

Item No:	Classification: Open	Date: 14 September 2004	Meeting Name: Executive
Report Title:		East Dulwich Estate: Call-in	
Ward(s) or Group affected:		All Wards	
From:		Overview & Scrutiny Committee	

RECOMMENDATIONS

1. That the Executive:
 - i) Notes that the estimated gross receipt given by Officers of £7.5-8million, for the proposed disposals of Badminton, Bramham, Walcot and Wilton Houses together with 1-11 Pytchley Road, differs significantly from the East Dulwich Estate Tenant and Residents Association (TRA) estimate of £14-15million;
 - ii) Further notes that there are similar differences between Officer and East Dulwich Estate TRA estimates of receipts for the possible disposal of the Gatebeck and Southdown site;
 - iii) Undertakes an independent external valuation of both sets of sites described in (i) and (ii) above prior to making a final decision on the scheme and based on a range of variable housing density;
 - iv) Shares as much financial information as possible with the East Dulwich Estate TRA prior to its decision so that the TRA can evaluate the financial viability of any alternative scheme they would like to propose to the Executive;
 - v) Has access to planning officers' rationale, as to what planning density would be acceptable, when it considers the item; and
 - vi) Notes the following information detailing the receipts accrued and projected, as submitted by Housing Officers to Overview & Scrutiny Committee:

Receipts	£
Identified for East Dulwich alone and realised	2,914,779
Identified for East Dulwich alone and in pipeline	2,025,000
Identified For East Dulwich or other scheme and realised	1,772,514
Identified For East Dulwich or other scheme and in pipeline	7,002,000

BACKGROUND INFORMATION

2. On 28 April 2004, Council Assembly heard a deputation from the East Dulwich Estate Tenants and Residents Association requesting that alternatives to the current proposals for the refurbishment of the estate were considered which did not involve block demolition to pay for required works. The current Council policy was a £20million refurbishment of the estate with £4.9million of funding being raised from land sales on the estate.

3. The following motion was agreed by Council Assembly and referred to the Executive for consideration:

“That the commitment from the Leader of the Council in October 2002 to support the proposal for funding regeneration of the East Dulwich Estate without the need for any land sales or demolition of homes on the Estate, subject to such a proposal being lawful, be noted.

That in light of the representations from the deputation as to the impact of new government funding regulations effective from 1 April 2004, that the Executive urgently take appropriate legal advice and consider the implementation of the alternative funding proposal for the regeneration of the estate.

That the Executive report back on the progress of this matter at the June 2004 Council Assembly.”

4. On 22 June 2004 the Executive considered the motion and heard a deputation from the East Dulwich Estate Tenants and Residents Association.
5. The Strategic Director of Housing commented that, as part of the development of the proposals for regenerating the East Dulwich Estate, Officers had considered a number of different physical options. The current Council policy was that there should be a £20million refurbishment of the estate with £4.9million of this funding being raised from land sales on the estate. This policy was set in the context of a financial plan for the Southwark Estates Initiative (SEI) which utilised a set of capital receipts recycling rules set out in the Capital Finance Regulations of 1997. At the request of tenant representatives on the estate, the Council in 2002 reconsidered whether it was legally possible to implement a £15million scheme using land receipts generated from other estates. The legal advice obtained from leading Counsel was that the Council’s interpretation of the receipt rules was correct and that it was not possible to implement a £15million scheme under the SEI finance plan. On this basis the Council continued to develop the masterplan for the estate.
6. The Strategic Director of Housing indicated that the Government had changed the criteria for capital receipts recycling since April 2004. Whilst these rule changes meant that there was more flexibility about how receipts were recycled, it was still the Council’s view that a £20million scheme was the right option for the estate.
7. The Strategic Director drew Members’ attention to a number of factors:

- It was estimated that up to £15million was needed to address non-decent housing on the estate;
 - A £20million scheme would address non-decency as well as providing the key investments in environmental improvements, safety, security and community activities that tenants had identified as priority needs. Tenders were currently awaited but, using estimated costs, the £4.9million receipt could fund:
 - o nursery/community centre - £1m,
 - o door entry and lobby improvements - £1m,
 - o car parking, lighting, soft landscaping to courtyards - £1.1m
 - o play areas - £0.6m
 - o ground floor defensible space - £0.75m
 - o converting ground floor flats to wheelchair standard - £0.5m
8. The estimated cost of undertaking works to the 5 blocks identified for demolition to bring them to Decent Homes standard was £3.45million. The works proposed to be funded from the £4.9million receipt had been prioritised through resident consultation on the estate particularly the Planning for Real exercise. In addition, the Police had identified the door entry improvements as a priority to deal with the community safety issues on the estate. The need to convert properties to a wheelchair standard had been highlighted through the recent referencing exercise, which identified a large number of tenants with mobility problems.
 9. The estate was in a priority neighbourhood and the opportunity to combine a number of complementary programmes, e.g. Neighbourhood Renewal, was being further explored.
 10. At present £15.1million had been identified through land sales throughout the Borough to be invested into the Estate. If the balance of £4.9million was found from the Housing Investment Programme rather than from land sales within the estate it would be at the expense of delivering decent homes and meeting the Council's contractual obligations elsewhere. It was assumed that the £4.9million would be accrued net of the costs of decant, leasehold purchase and demolition. The £4.9million in combination with the capital receipts raised from other housing disposals would fund the other costs to the Council of delivering the scheme, of which refurbishment works would be the largest component.
 11. Taking into account the new Housing Association homes being developed as part of the scheme and the level of voids on the estate, it was currently anticipated that the tenure preferences of all those tenants being rehoused as a result of the scheme could be met.
 12. The Council had spent considerable time developing aspects of the proposals for the estate. One block, Goldwell House, had already been refurbished and was currently being let to tenants from blocks identified for demolition. There was a high level of expectation from staff and users of the nursery that there would be a new provision. A number of land disposals had either been completed or had been identified as being subject to investment in East Dulwich Estate. After four years of

consultation on options for the estate, there was an urgent need to proceed with the proposals in order to improve both the quality of life for residents and the quality of the housing stock on the estate.

13. Taking account of the above advice, the Executive agreed that Officers continue with the current council policy (i.e. that there be a £20 million refurbishment of the estate with £4.9 million of this funding being raised from land sales on the Estate). The Executive also agreed that, as far as possible, Officers should do their utmost to offer every tenant affected by demolition a straight choice of remaining on the estate as a council tenant or as a registered social landlord tenant.
14. On 2 July 2004 the Chair of Overview & Scrutiny Committee (Councillor Kim Humphreys) and three members of the Committee (Councillors Fiona Colley, Barrie Hargrove and Andy Simmons) requested a call-in of this decision. The reason given for the call-in request was as follows:

"Concerns regarding the analysis of the project based on historic valuations of land, both on the East Dulwich Estate and other associated disposals."
15. At its meeting on 13 July 2004, Overview & Scrutiny Committee heard a deputation from the East Dulwich Estate Tenants & Residents Association. The deputation requested:
 - Current formal land valuations, with detailed breakdowns of how calculations had been made, for each of the proposed main areas to be sold;
 - Full details of other receipts, proposed or already received, for all of the other smaller plots of land that it was intended would feed into the regeneration; and
 - A proper review of all the available options with full consultation with tenant and resident representatives.
16. The Leader of the Council emphasised that the initial consultation exercise in 1998, arising from the Southwark Estate Initiative (SEI), had been extensive. Match funding needed to be raised by demolishing some of the blocks. The Council needed to raise funds in order to bring homes on the estate up to the decent homes standard. He clarified that the figure of £4.9million specified in the Executive report took account of e.g., buying out leaseholders and other decant and demolition costs. The Leader indicated that the Executive was concerned to take a clear decision in respect of East Dulwich Estate in order to create certainty for residents. The Strategic Director of Housing confirmed the advice provided to the Executive.
17. The Estate Regeneration Co-ordinator and Asset Management & Valuation Surveyor gave details of the range of plots involved on the East Dulwich Estate and their intended uses, including private sale, affordable housing and re-housing of decanted residents. They also provided details of the elements of SEI funding to be derived from different estates across the borough. In respect of East Dulwich Estate, the majority of funding was to come from receipts relating to individual blocks on the estate. The Strategic Director of Housing emphasised that any failure to raise sufficient funding on the estate would impact on SEI funding generally in the borough.

18. The Committee adjourned consideration of the issue until its next meeting in order to receive detailed financial information relating to the proposals for East Dulwich Estate.
19. On 27 July 200, Overview & Scrutiny Committee continued the call in, receiving a further deputation from the East Dulwich Estate Tenants & Residents Association and financial information from Housing Officers which outlined costs for disposal and refurbishment of the East Dulwich Estate (attached as Appendix).
20. The Committee agreed the recommendations set out at paragraph 1 above.

LEGAL & FINANCIAL IMPLICATIONS

21. See officer comments in accompanying report.

Background Papers	Held At	Contact
Overview & Scrutiny Committee – Agenda and Minutes	Scrutiny Team, Rm 3.16 Southwark Town Hall Peckham Road London SE5 8UB	Stephanie Dunstan Scrutiny Team T: 020 7525 7224

AUDIT TRAIL

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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	No	No
Chief Finance Officer	No	No