

<b>Meeting Name:</b>	Cabinet
<b>Date:</b>	22 July 2024
<b>Report title:</b>	Aylesbury Estate Update – Current Phases
<b>Cabinet Member:</b>	Councillor Helen Dennis, New Homes and Sustainable Development
<b>Ward(s) or groups affected:</b>	Faraday
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not Applicable

## **FOREWORD - COUNCILLOR HELEN DENNIS, CABINET MEMBER FOR NEW HOMES AND SUSTAINABLE DEVELOPMENT**

The council remains unwavering in its ambition for the renewal of the Aylesbury Estate and the delivery of high quality, sustainable homes for our residents who live there. Over the last year, we have seen the completion of new council homes on the First Development Site as well as Plot 18, and it is wonderful to see residents moving into their new homes. Across the First Development Site (A & B), there will be 581 new council homes, including flexi-care provision at Harriet Hardy House, and some specialist housing for those with learning difficulties. Working with Notting Hill Genesis (NHG) , our development partners on the estate, we have now delivered the new Una Marson library which opened earlier this year and we are close to opening the new Health Centre and Community Centre which will be leased by Mentivity.

Among other things, this report proposes the reallocation of existing budget to enable the council to offer discretionary home-loss and disturbance payments to residents currently living in latter phases of the regeneration project, but who want to take up the opportunity to move into new council homes on the FDS. We are proposing that the advice and support offered around Aylesbury allocations is brought back in house and

The report also makes a number of proposals that will facilitate the delivery of phase 2B which is currently being consulted on by NHG with a view to bringing a new planning application forward later this year. We know that this year has been a challenging one for residents given the delays to the programme but we hope that this report will give assurances that we remain focused on the delivery of decent homes and to working with the TRAs to address the immediate and pressing issues on the estate through resident services and our investment programme.

## RECOMMENDATIONS

### Recommendations for the Cabinet

1. That the Cabinet approve the following:
  - i. The re-profiling of £20.4m of previously approved spend for the project, for years 2024-27, as set out in Appendix 1.
  - ii. The re-profiled expenditure of an estimated £1,215,000 (based on the current policy allowance of £8,100 per household, from October 2023) and £112,500 for approximately 150 secure tenants as discretionary payment for those who may move to the First Development Site B (FDS B). The calculations for which are set out in paragraph 37.
  - iii. The expenditure of approximately £351,000 (based on the previous policy allowance for homeloss payment of £7,800 per household) as a discretionary back payment to 45 secure tenants who have moved from Phase 4 to First Development Site (FDS A), in line with the approval in point ii.
  - iv. The expenditure of approximately £427,500 for homeloss and disturbance payments to secure tenants in Phases 2b, C and 3 which have decant status, be paid from the existing, approved leasehold budget.
  - v. The termination of the agreement with Creation Trust Southwark CIC.
  - vi. The appointment of specialist consultants to undertake negotiations on the purchase of commercial units to provide vacant possession to the developer and where possible avoid the establishment being taken forward in any future compulsory purchase orders.
  - vii. The delegation of authority to activate Phase 4 as a decant phase to the Managing Director of Southwark Construction, in consultation with the Strategic Director of Housing, the Leader and relevant Cabinet Members, should this become necessary to accelerate the building programme.
  - viii. The delegation of authority to negotiate and approve any proposal for a variation of the Development Partnership Agreement with the developer for the purpose of enabling the delivery of Phase 2b, to the Managing Director of Southwark Construction, in consultation with the Strategic Director of Housing, the Strategic Director of Finance, the Leader and relevant Cabinet Members for expediency purposes to prevent any delays in progressing the phase.
  - ix. The delegation of authority to the Managing Director of Southwark Construction in consultation with the Strategic Director of Housing, the Leader and relevant cabinet members, to give them the ability to commission any surveys and investigations that may be applicable or in the council's interest to understand market conditions that may impact or influence the deliverability of the regeneration programme.

- x. The delegation of authority to the Director of Planning and Growth and the Managing Director of Southwark Construction, to give them the ability to offer an alternative solution for the purchase of leasehold properties within Phase 2b, up to the value of £450,000 which; may fall outside the general policy and be outside of the borough for estate regeneration schemes as required to secure vacant possession.

**REASONS FOR RECOMMENDATIONS**

- 2. To enable key activities for the next phase of the regeneration programme for the Aylesbury Estate, Phase 2b, to be carried out using the existing budget. To ensure that the council fulfills its obligations under the DPA and Business Plan with the developer.
- 3. To enable secure tenants to receive a discretionary payment of homeloss and disturbance payments for their moves to the new homes on FDS A and B.

**ALTERNATIVE OPTIONS AND NOT RECOMMENDED**

- 4. There are none.

**POST DECISION IMPLEMENTATION**

- 5. As noted below:

<b>Key Activity</b>	<b>Target completion date</b>
Termination of Creation Trust CIC agreement	July 2024
Reprofiling of budget to appropriate cost centres	July 2024
Payment of discretionary payments	March 2025
Recommendation of heating options for phase 2b and Wolverton blocks	August 2024

**BACKGROUND INFORMATION**

- 6. The background to the Aylesbury Estate regeneration programme is well documented in reports, dating back to 2005. The decision to regenerate the estate was approved by Cabinet in January 2014, culminating in the signing of a DPA with the developer, with the objective of creating a better environment and better homes for residents.

7. This report provides a summary position on the regeneration of the estate, progress made to date, and matters for approval or noting by Cabinet to enable the next phase of delivery, and the fulfilment of both the council and the developer's obligations under the DPA and Business Plan.
8. The report does not seek to alter or add any additional information about the decision to regenerate the estate or rationale for approvals obtained thus far.

### **New Homes Delivery Programme**

9. The regeneration of the Aylesbury Estate has been underway for some years now, following the signing of the DPA.
10. The developer's has provided a draft programme for the delivery of the regeneration programme.
11. Unforeseen circumstances have had an impact on the delivery of the new homes, most recently the judicial review judgement on the outline planning permission (OPP), changes in Building Regulations which has required the redesign of and delayed the approval of the planning application for Phase 2b.
12. Despite the setbacks, the construction of new homes, has progressed at pace and high quality affordable homes are now being built on the estate, including 581 new council homes on the FDS. Two hundred and twenty-nine have already been handed over and occupied.
13. The first tranche of these new homes are now out of the defects liability period and are the responsibility of the council to maintain. The remaining 352 council homes will commence sectional handover, from May. All homes should be fully occupied by early 2025.
14. In addition to the new homes on the FDS, Plot 18, consisting of 122 new homes (a mixture of social homes, homes for sale and commercial units) is expected to be completed in early 2025. Both the council and the developer are landlords on this site. The nursery, library, health provision and public square are in the council's ownership, with the remainder within the developer's demise. The library opened in January and is fully operational. It has been well received by local residents.
15. The developer continues to review the viability and interest for the commercial unit.
16. There were changes in the planning approval for Plot 18, from 66 private sale, 10 shared ownership and 46 social rented units to 99 private sale, 6 shared ownership and 17 social rented units. The 6 shared ownership units have been converted and designated as homes for over 55s.

17. The FDS C site was demolished and cleared in 2019. This site will deliver 321 new homes, a mixture of social shared ownership and private for sale which will be owned by the developer. Construction is underway and is anticipated to complete Summer 2027. The site will be leased to the developer.

## **KEY ISSUES FOR CONSIDERATION**

### **Phase 2b Planning Status**

18. The next phase of the regeneration of the estate is Phase 2b. This phase currently consists of 614 new homes a mixture of social, shared ownership and private for sale homes. The Council will have 100% nomination rights to the social rent and intermediate homes. Due to unforeseen circumstances there has been a delay in the determination of this application.
19. The phase 2b planning application was referred for consideration to the Mayor of London because it is of strategic importance.
20. In July 2023 the government's passed legislation requiring all residential buildings over 18m to have a second staircase for evacuation purposes. The GLA, following this change in legislation, also announced in September 2023 that they would no longer review Stage 2 referrals for applications whose proposals did not achieve the new legislative requirements.
21. The delay in the planning application being determined has had an impact on the commencement of the Compulsory Possession Order (CPO). Legal advice is that CPO proceedings should not commence until planning consent is in place, which is not anticipated to be before Summer 2025.
22. A legal challenge to the Section 96A application for the consented outline planning permission, was received in April 2023 and determined in January 2024.

### **Phase 2b Vacant Possession Obligations**

23. Under the DPA the council has a legal obligation to provide vacant possession (VP) of the blocks contained in Phase 2b, namely 241-471 Wendover, Padbury, Ravenstone and Winslow.
24. The emptying of the blocks has gained momentum over the past year or so with the completion of FDS A homes in July 2023. Whilst it is likely that the council will require the CPO, to acquire leasehold interests, the majority of secure and temporary accommodation tenants will have vacated the blocks by the end of the year. If a CPO is required a separate report will be brought to Cabinet at the relevant time.
25. Under the terms of the DPA, the council is obliged to support the developer's delivery programme by providing timely VP of each phase, and undertaking

the demolition of the buildings and associated infrastructure.

26. These obligations are supported by further detail and processes set out in the Business Plan.
27. The soft stripping of the blocks was completed in September 2023 which enabled them fix the demolition costs until November 2024.

### **Discretionary Payment**

28. A number of the secure tenants in the earlier phases have successfully moved elsewhere on the estate or to alternative accommodation across the borough. A number of tenants have secured permanent homes in FDS A.
29. In accordance with the local lettings policy and as with FDS A, all the homes in FDS B are intended, in the first instance, to be allocated to tenants and leaseholders (where applicable) living on the Aylesbury Estate in priority phase order.
30. With the pending handover of the 352 council homes as referred to above it is anticipated that a large number of secure tenants in phase 4, which is yet to be activated as a decant phase, will have the opportunity to move into one of the new homes.
31. A key part of the council objective in undertaking a phased rehousing approach for the redevelopment is to retain as much of the existing community as possible.
32. For the tenants living in phase 4 the non-activation of the phase means that they are not entitled to receive the statutory homeloss payment. With the economic crisis as it is this is of great concern to tenants who may in turn decide to remain in their homes until the activation of their phase, which is not anticipated to be before 2031 at the earliest, to secure their homeloss payment.
33. The decision to award secure tenants a discretionary payment equivalent to the homeloss payment is an important incentive for not only providing residents with a secure start in their new homes but also ensuring that the council homes on the estate go to those it was originally intended for.
34. Forty-five secure tenants from phase 4 have already moved to FDS A for which a discretionary backdated payment to them would be fair and just. This payment will be at the statutory homeloss amount, at the time of their move of £7,800.00.
35. Tenants from phases 2 and 3 which are activated decant phases have already moved and received homeloss and disturbance payments. The table below sets out the anticipated payments.

### Homeloss and Disturbance payment table

Cost Title	Value	No. of Tenants	Phase 2b/c	Phase 4
Tenants Homeloss Phases 2 and 3	£7,800.00	50	£390,000.00	
Tenant Homeloss payment (phase 4)	£8,100.00	150		£1,215,000.00
Tenant disturbance payment (phase 4)	£750.00	150		£112,500.00
<b>Total</b>				£1,327,500.00

36. The funding for these discretionary payment is being sought from the £20.4m budget to purchase leasehold interests as a budget was not previously approved for these payments.
37. In January 2022 Cabinet approved £29.8m for leasehold purchases. There are currently one hundred and forty one leasehold interests remaining on the estate and an estimated £68m will be required to purchase the leasehold interests in these properties at a later date.
38. It is not anticipated, given the programme completion date for phase 2b of 2032 that leasehold interests in phases 2c and 3 will need to be acquired in the immediate future.
39. There is no requirement to commence purchasing of leasehold properties in phase 4 at this time.

### Future Phases Programme

40. The indicative programme to complete the regeneration of the estate is ambitious. The programme requires the council to deliver its vacant possession and demolition obligations at pace, with adequate resources and robust processes.
41. The council's contractual obligation is to ensure that there are sufficient financial resources available for it to deliver its vacant possession and demolition obligations under the terms of agreement.
42. Additional funds will be required to progress and fulfil the council's obligations beyond phase 2b in later years. Funding would also be required should the council wish to demolish blocks independent of the developer programme.
43. The programme is subject to change and will as pending decisions are made about the submission of the revised planning application, CPO, and VP as well as other matters that may affect delivery.

44. Consideration will need to be given to any potential legal challenge made in respect of phase 2b and any potential risk of legal challenge in future phases.
45. The council is to achieve vacant possession for each phase and sub-phase, Southwark Construction will work with the developer to ensure that these are accounted for in future worst-case scenarios as matters are firmed up.

### **Existing Services/Disconnections**

46. The Aylesbury Estate is serviced by a district heating system which also provides heating to building located outside of the Aylesbury Estate. The council will be responsible for discussing the disconnection of the supply with the freeholder and any costs associated with it. The disconnection will not be required for a number of years.
47. In some situations where a building is required to be disconnected from the district heating system prior to vacant possession (in line with the Demolition Schedule), a temporary boiler plant will be provided and connected by the developer.
48. Council Officers are in the process of establishing the options available to provide a temporary supply to any buildings identified as being required to enable vacant possession to be achieved.
49. Leasehold interests in blocks will be acquired to mitigate the disconnection and new supply issues that may arise as there is no reference in their leases in relating to this matter which would assist the council in gaining access and installing a new heating system.

### **Creation Trust Southwark CIC**

50. In 2009, the Council and Creation Southwark CIC entered into a Memorandum of Understanding under which the parties agreed to collaborate in achieving certain objectives, including the Council's intention to provide financial and other support to CIC.
51. In 2018 the board of the Creation Trust decided to end in their original form and deliver a reduced service through Creation Trust Southwark CIC.
52. Creation Trust Southwark CIC was established in 2019 as a successor body to the The New Aylesbury Trust Ltd (known as Creation) to continue to deliver housing advice to residents going through the Aylesbury regeneration programme.
53. In January 2020 the Council agreed to fund the successor body for a period of 10 years.
54. Since this time the council has been funding Creation Trust Southwark CIC and providing an estate based office premises. They have for some time been working out of the Blue Hut on the estate but are soon to move into a



space in the Una Marson Library.

55. The main focus of the organisation is to support residents to engage with the regeneration programme, provide services for young people and deliver worklessness programmes for local residents.
56. The relocation of tenants on estate has, in the main, been to new homes built on the estate in accordance with the local lettings policy. The Resident Services Officers have played the primary and pivotal role in ensuring the detailed engagement to support this transition takes place not the CIC.
57. The funds allocated to CIC would best served by employing two part time Regeneration Officers to support the regeneration of the estate, working closely with the developer in delivering their social and economic commitments, the Resident Services Team and other departments across the council.
58. It is therefore recommended that the council terminate the agreement with CIC.
59. A review of the resources and skillsets needed to deliver the regeneration programme including the engagement with residents should be considered once the delivery dates for phase 2b have been confirmed by the developer.

### **Non Adopted Open Spaces (NASS)**

60. Within the Business Plan and DPA the intention was for NASS sites to be maintained through ground rents received by the developer. In 2023 the government freed future leaseholders from ever having to pay ground rent through the Leasehold Reform (Ground Rent) Act 2022. An alternative solution for the management of the NASS sites going forward will need to be agreed.

### **Budget Re-profile**

61. There is currently no budget allocated to the Aylesbury Estate regeneration beyond leasehold purchases. The re-profiled budget includes all costs associated with the council fulfilling its legal obligations under the DPA and Business Plan for the delivery of phase 2b and key programme deliverables for the latter phases for the next three years – from 2024 to 2027.
62. The re-profiled budget does not include the demolition of the blocks contained in phase 2b.
63. In September 2022 the wholesale purchases of leasehold properties across the estate was ceased to; preserve the additional funds approved in January 2022, awaiting a firm programme from the developer and to allow for out of sequence purchases that would be necessary to assist the developer in accelerating the programme.

64. Where necessary exception reports will be prepared for leaseholders who fall into hardship or can demonstrate an urgent need for their property to be acquired by the council. These reports will be considered by the Managing Director of Southwark Construction and the Director of Planning and Growth for approval. Eight purchases has been allowed for within the reprofiled budget.
65. The remaining leaseholders interests in phase 2b must be acquired to allow the next phase of the regeneration programme to start. The cost for acquiring the leasehold interests has been accounted for within the reprofiled budget.
66. The reprofiled budget also takes into account any costs associated with the purchase of a property to secure VP in phase 2b.
67. Taking into account the timescale for the delivery of phase 2b and the remaining phases the re-profiling of the budget to support the key activities and requirements of the council in delivering the estate will not be a detriment to the purchasing of leasehold interests.
68. A report will be brought to Cabinet in the future for budget approval to purchase the remaining leaseholders on the estate and carry fulfil the council's obligations under the terms of the agreement with the developer as and when required.

### **Risks and Challenges**

69. Given the complexity and length of the regeneration programme risks, challenges and issues will remain constant. The current risks pertaining in the main to phase 2b are; achieving vacant possession, rehousing of tenants, purchases of leasehold properties, a successful CPO.

### **Policy Framework implications**

70. The regeneration programme is being carried out in accordance with new Southwark Plan. Outline planning permission for the whole Estate and reserved matters approval for current sites is in place.
71. Plot 18, FDS A and B new homes aligns with the council's principles and visions for a new housing strategy which is aimed at increasing the availability, affordability and quality of homes in the borough. The new homes will play a key role in assisting the council to achieve its target of building more new homes.

### **Community, equalities (including socio-economic) and health impacts**

#### **Community impact statement**

72. Over the last decade there has been considerable community engagement

as the programme has been developed. Recent activity has focused on both consultation on forthcoming new homes on FDS B and the opening of the new library.

73. The developer continues to engage with the community in line with their obligations under the DPA and Business Plan, engaging with the council and their representatives to ensure their engagement meets the aspirations of the council. They are currently preparing the consultation strategy for the phase 2b planning application and a future programme of engagement to be shared and approved by the council.

#### **74. Equalities (including socio-economic) impact statement**

75. An Equalities Impact Assessment (EQIQ) was carried out for phase 2b in August 2022. When required further detailed EQIA will be carried out in order to inform the regeneration programme.

#### **Health impact statement**

76. The EQIA will include the health impact of the proposals.

#### **Climate change implications**

77. The current masterplan for the programme, which built on the Aylesbury Area Action Plan, was the subject of outline planning permission in 2015. At the time the provision of a communal heating system based on a number of gas powered energy centres was compliant with planning policy.
78. FDS A and B are served by gas heat network. Sites 2B and FDS C will and have been taken forward with the alternative air source heat pumps and photovoltaic panels.
79. Policy will ensure that the remainder of the regeneration programme meets the highest possible sustainability standards.

#### **Resource implications**

80. The resources for the delivery of the regeneration is in the main through a dedicated team within Southwark Construction who are supported by a number of departments throughout the council. The resource requirement will need to be reviewed to reflect the delivery programme for the phase 2b, as well as the collaboration and monitoring of the social and economic obligations of the developer.

#### **Financial implications**

81. For the reasons set out elsewhere in this report, the re-profiling of the leasehold purchase budget is sought to cover key activities and costs associated with the delivery of the programme. No additional funds are being sought.

## Legal Implications

82. There are no immediate legal implications contained within the report. As and when matters arise through the course of the programme legal advice will be sought and action taken as appropriate.

## Consultation

83. The council will continue to engage with the community and other key stakeholder about the delivery of the new homes and the regeneration of the estate. The developer is required under the DPA to carry out stakeholder engagement at all levels for the duration of the agreement.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

### Strategic Director, Finance

84. The Strategic Director of Finance notes the recommendations of the report, specifically the redesignating of the remaining approved resources of £20.4m originally set aside for leaseholder acquisitions for the Aylesbury development as set out in the report. This is primarily to facilitate vacant possession of phase 2B of the Aylesbury development agreement through the purchase of the remaining leasehold interests and to offer discretionary disturbance payments to tenants moving as part of the development. The report at this time seeks no further funding for future phases, which will be reported separately at a future date.

### Other officers

85. There are none.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Aylesbury Estate Phase 2b CPO <b>Link:</b> <a href="https://moderngov.southwark.gov.uk/documents/s107262/Report%20Aylesbury%20Estate%20Phase%202B%20CPO.pdf">https://moderngov.southwark.gov.uk/documents/s107262/Report%20Aylesbury%20Estate%20Phase%202B%20CPO.pdf</a>	Planning and Growth, Finance Strategic Directorate, 160 Tooley Street, London, SE1 2QH	Neil Kirby 0207 525 1878
Future of Aylesbury Estate <b>Link:</b> <a href="https://moderngov.southwark.gov.uk/documents/s104415/Report%20">https://moderngov.southwark.gov.uk/documents/s104415/Report%20</a>	Planning and Growth, Finance Strategic Directorate,	Neil Kirby 0207 525 1878

Background Papers	Held At	Contact
<a href="#">Future%20of%20Aylesbury%20Estate.pdf</a>	160 Tooley Street, London, SE1 2QH	
Aylesbury Over 55s Homeloss and Disturbance Payment <b>Link:</b> <a href="https://modern.gov.southwark.gov.uk/ieDecisionDetails.aspx?ID=7713">https://modern.gov.southwark.gov.uk/ieDecisionDetails.aspx?ID=7713</a>	Planning and Growth, Finance Strategic Directorate, 160 Tooley Street London, SE1 2QH	Neil Kirby 0207 525 1878

## APPENDICES

No.	Title
Appendix 1	Aylesbury Estate Non Adopted Shared Sites

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Helen Dennis, New Homes and Sustainable Development	
<b>Lead Officer</b>	Hakeem Osinaike, Strategic Director of Housing	
<b>Report Author</b>	Lorraine Roach, Strategic Lead Aylesbury	
<b>Version</b>	Final	
<b>Dated</b>	10 July 2024	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Assistant Chief Executive, Governance and Assurance	No	No
Strategic Director, Finance	Yes	Yes
List other officers here	N/a	N/a
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	10 July 2024	