure residents and the community are included in the design and consultation processes whilst working with the Council to provide the best solution to the housing issue.

Table 3 – Consultation summary

Date	Event details
July 2017 - November 2017	Public consultation meetings held to discuss residents' concerns about fire safety and structural integrity of the four tower blocks.
October 2017 – ongoing	Weekly newsletters produced by Ledbury Estate team circulated to residents of the four tower blocks, the tenants who have moved who have the right to return and the residents in the low rise homes on the Ledbury Estate.
November 2017	Resident Project Group set up, chaired by Open Communities to work on the scope of the Options appraisals for the four towers
January - February 2018	Exhibition, public meeting and household survey carried out independently by Open Communities to vote on the priority for works in a strengthening option
August – September 2018	Public meeting and two exhibitions held to explain the four appraisal options. Household survey to vote on the four appraisal options carried out independently by Open Communities
January – March 2020	Monthly Resident Project Group meetings with Hunters architects to carry out further work on the scope of the options appraisals
July 2020 – ongoing	Monthly online Resident Project Group meetings attended by council officers incl. Ledbury Estate Director and the New Homes Development Team
October 2020	Household survey carried out independently by Open Communities to vote on the appraisal options
March 2021	Residents' ballot carried out independently by Open Communities

87. The Resident Engagement Plan will provide for ongoing consultation and engagement with residents in the Towers, former residents of the Towers with a right to return and stakeholders of the Estate. Please refer to Appendix 3.

Delivery

88. The key drivers behind the project programme are the need to re-provide former residents of the four tower blocks with permanent homes as soon as possible, and starting construction works by September 2022 to secure GLA grant funding to contribute to the development costs.
89. Cabinet should note that achieving a Start on Site by September 2022 is incredibly ambitious. From officers' previous experience of major regeneration schemes and advice from the Employers Agent, the dates below represent the best-case scenario in which the Start on Site is

only just attainable. Officers are cognisant of this and programme risks will be monitored and mitigated where possible.

90. Set out in table 4 below are the key programme dates

Table 4 – Ledbury Estate key programme dates

Commencement of consultation with Resident Project Group	June 2021
Design development	June 2021 – December 2021
Planning submission	January 2022
Planning consent	May 2022
Start on site (and securing GLA grant allocation)	September 2022
Practical completion	May 2028

Ledbury Estate Local Lettings Policy

91. In February 2021 Cabinet, Cabinet Member for Housing was granted authority to approve a dedicated Ledbury Estate Local Lettings Policy, subject to a majority vote in favour of the redevelopment option in the Resident Ballot.
92. The New Homes Development Team will work with relevant colleagues to bring forward a Local Lettings Policy for how the new homes to be built on the estate will be let to local residents.
93. Further detail will also be provided in this report around the tenure options and housing products which will be made available to Southwark residents.

Resourcing Implications

94. Following permanent appointments to the New Homes Development Team in March 2021, a full project team is in place to deliver the project. Appropriate resourcing through the support of the Chief Executive’s department and the My Southwark Homeowners Team is also in place to deliver the acquisition of leasehold interests on the estate, whilst the Ledbury Team already in place will deliver the rehousing of secure tenants and temporary accommodation from the estate.
95. The Council has an ambitious regeneration programme underway, which is likely to increase officers’ workload over the next few years. If run concurrently current staff structures could become overburdened.

Officers review staffing resource implications regularly and so are able to identify potential issues before they become problematic. Should this be the case, Cabinet will be notified accordingly.

Procurement Strategy

96. The procurement of the wider project team will be completed, subject to Cabinet approval of this paper, to produce design proposals in preparation for planning submission. A paper will be brought before Cabinet in December 2021 to provide an update, in addition to other matters aforementioned, regarding a contractor procurement route.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

The Equality Act 2010

97. The Equality Act 2010 requires the council, when taking decisions, to have due regard to the need to:
- (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
98. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.
99. The report confirms that an Equalities Impact Assessment has been carried out in conjunction with consultation and summarises the findings and, where any possible disproportionate effects have been identified on groups sharing protected characteristics, the mitigation proposed to discharge its public sector equality duty. Members must give due regard to the outcome of the EIA when considering the recommendations.

Consultation

100. The report explains the detailed resident engagement process that led to an indication of support for, and the outcome of the resident ballot in favour of, the proposal for the estate. The report also notes that there will be continuing consultation with residents.
101. The law requires that consultation must be undertaken when proposals are at a formative stage and include sufficient information and time for interested parties to respond. This must be satisfied for fair and proper

consultation with the outcomes being taken into account in the final decision making process.

102. Under s.105 Housing Act 1985 the council is obliged to maintain arrangements to enable those of its secure tenants who are likely to be substantially affected by the proposed demolition to be informed of the proposals and to make their views known; and to take their representations into account.
103. The report explains that all current residents of the Towers, relocated residents, and non-resident leaseholders, have been included in the consultation process.
104. Cabinet members should satisfy themselves as to the consultation carried out and take into account the outcome of the consultation when making decisions on the recommendations.

Re-housing Secure tenants to acquire council tenancies for vacant possession

105. The report explains that most council secure tenants have already relinquished their Ledbury tenancies. The council will seek to re-house remaining secure tenants by agreement. Where agreement is not achieved the Council has the ability, following service of the requisite statutory notice of seeking possession, to bring a claim for possession against its secure tenants under Ground 10 of Schedule 2 of the Housing Act 1985, which provides as follows:
106. The landlord intends, within a reasonable time of obtaining possession of the dwelling- house to demolish or reconstruct the building or part of the building comprising the dwelling-house, or to carry out work on that building or land let together with, and thus treated as part of, the dwelling-house, and cannot reasonably do so without obtaining possession of the dwelling-house.
107. The court will not make an order for possession of a dwelling-house let under a secure tenancy under Ground 10 unless it is satisfied that suitable alternative accommodation will be available for the tenant when the order takes effect. Accordingly, the council will need to ensure suitable alternative accommodation is offered to secure tenants.

Acquisition of leasehold [and freehold] interests

108. The Council has power under s120 of the Local Government Act 1972 to acquire land by agreement for the purposes of any of their functions under the Local Government Act or any other enactment, or for the benefit, improvement or development of their area. Subsection (2) provides that even if the land is not immediately required for the purpose for which it is being acquired, it may be acquired and used for the purpose of any of the council's functions.

109. In addition, the Council has power to acquire land by agreement under s227 of the Town and Country Planning Act 1990, for any purpose for which a local authority may be authorised to acquire land under s226. That section includes purposes of development and redevelopment.

110. In this report the recommendation is that land is being acquired by agreement in order to facilitate the development of the area, which falls within the purposes set out in s120(1) of the Local Government Act 1990 and s226 of the Town and Country Planning Act 1990.

111. Accordingly, the Council has power to acquire leasehold interests by agreement as recommended by this report.

Compensation payments under the Land Compensation Act 1973

112. Persons with a qualifying legal interest displaced from their properties because of demolition, such as tenants, and leaseholders, will be eligible for mandatory or discretionary statutory compensation and disturbance payments. These will be made in line with the applicable legislation and council policy at the appropriate time.

The Allocation of new properties following redevelopment

113. Under Part 6 of the Housing Act 1996 (HA 1996), an authority must have a scheme for determining priorities and procedures in the allocation of its housing and generally must not allocate housing except in accordance with that scheme.

114. The council's housing allocations scheme gives effect to legal requirements to give preference to certain groups of applicants, together with additional groups as a result of council priorities.

115. Under s166A(6) of the HA 1996, the council is permitted to depart from its main allocation scheme where it puts in place a local lettings policy which prioritises particular groups of applicants for particular properties, provided that the cumulative effect of such schemes does not displace the system of reasonable preference set out in the main allocation scheme.

Procurement

116. The procurement and appointment of professional consultants are outline in paragraphs 21 to 25 of this report and are subject to a recommendation to the Leader of the Council to agree to delegate the procurement and appointment approval decisions to the Cabinet Member for Council Homes and Homelessness.

Leader Delegations

117. Under Part 3 of the council's constitution, the Leader has authority to delegation to the Cabinet Member the approvals set out in paragraphs 11 and 12 of this report.

Strategic Director of Finance & Governance (H&M 21/044)

118. This report provides an update on the plans to redevelop the Ledbury estate following the resident ballot held in March of this year. The proposed development, which is still at an early stage, is expected to deliver around 340 new homes of which 282 will be council homes. The gross development cost of delivering the council and shared equity homes is estimated at £138.2 million (£110.4 million net). This is indicative at this stage and will become more defined as the project evolves through final design and procurement.

119. The council has already secured grant funding from the GLA of £27.8 million as a contribution towards the cost of the social homes, and further funding will be sought as the project is developed. The grant is conditional upon construction works commencing in September 2022.

120. A land receipt of £4.6 million is currently assumed arising from the private sale units being developed, albeit there remains the option for the council to build them out and generate a larger receipt, but it comes with substantially greater risk for the council than the traditional developer-led arrangement. It may be possible for the council to forego the land receipt in lieu of developer contributions towards the provision of social homes as a means of improving cash flow and assisting in reducing the level of borrowing required. Further detailed financial evaluation is required and decisions in this regard will be reported to cabinet for approval at a later stage.

121. Ledbury, along with similar high needs/high cost schemes such as those at Tustin and Maydew, represents very substantial investment for the council (predominantly the HIP) which have significant long-term financing implications, without maximising private sales subsidy to contribute to affordability in both individual scheme terms and in the wider context of the Housing investment Programme (HIP). Cabinet need to be aware of the debt financing commitment that it places on the HRA (circa £2.3 million interest per annum based on currently low PWLB rates) as predicated in this report. This represents a fixed cost for up to 50 years and subsequent refinancing, thereby reducing revenue budget capacity for day to day service needs, meet new and emerging commitments and manage unforeseen events.

122. For context, Southwark's total borrowing (both general fund and HRA) at 31 March 2021 stood at £891.4 million comprising both long and short term debt. Of this sum, £682 million was PWLB, which ranks Southwark fourth highest in London and thirteenth in England. This demonstrates the

council's ambitious investment in the borough over the last decade. £521 million of this current debt is HRA and whilst the removal of the borrowing cap has provided greater freedom for crucial housing investment, the level of borrowing must remain sustainable over the long-term. As a prudent measure of affordability, debt exposure is linked to the value of the net rental stream generated by the HRA, which is dictated by central government rent policy. It is also impacted by largescale rental stream losses necessitated by unavoidable re-housing events.

123. On this basis, total HRA borrowing of circa £1.3 billion is broadly affordable, providing circa £800 million headroom to meet the wider investment needs of the housing stock such as building safety, heat network and carbon reduction and new homes. Given the current scale of commitments and other competing priorities not currently in the 10 year HIP, and in the absence of additional government financial support, borrowing headroom is likely to be exhausted by 2026-27, notwithstanding further rental stream movements over that period. Consequently, this requires a thorough review and prioritisation of the programme going forward as advised in the previous cabinet report.
124. For reference, local authority borrowing, investment and capital finance activity is subject to the provisions of the Local Government Act 2003 and supported by the Prudential Code for Capital Finance and the Treasury Management in the Public Services Code of Practice and Guidance published by the Chartered institute of Public Finance and Accountancy. The codes introduced a series of indicators and limits, which Council Assembly approve annually.

REASONS FOR URGENCY

125. The report sets out the background to the project, mandate from the residents of the Towers, strategies and next steps required to enable the redevelopment of the Ledbury Towers.
126. To secure external funding, vacant possession of the building in Phase 1 needs to be in place to secure a contractual start on site by September 2022.

REASONS FOR LATENESS

127. This report required external information and feedback which was only available after the date of dispatch.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet reports: Ledbury Estate Towers - Ledbury Towers Residents' Ballot	Virtual: Livestreamed on Southwark Council's YouTube channel here: https://www.youtube.com/user/southwarkcouncil	Paula Thornton 020 7525 4395
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/g6666/Public%20reports%20pack%20Tuesday%2002-Feb-2021%2011.00%20Cabinet.pdf?T=10 (Item 9)		

APPENDICES

No	Title
Appendix 1	Equalities and Health Impact Assessment
Appendix 2	Landlord Offer document – Final
Appendix 3	Resident engagement plan

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Council Homes and Homelessness		
Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation		
Report Author	Mike Tyrrell, Director for Ledbury Estate		
Version	Final		
Dated	7 July 2021		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Director of Law and Governance	Yes	Yes	
Strategic Director of Finance and Governance	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			7 July 2021