

<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 20 March 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court and Damory House	
<b>Ward(s) or groups affected:</b>		Rotherhithe Ward	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management and Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	

**FOREWORD - COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT AND COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY**

After a lengthy and somewhat difficult process, we are finally able to take a firm decision on the future of Maydew House, Thaxted Court and Damory House on the Abbeyfield Estate. The high investment need and future of these blocks has been uncertain for quite a long period of time, more so for Maydew House residents, who have had to live with the uncertainty over the future of their homes for too long. We are now in a position to end that uncertainty.

Following a recent building survey which included both internal and external areas, we can now be confident that we can safely deliver an enhanced refurbishment programme of works. Whilst the proposed works will necessitate the vacant possession of Maydew House, we are committed to offering both current and former secure tenants who qualify, the option to return to the block on completion of the works.

The high costs associated with the enhanced refurbishment means that we will have to forward fund the works as there is a shortfall in the budget allocated to the three blocks in the council's 5 year housing investment programme. To make up this budget shortfall we will have to dispose of a number of properties in Maydew House, but we will only dispose of enough properties to meet the difference between the cost of the warm, dry, safe works and the enhanced refurbishment works and not the entire cost of the scheme. Works are currently programmed to start in the 2015/16 financial year, but it is anticipated that we will bring this date forward so works can begin sooner.

We are pleased to recommend the preferred option of enhanced refurbishment of all three blocks with a part retention/part disposal of Maydew House which will contribute towards the council's aspirations for a 30 year asset management plan to follow on from our commitment to make all homes Warm, Dry and Safe.

We would like to thank all those residents who have assisted us greatly in the appraisal process and the related consultation work and in particular those residents who kindly allowed us to internally survey their homes. Finally, we would also like to thank all the residents for their patience in bearing with us through what has been a very lengthy process.

We look forward to progressing the enhanced refurbishment works as quickly as possible and making each home warm, dry and safe.

## **RECOMMENDATIONS**

That the cabinet:

1. Notes the findings of the Abbeyfield Estate options appraisal, considering Maydew House, Thaxted Court and Damory House.
2. Approves the adoption of enhanced refurbishment of all 3 blocks as the preferred option, with the retention of the freehold of Maydew House and disposal of sufficient void properties in the block to bridge the funding gap between the warm, dry, safe works and enhanced refurbishment works on the estate and that these works are programmed into the housing investment programme for financial year 2013/14.
3. Notes that the works required at Maydew House cannot be carried out with residents in situ.
4. Agrees that tenants being rehoused from Maydew House as a result of the requirement for works, be offered the option to return to the block when the works are completed.
5. Agrees that officers be instructed to work out the details bringing about the Maydew House option to return to best effect, and to conduct individual consultation with households on that basis.
6. Notes the next step to acquire the remaining interests in Maydew House is for the council to instigate compulsory purchase proceedings and that a further report will be submitted to cabinet seeking approval to make a compulsory purchase order.
7. Notes that the adoption of the preferred option and the additional benefits that would be achieved requires the scheme to be dealt with as a regeneration project.
8. Agrees that officers further report to cabinet on the delivery of this option if significant matters arise that means the preferred option cannot be implemented within the resources that have been made available.

## **BACKGROUND INFORMATION**

9. The cabinet considered a report on the housing investment programme and revised strategy on 31 May 2011, in which the following six estates were identified as having high investment need: Aylesbury, Elmington, Brandon, Four Squares, Hawkstone and Abbeyfield Estates. On the basis that proposals were in place for the Aylesbury, Elmington and Brandon Estates, it was agreed that an options appraisal taking into account investment and regeneration objectives would be undertaken in consultation with residents on the remaining three estates, including Abbeyfield Estate.
10. The Abbeyfield Estate comprises of Maydew House, Damory House, Thaxted Court, Bradley House and the Bede Centre (a non residential facility), but for the purposes of the options appraisal process, Bradley House was not considered

due to its separation from the other blocks. Maydew House is a 26-storey tower block, with 24-storeys accommodating 144 residential units, Damory House is a low rise 4-storey block made up of 35 units and Thaxted Court is a low rise 4-storey block made up of 24 units. The Bede Centre is a building occupied by a community based project. All four buildings are served by a heating installation in Maydew House. An estate layout is attached at Appendix 1. Please see table 1 below for breakdown of tenure mix for the residential blocks, including the current occupancy of Maydew House.

**Table 1:**

	<b>Tenant</b>	<b>Leaseholder</b>	<b>Temporary</b>	<b>Voids</b>	<b>Total</b>
<b>Maydew House</b>	34	2	78	30	<b>144</b>
<b>Damory House</b>	24	11	0	0	<b>35</b>
<b>Thaxted Court</b>	16	8	0	0	<b>24</b>
<b>Total</b>	<b>74</b>	<b>21</b>	<b>78</b>	<b>30</b>	<b>203</b>

11. The cabinet decided in August 2010 to rehouse residents of Maydew House and to give further consideration to the future of the block. It was concluded that works could not be undertaken with residents in situ, which resulted in the permanent rehousing of secure tenants and buying out of leasehold interests. The rehousing from Maydew House began in September 2010. The cabinet also resolved to consider the long term future of Maydew House in full consultation with residents and to consider the possibility of the right to return for tenants.
12. The cabinet decision in August 2010 to rehouse tenants in Maydew House, also initiated the commencement of negotiations to purchase the leasehold interests. Of the original 5 leaseholders in the block, the council successfully negotiated with 3 of them and acquired their flats in November 2011. The council has continued to engage with the 2 remaining leaseholders, but negotiations have not resulted in agreement of compensation terms. As the council has been unable to purchase the remaining leasehold interests by negotiation, the only route that can now be used is through compulsory purchase. The council can exercise its powers under section 17 Housing Act 1985, which permits the acquisition of land, houses or other properties for housing and ancillary development. This power can be used to improve sub-standard or defective properties; to assemble land for housing and ancillary development; bring empty properties back into use and would therefore be applicable to Maydew House.
13. The August 2010 cabinet report also identified the physical links and impact of any potential scheme for Maydew House and its neighbouring blocks, Thaxted Court and Damory House. A feasibility study by Levitt Bernstein and a survey report by BPTW were included in the information presented in the cabinet Report.
14. Officers reported back to cabinet on 18 October 2011 on the progress made to date in carrying out the options appraisal. Cabinet noted progress and approved an updated project plan for the Abbeyfield Estate, which stated that a further report would be provided to cabinet in February 2012 on the outcome of the Abbeyfield Estate options appraisal. The October cabinet also agreed the housing investment programme for the next 5 years. This included an allocation of £11m for Maydew in 2015/16, along with an allocation of £99,472 for Damory House and £78,670 for Thaxted Court. This is to cover internal works only, mainly bathrooms and electrical wiring, identified through the boroughwide stock

condition survey.

## **KEY ISSUES FOR CONSIDERATION**

15. As outlined in the cabinet report of 18 October 2011, the council's options appraisal methodology consists of an evaluation of net present value, strategic fit and risk.
16. In order to provide the quantitative information required to feed into this evaluation regarding the range of viable investment options available for the Abbeyfield Estate, technical advisors were appointed to undertake costed building condition and land capacity surveys. A quantity surveyor was appointed to review the survey costs. These appointments were made in keeping with contract standing orders, and two residents from the Abbeyfield Estate Resident Steering Group (RSG) participated fully in the procurement exercise. Mace was appointed as the building surveyor, Feilden Clegg Bradley Studios (FCBS) as the architect and Potter Raper as the quantity surveyor.

### **Building condition survey findings**

17. The Mace team was directed to review existing information on stock condition held by the council in relation to the Abbeyfield Estate as well as carrying out their own surveys. An important element of this information concerned the findings from a 2010 Levitt Bernstein feasibility study and a 2010 BPTW report on the basis of which it was concluded that it would not be possible to undertake works to meet the Decent Homes standard at Maydew House with residents in situ, because of the amount of associated work to services and the prevalence of asbestos within dwellings.
18. The main emphasis of the new Abbeyfield Estate survey was to provide an independent assessment of the works required for each of the options. The survey assessed the current and future repairs and maintenance liability of the three blocks. The main objectives of the survey were to:
  - a) Analyse and assess the site profile from surveys and devise a sampling strategy to ensure the inspection of a representative proportion of the property stock.
  - b) Programme and resource the inspection of a representative sample of flats internally with a target sample of 10%.
  - c) Capture condition data to report on extent of works to meet both a 10-year and 30-year life cycle.
  - d) Determine compliance of the stock with Decent Home Standards and Housing Health & Safety Rating System.
19. The findings that emerged from the surveys conducted by Mace are as follows:
  - 1) Based on the internal survey of 10% of properties and 100% of the external area the blocks are in fair condition for their age and it is clear regular care and upkeep is carried out on an estate wide basis.
  - 2) Properties are generally in fair condition with ongoing minor repair needs remedied as necessary.
  - 3) No major investment has taken place recently and a significant number of major components have come to the point of requiring upgrade or complete renewal.
  - 4) Half of the properties are in non-decent condition in accordance with the

- criteria set out by the DCLG.
- 5) A number of properties have had elements replaced but still require further investment.
  - 6) In Maydew House, the internal hot water installation suffers from a number of leaks and due to the age of the system these leaks are difficult to rectify and poor condition of the pipe work necessitates replacement. The recommendation is the system should be drained down and that all elements above the floors should be replaced and buried pipe work capped and abandoned.
  - 7) Heating systems to the low-rise blocks should be replaced in conjunction with the updating of the boiler plant and consideration should be given to the replacement of all un-insulated tanks with a more modern installation.
  - 8) A review of the August 2010 Adamson's Laboratory Services (ALS) Asbestos Report was undertaken, along with their recommendation of asbestos removal. In light of other works to the building and the fact that the properties are currently being decanted, access can be gained to carry out works and in line with the council's Code of Practice on Management of Asbestos and the ALS report, Mace recommend that the asbestos removal takes place during any refurbishment works.
  - 9) An allowance should be made for the removal of asbestos during the works to update kitchens and bathrooms in the low-rise blocks.
  - 10) A high level of investment is required to either extend the life of the buildings by 10 years to meet the council's commitment to Warm, Dry, Safe to achieve the Decent Home Standards or to achieve a 30-year life.
20. The council issued the following documents to Mace for review:
- a) Asbestos Surveys
  - b) Fire Risk Assessments
  - c) Stock Condition Reports (repair schedule).
21. Based on the information provided within the above reports, specific to Maydew House, Mace concluded that any proposed works needed to deliver decency and long term objectives would result in residents being exposed to a high risk of:
- No hot water or heating for prolonged periods of time
  - Exposure to Asbestos.
22. The extent of asbestos contained in Maydew House is much higher than the low-rise blocks. Therefore, the impact on the proposed works would be much harder to manage with substantial disruption to the residents. Maydew House is considered high risk throughout and therefore works could not be carried out whilst residents are in occupation. When considering Damory House and Thaxted Court, it is considered reasonable for the works to be undertaken whilst the residents remain in occupation. This is caveated by the need to provide either temporary decanting or respite facilities for residents during some of the more disruptive operations.

### **Asbestos implications and findings**

23. Previous information concerned with asbestos in Maydew House was challenged by the residents and part of the Mace remit was to review the available information and further inform the council's understanding in relation to the necessary asbestos removal works required at Maydew House. From the final report submitted by Mace and subsequent discussions of it with the RSG, the

council is of the opinion that the levels of asbestos within Maydew House would present a health and safety problem if disturbed. The level of asbestos present also presents an ongoing liability to the council in terms of inspection and notification of works. An element of the enhanced refurbishment works involves replacing pipe work and radiators within each dwelling which would result in the disturbance of the asbestos. The council has been advised that for health and safety, speed and cost effectiveness, the asbestos removal should take place during the refurbishment works. The RSG require assurances on the extent of the asbestos and the need for removal. In the past there has been part removal of asbestos with residents in occupation as part of repair and maintenance works. The council has a responsibility to think of the practicalities and safety involved in any asbestos removal and the need to comply with asbestos handling requirements, and could not afford to jeopardise any safety aspects during removal works. Below, table 2 identifies the location of asbestos, the recommended removal method and the implications for residents.

**Table 2:**

<b>Maydew House Extent of Asbestos</b>			
<b>Location</b>	<b>Type if known</b>	<b>Removal Method</b>	<b>Resident Impact</b>
Walls (internal partitions to all rooms)	Asbestos Insulating Board (AIB) (Chrysotile)	Property sealed AIB removed and property decontaminated.	Notifiable Works*
Walls ( Party Walls)	Asbestos Cement	Property sealed Asbestos containing material removed.	Notifiable Works*
Panels above Doors	Asbestos Insulating Board (Chrysotile)	Property sealed AIB removed and property decontaminated.	Notifiable Works*
Flooring – the vinyl tiles	Chrysotile	Non licensed task - manual removal.	Short task resident can be isolated from the works.
Flooring in bitumen adhesive below Vinyl tiles	Chrysotile	Non licensed task - manual removal.	Short task resident can be isolated from the works.
Bathroom Access Panel	Chrysotile	Non licensed task - manual removal.	Short task resident can be isolated from the works.
WC Cistern	Asbestos in plastic	Non licensed task - manual removal.	Short task resident can be isolated from the works.

\* The council is obliged to notify the health and safety executive prior to carrying out notifiable works.

### **Land capacity survey findings**

24. FCBS architects were asked to identify land capacity opportunities on the Abbeyfield Estate.

25. In identifying viable redevelopment opportunities within the area, FCBS considered the following:
- Existing development within the area
  - Current use and quality of existing spaces
  - Resident feedback on both of the above.
26. All these factors were of importance because the purpose of considering development was to provide finance for the scheme to be delivered, and if necessary provide rehousing capacity.
27. FCBS carried out a site inspection and noted that unless part of the raised deck and garages beneath are removed and the Bede Centre relocated elsewhere on the estate, there is not sufficient space between the existing buildings to introduce any significant new residential element. If the Bede Centre and part of the raised deck were to be demolished, then a substantial area could be used for a residential development, and shared open space facilities. The ramp and staircase located in front of the tower could be demolished to provide additional facilities for either a landscaped car park or a purpose built community building to accommodate the Bede Centre. In addition, the first floor of the tower is currently underused and could be refurbished to provide the opportunity for the potential of a community facility.
28. FCBS designed two redevelopment opportunities for the Abbeyfield Estate which were:
- Redevelopment of the Bede Centre and part of the raised deck footprint to accommodate 2 x 5-storey apartment blocks with 20 units in each and a row of 6 x 3-storey terraced houses, and relocation of the Bede Centre to the first floor of the tower.
  - Redevelopment of the Bede Centre and part of the raised deck footprint to accommodate 2 x 5-storey apartment blocks with 20 units in each and a row of 6 x 3-storey terraced houses, and relocation of the Bede Centre to a new build facility located in front of the tower.

### **Developing the five options**

29. The Abbeyfield RSG and council officers worked together to draw up a long list of seven options. The findings of both the building surveyors and architects were combined to agree five draft options, which were discussed with the Abbeyfield RSG on 10 and 17 November 2011.
30. The draft five options were:
- Option 1: Warm, Dry and Safe works to all three blocks to the Government's Decent Homes standard and fulfill landlord obligations.
  - Option 2: Enhanced Refurbishment to all three blocks to enable works to last for 30 years.
  - Option 3: Redevelopment (2 x 5 storey apartment blocks of 20 units each and 6 x 3 storey town houses, total of 46 new homes) – Bede Centre relocated to 1st floor of Maydew House and all three blocks to receive an enhanced refurbishment.
  - Option 4: Redevelopment (2 x 5 storey apartment blocks of 20 units each

and 6 x 3 storey town houses, total of 46 new homes) – Bede Centre relocated in a new build facility in front of Maydew House and all three residential blocks to receive an enhanced refurbishment.

- Option 5: Disposal of Maydew House and Warm, Dry and Safe works to the low rise blocks.

31. The above draft options were discussed with residents of the estate at an information event on 24 November 2011. 16 residents attended: six from Maydew, six from Thaxted and four from Damory. Display boards detailing each option and a 3D scale model were made available for residents to consider. The building surveyor and architect were available to respond to questions from residents, along with council officers and the independent resident advisor. Resident feedback was collected via questionnaires which showed the majority of residents responding strongly liked Option 2, half strongly liked Option 1 and half liked Option 3. The majority of respondents felt Options 3 and 4 most dealt with their concerns, followed by Option 2 and then Option 1. Option 5 was the least favoured option.

32. Taking into account resident feedback and information made available as the building surveys progressed, the options were refined into five final options. The RSG agreed these final options on 1 December, and residents were written to and informed of the revisions and invited to an open day on 11 December, with council officers and technical advisors present to answer any questions about the revised options. Residents of all 3 blocks were invited to attend via a newsletter and posters advertising the event.

33. Options 1, 2, 4 remained the same with Options 3 & 5 revised as follows:

- Option 3: Part disposal of Maydew House with LBS retention of freehold (part private and part rent), all blocks to receive enhanced refurbishment works as outlined in Option 2.
- Option 5: Disposal of Maydew House to a private developer or housing association, low rise blocks to receive enhanced works to last 30 years, with bathroom and kitchen replacement/renewal and a new boiler plant for each block.

34. The five final options agreed were:

- Option 1: Warm, Dry and Safe works to all three blocks to make homes meet the Government's Decent Homes standards and fulfill landlord obligations on a 10-year life cycle.
- Option 2: Enhanced Refurbishment of all three blocks on a 30-year life cycle, to include communal works, bathroom and kitchen replacement/renewal, landscaping, garage refurbishment, heating repair/renewal, etc.
- Option 3: Part disposal of Maydew House with LBS retention (part private / part social rent) with all three blocks receiving an enhanced refurbishment.
- Option 4: Redevelopment (2 x 5 storey apartment blocks of 20 units each and 6 x 3 storey town houses, total of 46 new homes) – Bede Centre relocated to a new build facility in front of tower and all three blocks receive an enhanced refurbishment.
- Option 5: Disposal of Maydew House, low rise blocks to receive enhanced works with bathroom & kitchen replacement/renewal and a new boiler plant each.



35. The enhanced refurbishment was included in options 2, 3 and 4 for the sake of uniformity. The difference from the warm, dry, safe option was more relevant for Thaxted Court and Damory House, because as stated previously, Maydew House requires a lot of work that relates to landlord obligations e.g. heating, than decent homes. The enhanced refurbishment includes an allowance for energy enhancements.
36. The 11 December 2011 open day was poorly attended with only six residents visiting: two were from Maydew, one from Thaxted and three from Damory. Display boards detailing each option were made available and council officers and RSG members were present to respond to any queries. Resident feedback was collected via a questionnaire which showed albeit based on low numbers that just under half of the residents strongly liked Option 2, half liked Option 1, and less than half liked Options 2, 3 and 4. Half of the residents felt Option 2 dealt with their concerns, with just under half scoring Options 1 and 3 as dealing with their concerns. Option 5 was the least favoured option.

### **The preferred option**

37. The options appraisal consultation process was run in parallel with the undertaking of the building condition and land capacity surveys and the cost analysis of works identified as necessary to the Abbeyfield Estate blocks. These processes were run in parallel in order to enable a decision to be made about the Abbeyfield Estate at cabinet by March 2012.
38. A major implication that arose from previous surveys and the most recent survey undertaken by Mace was a reinforcement of the belief that due to health and safety reasons, timescale, costs and practicality, the works required to Maydew House should not be undertaken with residents in situ. The further recommendation to replace the existing heating/hot water system, with provision of a temporary system for the low-rise blocks until such time that the new system is up and running, would increase the costs significantly.
39. The requirement to develop options three to five arose from the potential need to explore investment opportunities for the estate should it emerge that refurbishment could not be achieved within the council's available resources.
40. For the purposes of completeness, the five options that were consulted on with residents were run through the council's options appraisal model against the criteria of strategic fit, net present value (NPV) and risk.

### **Strategic fit**

41. Under the modelling, strategic fit is scored from 1 – 10, with 1 being no fit and 10 an excellent fit. Each option is scored against the elements listed below and the overall scores are then ranked with a rating between 1 – 5, with 1 being the best fit and 5 the worst fit.
  - Working with communities to come up with innovative solutions to local issues
  - Creating a fairer borough
  - Making Southwark a place to be proud of
  - Realising potential

- Transforming public services.

### **Net Present Value (NPV)**

42. Under the modelling, the elements listed below are input against each option and the overall costs totalled and ranked with a rating between 1 – 5, with 1 being the lowest cost and 5 the highest cost.

- Capital costs
- Lifecycle costs
- Revenue costs
- Capital receipts
- Income revenue.

### **Risk**

43. Under the modelling, unmitigated and mitigated risk is scored from 1 – 10, with 1 being the lowest risk and 10 the highest. Each option is scored against the elements listed below and the overall scores are then ranked with a rating between 1 – 5, with 1 being the lowest risk and 5 the highest risk.

- Operational
- Staffing and culture
- Legal
- Reputational
- Financial and economic.

44. Assessment of the NPV was based on costings for all options provided to the council by the quantity surveyor and the anticipated land/disposal values provided by a council valuer for options three, four and five. The architects supplied information to inform the valuations, along with advice received from the council's planning policy and development management teams and the following was assumed:

- All new homes were compliant with Southwark's Residential Design Standards.
- Each option was compliant with the core strategy with 60% of the homes providing 2+ bedrooms and 20% of the homes providing 3+ bedrooms.
- In accordance with the core strategy, 35% of the homes were affordable, with 70% of intermediate tenure and 30% social rented.
- All new social rented homes were set at a target rent.

45. The projected land value implications of options three, four and five were calculated on the assumption of:

- Option 3 - private and affordable housing will be pepper potted in Maydeu House (due to the policy of tenants having options to return), in line with Council planning policy of encouraging mixed and balanced communities.
- Option 3 - the private units will be finished to a typical market housing specification including electrical appliances, in order to assist marketability and to maximise the capital receipts.
- Option 4 - the private and affordable housing will be likewise mixed in the redevelopment.
- Option 4 - the site will be demolished by the purchaser and the council will

meet the cost of relocating the Bede centre.

- Option 5 - it is assumed that all options for Maydew House including disposal of the block for refurbishment, will require a planning application for works affecting the appearance, but not that gives rise to an affordable housing provision.
- There will be no affordable housing grant available for any of the development options.
- The development potential proposed within the various options is acceptable both in planning policy and development management terms.
- For the purposes of these valuations future community infrastructure levy (CIL) payments have not been included as these are not currently payable but they will be in the near future. Such payment liability may reduce the useable receipts.

The land/disposal values for the options are as follows:

- Option 3: £16.5m
- Option 4: £1m
- Option 5: £16m

46. Based on the figures run through the appraisal model, the resulting implications of the above assumptions indicate that Option 5 would be the most cost effective option, but the least favourable option with residents and carry the highest risk; Option 3 would be the most feasible option in terms of the cost of works offset against the capital receipt and a favourable option with residents; Option 4 would be the least cost effective option due to the cost of works, which include relocation of the Bede Centre, offset against a low capital receipt. It should be noted that the costs run through the model had no contingency included; this was to avoid skewing the results as the model has its own contingency formula. Therefore, the projected total costs to the council associated with each option are shown in table 3 below.

**Table 3:**

Option	Option Outline	Initial Capital Costs £	Additional costs for next 30 years £	Total costs over 30 year life £
1	Warm, Dry and Safe	8,104,673	8,397,402	16,502,075
2	Enhanced Refurbishment	14,000,230	7,002,132	21,002,363
3	Enhanced refurbishment with a Maydew House part retention/part disposal	15,247,899	5,006,321	20,254,220
4	Enhanced refurbishment and redevelopment of the Bede Centre	22,447,207	7,002,132	29,449,340
5	Enhanced refurbishment and disposal of Maydew House	1,762,281	2,815,032	4,577,313

47. The strategic fit and risks associated with each option were scored by five

council officers from estate regeneration, property and housing services. The options that involved land sale/disposal had a higher risk factor due to current market climate. The option that scored best on strategic fit was the redevelopment option due to the provision of additional affordable homes. Although the NPV calculation considered value for money criteria, the resources available to the council also had bearing on both the risk and strategic fit analysis.

48. Following the appraisal of the five options, option 3 - enhanced refurbishment with a Maydew House retention of 51% social rented and disposal of 49% private sale emerged as the preferred option. The ranking of the options is shown in table 4 below.

**Table 4:**

	Ranking (the lower the better)			Overall Total
	NPV	Strategic Fit	Risk	
<b>Option 1:</b> Warm, Dry and Safe	3	4	1	<b>8</b>
<b>Option 2:</b> Enhanced Refurbishment	4	2	2	<b>8</b>
<b>Option 3:</b> Enhanced refurbishment and Maydew House part retention/part disposal	2	3	3	<b>8</b>
<b>Option 4:</b> Enhanced refurbishment and Redevelopment of Bede Centre	5	1	4	<b>10</b>
<b>Option 5:</b> Enhanced refurbishment and disposal of Maydew House	1	5	5	<b>11</b>

49. Overall options 1, 2 and 3 ranked equally, with a total score of 8. Option 3 scored well on NPV and was average on strategic fit and risk. Option 1 received the same score as option 3, scoring very well on risk, average on NPV, but low on strategic fit. Option 2 also received the same score as options 1 and 3, scoring well on strategic fit and risk but low on NPV. Analysis of the individual scores against the set criteria has identified option 3 as the slightly preferable option.

50. The exercise also took into account feedback from residents at the consultation events and questionnaires/surveys completed and received, which is summarised below:

- Support for an enhanced refurbishment
- A strong desire to remain council residents
- A strong desire for an option to return for Maydew House tenants
- An understanding that funds had to be raised to cover the costs of works and the most favoured option to raise the funds was a part disposal of Maydew House
- Concern amongst leaseholders at Thaxted Court and Damory House on the costs for each option
- No substantial concerns from residents regarding high levels of crime/anti social behaviour or availability of local services
- There was a strong sense that the remaining residents in Maydew House

and residents of the low-rise blocks want to remain in their homes and not go through the rehousing process

- Maydew residents understood that the 2010 cabinet decision to rehouse them still stands. They have a strong desire to remain in the area and be offered the option to return.
- A good level of satisfaction that something finally seems to be happening with regards to the future of the estate.

51. Residents' views have also been taken into account within the option appraisal assessment criteria.

### **Strategic fit**

52. Option 1 - Warm, Dry and Safe scored well in terms of resident priorities but its low overall strategic fit ranking is accounted for by its limited focus in relation to long-term boroughwide priorities, that are assessed as part of the strategic fit scoring, against which the longer term and broader ranging options scored better. Option 2 – enhanced refurbishment - scored well in terms of resident priorities and aspirations and also took into account future proofing. Option 4 – redevelopment - achieved the highest strategic fit score based on the provision of additional homes and the programme of enhanced works to all blocks, which includes elements of future proofing. Equally option 4 was well received by residents in meeting their priorities. Option 5 – Maydew disposal - scored low on strategic fit due to the loss of a large number of social rented homes.

### **Risk**

53. Both Options 1 and 2 scored well on risk due to the nature of the works and the lack of redevelopment and land sale/disposal. The latter elements as shown in Options 4 & 5 scored high on risk due to market uncertainty.

### **NPV**

54. Option 5 scored the best on NPV due to the low costs associated with the works in removing Maydew House from the programme and the generation of a capital receipt. Options 1 and 2 did not score as well due to the high costs of the works, the impact on council resources to fund the works and a lack of any capital receipt. Option 4 scored the worst due to the significantly higher costs involved in relocating the Bede Centre and the low capital receipt.

55. In determining a preferred option to recommend to cabinet for the Abbeyfield Estate, the following factors need to be taken into consideration:

- a. The findings of the building surveys undertaken by Mace
- b. The findings of the land capacity study undertaken by FCBS
- c. The current rehousing programme underway for residents in Maydew House
- d. The relative position of the Abbeyfield Estate in the council's five year housing investment programme
- e. The council's approach to a 30-year asset management plan
- f. The views of residents expressed through the consultation process
- g. The outcome of the options appraisal modelling
- h. The resources available in the 5 year investment programme for the estate.

56. Taking into consideration the factors listed above, option 3 (enhanced

refurbishment with part retention/part disposal of Maydew House) has emerged as the preferred option for the Abbeyfield Estate. Provision has been made within the housing investment programme for investment in financial year 2013/14. The implications for the HIP are summarised in paragraph 96 – 99 'Investment Implications'.

57. The cost ranges shown in paragraph 46, table 3 are estimates produced for the purposes of the option appraisal and will need to be firmed up once the contract requirements have been developed and the specification has been agreed.
58. The proportion of void disposals modelled in option 3 - 49% - equates to 71 flats in Maydew House. These properties are currently held as housing in the housing revenue account. A surplus declaration for the disposal of these units will be required from the strategic director of housing services prior to disposal. In the recommended approach arising from option 3, it is proposed that disposals are undertaken to maximise the value obtained for each and therefore to dispose of only sufficient properties to meet the cost of enhanced refurbishment on the estate. The 49% proportion (71 flats) should be regarded as an upper limit. Flats will be sold as leasehold properties with the council retaining the freehold.
59. Abbeyfield Estate tenants and leaseholders received information packs on 15 February 2012 informing them of the preferred option that would be recommended to cabinet. A copy of the material provided to residents, including a summary of the items included within the enhanced refurbishment programme, appears at Appendix 2. The implications of the preferred option were set out and residents were asked to complete a survey outlining their responses to the option and stating to what extent it met their priorities and aspirations.
60. To ensure leaseholders were fully aware of the costs of option three, the scope of works identified for the enhanced refurbishment was reviewed by council officers in the homeownership service to arrive at outline estimates for leaseholder charges arising from the works. These costs were listed in the information packs referred to in paragraph 59 and were clearly labelled as budget estimates that could change once the actual works were specified and costed in preparation for carrying out the works. Leaseholders were informed that further consultation would be carried out before they were issued with a final charge.
61. The estimates provided to leaseholders were set out in a range across bed size and option. The estimates showed the relationship between upfront capital costs and the subsequent cost of cyclical maintenance over a 30-year period, assuming works occur every 10 years.
62. Council officers presented the preferred option appraisal findings to the RSG on 19 January 2012, with a view to writing to all residents on 27 January 2012. The RSG requested time to consider the information provided as a result of the appraisal and a meeting to discuss the preferred option and its implications was arranged for 6 February 2012.
63. Following the meeting on 6 February 2012, the RSG agreed to support the recommendation of the preferred option to cabinet, subject to the caveats as set out in the Abbeyfield Residents Manifesto detailed in paragraph 75, table 8.
64. As part of the estate wide preferred option consultation, all residents received a preferred option information pack and survey to complete. An estate-wide drop in

session took place on 21 February 2012 to explain the preferred option in more detail to residents and answer any queries they may have.

### **Rehousing implications**

65. In considering the possibility of Maydew House tenants returning to the block, the following points should be considered:
- That by the end of the process, 94 tenants will have been rehoused from Maydew House. The number of tenants expressing interest in returning would impact on a part retention / part disposal strategy.
  - There would be difficulty in making a guaranteed right to return available to tenants as outlined below. However, a part retention / part disposal strategy, if adopted, should be based on making the option to return available for all tenants who qualify and who wish to take it up subject to the availability of properties.
  - All the units within Maydew House are 2-bedroom properties; it would not be in the council's interests to allow all previous tenants to return if they need a larger bed size, even if they express interest in returning.
  - Some of the Maydew House tenants only qualify for a 1-bed property based on their household size; therefore consideration needs to be given as to whether or not those tenants would be given the option to return to a property that is above their bed size need. Whilst giving the option to return to tenants with a 1-bed need would meet resident aspirations, it is not the best use of the council's limited stock. Taking into account the housing need within the borough, any 2-bed units at Maydew House could be used to meet other high priority requirements, e.g. tenants being rehoused from other regeneration schemes, under occupiers, etc.
  - The supply of new properties for social rent being completed by housing associations in the borough is projected to reduce in 2013/14 below the levels achieved in preceding years, partly as a result of the development downturn and the grant funding arrangements.
66. The Abbeyfield RSG has specifically requested that the council should make a right to return available for tenants of Maydew House. It is not possible for the council to offer a right to return because too many circumstances pertaining to it are outside the council's control. It is proposed that an option to return should be offered. At this stage in a relatively complex scheme, it is not possible to predict every eventuality, but the option return to Maydew should be made available unless, for example, the court has made a possession order against a tenant, or where a household's housing needs have changed since they were rehoused and the properties at Maydew no longer meet those needs. In the latter instance, it is proposed that no households of 3 bed need or above should be allowed to return to Maydew House, where all the properties have two bedrooms only. As has been stated above, the number of households who can return is limited to the number of properties available for reletting. If this eventuality occurred, criteria would need to be agreed for the prioritisation of households in accordance with lettings policy.
67. It is proposed that the option to return should not be indefinite, but should be time limited to the period of reletting upon completion of works.
68. On the basis of experience in previous regeneration schemes, the working assumption is that 50% of rehoused Maydew House tenants would be interested

in returning to the block. This percentage will be reviewed once all previous and current Maydew House tenants have been individually consulted. The council will take the following action in relation to the option to return process:

- All Maydew House secure tenants and those rehoused from the block since August 2010 will be offered the opportunity to express an interest in returning to the block if they wish to.
- Once programme timelines have been agreed, ex tenants who expressed an interest to return will be updated on scheme progress and will be contacted as part of the residents' choice of flat and fixtures, fittings and finishes.
- When the refurbishment works are nearing completion, ex tenants who expressed an interest to return will be contacted to update their wishes and circumstances. Where household circumstances have changed, the option to return may still be possible under lettings policy, but it is not proposed that a household who have a larger bed need than can be accommodated at Maydew House would be made an offer in the block.
- Formal offers to return will be made in line with the anticipated completion of works. Eligible rehoused Maydew House tenants who have expressed an interest in returning have first priority for the available properties.
- Where ex tenants decide not to exercise the option to return those units will be placed in Homesearch.
- Where ex tenants have expressed an interest in returning and then change their minds when the offer is made, those units will also be placed in Homesearch.
- The implications of the option to return for Maydew House if adopted, will need to be taken into account as part of the current review of the lettings policy.

### **Resident consultation**

69. The Abbeyfield Estate Tenants and Residents Association (TRA) was approached by the council in June 2011 to form a Resident Steering Group (RSG) to work with officers through the options appraisal process. Following this initial meeting, a letter was sent out to all residents at the end of June 2011 outlining the reasons for the options appraisal and inviting them to join the group. Council officers worked with the Abbeyfield RSG as a consultative body, that fed back to the Abbeyfield TRA throughout the options appraisal process, rather than constituting a formal subgroup of the TRA.
70. The RSG is made up of 5 regularly attending resident members. Two are Maydew House tenants, one is a Damory House tenant and two are Thaxted Court leaseholders. The Chair and Vice Chair are both Maydew House tenants. Open Communities was appointed as Independent Resident Advisor in August 2011, their role was to provide independent advice to the RSG, attend all RSG meetings and meet with the RSG independently of the council.
71. Abbeyfield Estate residents have been informed and engaged throughout the options appraisal process as follows:
  - Regular meetings with the Abbeyfield Estate RSG.
  - Feedback to the TRA via the RSG Vice Chair.
  - The council has facilitated 11 meetings with the RSG from June 2011 to present and these meetings will continue until the conclusion of the options



appraisal.

- The council has facilitated four estate-wide consultation events between November 2011 and February 2012.
- June 2011: Letter to all residents outlining the reasons for the options appraisal and inviting participation in the resident steering group.
- Oct 2011: Initial options appraisal resident survey to gauge residents' views and aspirations for the estate.
- Nov 2011: Letter advising of architect and building surveyor appointment.
- Nov 2011: Newsletter update on progress and invitation to residents to participate in internal surveys.
- Nov 2011: Open event to update residents on the options appraisal process and enable resident feedback. 100 newsletters were sent out inviting residents to attend and notices were put up across the estate: 20 residents attended.
- Nov 2011: Open event for residents to hear about the draft five options, meet the technical advisors and the RSG and to enable resident feedback. 100 newsletters were sent out and notices were put up across the estate: 16 residents attended.
- Dec 2011: Newsletter update and provision of feedback analysis from November event and invitation to attend a drop in session.
- Dec 2011: Drop in session to update on the final five options to be appraised, and to explain the reasons for proposed amendments to Options 3 and 5. On this occasion, although again 100 newsletters were sent out and notices were put up across the estate, only 6 residents attended.
- Jan 2012: RSG meeting with resident observers present to discuss the options appraisal findings.
- Feb 2012: RSG meeting to confirm the preferred option to recommend to Cabinet on 20th March.
- Feb 2012: Letter and information pack to all residents confirming the preferred option to be recommended to cabinet, along with a preferred option survey for completion and notification of a drop in session.
- Feb 2012: Drop in session on the preferred option and implications for residents. 153 letters and information packs were sent out and notices were put up across the estate: 22 residents attended.
- Mar 2012: Site inspection with building surveyor, service engineer, council officers and RSG Members for clarification of the recommended services/asbestos works.
- Mar 2012: RSG meeting to discuss cabinet report.

72. It was agreed with the Abbeyfield RSG that the following consultation process would be undertaken:

- a. An estate-wide survey to ascertain resident aspirations based on the estate being identified as of high investment need. The survey findings were reported in the October 2011 cabinet report.
- b. An estate-wide information event to introduce the options appraisal process, the draft five options and the technical advisors who would be undertaking the necessary studies. 16 residents attended, of which, 12 provided feedback.
- c. An estate-wide information event to consult on the final five options to be appraised, six residents attended and provided feedback.
- d. An estate-wide survey setting out the preferred option for the future of the estate, its implications and asking residents whether they were/were not in favour and the reasons behind their response. Survey data is attached as

Appendix 3.

- e. An estate-wide information event to inform residents of the preferred option, and answer any queries they may have. Officers from the homeownership service were also invited to the event to deal with leaseholder queries.

73. On the 15 February, Abbeyfield Estate residents were provided with an information pack detailing the outcome of the preferred option and the implications of the option. The pack included a preferred option survey to complete and return and an invitation to a drop in session on Thursday 21 February to discuss the preferred option in more detail with council officers who would be present.

Of the 153 surveys sent out, 58 were sent to former Maydew House secure tenants. In total, 27 residents responded, representing a response rate of 17 per cent. The breakdown by block is shown in the table 5 below:

**Table 5:**

Block	Tenant	Leaseholder	Total
Maydew House	10	1	11
Ex Maydew House	4	0	4
Thaxted Court	2	1	3
Damory House	7	2	9
<b>Total</b>	<b>23</b>	<b>4</b>	<b>27</b>

The response rate from leaseholders was poor with only 2% responding to the consultation; 15% of tenants responded to the consultation.

As part of the consultation, residents were asked a number of questions and the data analysis of the survey can be seen at Appendix 3. The two main questions that were asked as part of the consultation are listed below along with the response rate and breakdown.

Residents were asked if they were happy with the preferred option, the responses were as follows:

**Table 6:**

Block	Tenure	Yes	No	Blank	Total
Maydew House	Tenant	6	2	2	10
	Leaseholder	1	0	0	1
	<b>Subtotal</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>11</b>
Ex Maydew House	Tenant	4	0	0	4
	<b>Subtotal</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>
Thaxted Court	Tenant	2	0	0	2
	Leaseholder	0	1	0	1
	<b>Subtotal</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>3</b>
Damory House	Tenant	5	1	1	7
	Leaseholder	1	1	0	2
	<b>Subtotal</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>8</b>
<b>Total</b>		<b>19</b>	<b>5</b>	<b>3</b>	<b>27</b>

Residents were asked if the option including the works that were most important to them, the responses were as follows:

**Table 7:**

Block	Tenure	Yes	No	Blank	Total
Maydew House	Tenant	8	1	1	10
	Leaseholder	0	1	0	1
	<b>Subtotal</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>11</b>
Ex Maydew House	Tenant	1	1	2	4
	<b>Subtotal</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>
Thaxted Court	Tenant	2	0	0	2
	Leaseholder	0	1	0	1
	<b>Subtotal</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>3</b>
Damory House	Tenant	6	0	1	7
	Leaseholder	1	1	0	2
	<b>Subtotal</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>9</b>
	<b>Total</b>	<b>18</b>	<b>5</b>	<b>4</b>	<b>27</b>

Overall, although the number of questionnaires analysed is small, the majority of respondents were happy with the preferred option and feel it will provide them with the works to their homes that they find most important.

74. Once the recommended scheme has been agreed, consultation on the delivery of the scheme will be undertaken through the Putting Residents First protocol. This 27 point plan has been developed in consultation with a number of groups and provides a template for officers, contractors and consultants that set out very clearly in stages how from inception to completion we and our partners will work with residents to deliver major works to their homes.
75. Following the RSG meeting on the preferred option, the members presented the council with a manifesto. The RSG's manifesto requirements are set out table 8 below, together with the council's response and any further actions required.

**Table 8:**

<b>Abbeyfield Residents Manifesto</b>	
<p>The Abbeyfield Residents Steering Group (RSG) is considering options proposed by the council as part of the option appraisal process. Options 2 and 3 are under active consideration. Before deciding whether to support either of the options, the RSG needs agreement from the council on specific issues of importance to tenants and leaseholders, to be reflected in the cabinet report on the options appraisal.</p>	
Residents Requirements	Draft council response used for consultation and matters arising
<p>1 The suggestion is that both Option 2 and Option 3 will require residents to move out of Maydew House for the works to take place. Residents in Thaxted and Damory can stay in occupation during the works. Existing Maydew tenants need a guaranteed <b>'Right to Return'</b> to their home in Maydew House before considering either Option 2 or 3.</p>	<p><i>The RSG have asked for an example 'option to return' letter so they can review the wording and caveats set out by the Council. They are seeking reassurance that the document is binding and that if a right to return cannot be offered, that the option to return is equivalent in effect.</i></p> <p>LBS Response: It is proposed to enable tenants to return to Maydew by a specific decision of the Cabinet. We will set out the circumstances in which the option to return may not be possible in the cabinet report (paragraphs 65-68); the option itself will be</p>

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<b>Residents Requirements</b>	<b>Draft council response used for consultation and matters arising</b>	
		in the tenant's hands.
2	There is concern across the estate about the scope and standard of works to the blocks. Thaxted and Damory tenants and leaseholders, and Maydew tenants and ex tenants who have expressed an interest in returning to Maydew House, need to have input into the specification of works to common parts and within the estate, to each block and options for works inside homes, and contract management. The Abbeyfield RSG has been involved with the Option Appraisal Process for 8 months, and has a good understanding of the issues and works needed. This group should continue to provide resident input until the works are completed.	<p>LBS Response: A Resident Project Group would be established. RSG members would be welcome to nominate themselves to sit on this group. The group would have a different composition from the current RSG group with both tenants and leaseholders from Damory and Thaxted being invited to join. This group would act as a consultative body during the programme of works and would meet regularly with the council's Project Lead and contractor.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
3	The Abbeyfield RSG selected architects and surveyors from a framework contract for the option appraisal process. The RSG must be involved in selecting the contractor to carry out the works.	<p>LBS Response: This will not be possible as the contractor for the works has already been appointed from the partnering framework and it is envisaged that no new procurement would take place. If for any reason a new procurement is deemed appropriate, residents representatives will be invited to participate.</p> <p><b>The RSG asked for information on the partnering contractor and the reserves. This has been provided.</b></p>
4	Eco works to reduce energy use, or generate electricity, to be used to reduce bills and service charges for tenants and leaseholders on Abbeyfield, rather than borough wide	<p>LBS Response: This would be counter to the current borough wide policy of pooling charges for tenants. An allowance of £250k was made for energy enhancement works in the cost estimates, and there are prospects of connection to the SELCHP network.</p> <p><i>The RSG asked for an update on SELCHP and the effect on heating and hot water service charges for tenants and leaseholders at the next meeting.</i></p> <p>Follow up LBS response: The initial agreement should be concluded with the supplier in March, with a view to Cabinet approval to the contract in May, contracts signed in June and construction start on</p>

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<b>Residents Requirements</b>	<b>Draft council response used for consultation and matters arising</b>	
		the pipe network soon afterwards. On this timescale, the network should be operational in late 2014. This would enable the parallel works to be undertaken on the estate in conjunction. The works are likely to include relocating the boiler house from the roof of Maydew to the ground level because it will become the responsibility of the SELCHP supplier.
5	Compensation for the disruption caused by a year and half of works to these blocks and Maydew.	<p>LBS Response: The council cannot undertake to pay compensation to residents of Thaxted Court and Damory House on a conditional basis.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
6	Income from homes for sale used to partially reduce Leasehold Service Charge cost or a cap on the maximum major works service charge to be paid by leaseholders in Thaxted and Damory.	<p>LBS Response: This would be counter to the current borough wide policy on service charges and would represent different treatment from leaseholders living in other properties where major works are being undertaken.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
7	Rents and service charges for Social Rented Housing must remain the same as they are now, for Thaxted, Damory and Maydew tenants, subject to normal annual rent increases.	<p>LBS Response: This will be the case for Thaxted and Damory tenants; further consideration is necessary for Maydew.</p> <p><i>The RSG require more investigation. From April, Southwark will have more authority on setting rents and therefore could choose not to revalue the block and increase the rents. It was also felt that as the works programme was the same for all blocks, and that low-rise residents could remain in situ and not have to suffer the disruption of being rehoused, it seemed unfair that Maydew residents have a rent increase on their return to the block.</i></p> <p>Follow up LBS response: If a valuation increase is applied, it cannot be beyond the formula rent, which is the maximum social rent that can be applied. The formula rent for a Maydew property will be £93.08 from April 2012. Rent increases would be 39p for valuation uplift of £1000 per property.</p>

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	<b>Residents Requirements</b>	<b>Draft council response used for consultation and matters arising</b>
8	<p>Tenants to have a choice of decorations throughout the homes (including the option of no decoration), along with internal fixtures and fittings in kitchens and bathroom, including floor coverings, taps, sinks, tiles, kitchen units and kitchen layout.</p>	<p>LBS Response: The selection would be agreed with the resident project group. If there are options and we know the tenant who will be returning to the flat then wherever possible we will try and accommodate this.</p> <p><i>As part of the works programme, the contractor will provide a range of samples for choices to be made, i.e. kitchen units, handles, work tops, flooring, paint colour, etc. The RSG asked for examples of the sample choices.</i></p> <p>Follow up LBS Response: As part of the works programme, a Resident Project Group will be set up and that group will be presented with the options for choice. Generally 5-6 options are offered.</p>
9	<p>A 'Right to Return' on completion of the works, for all tenants who move from Maydew House after the March 2012 cabinet Meeting.</p> <p>Returning tenants to have the choice of which flat they want to return to in Maydew House.</p>	<p>LBS Response: An option to return would be given to all Maydew House tenants and returning tenants could request particular properties from the list of vacant flats available.</p> <p><b>The RSG understood some units may be ringfenced for private sale and therefore would not be available for choice.</b></p>
10	<p>Tenants returning to the same flat to have the choice of what existing fittings are retained, subject to the need to do essential works.</p>	<p>LBS Response: This is not possible as building will be gutted due to nature of works so all existing fittings will be stripped out.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
11	<p>Returning tenants to have secure council tenancies on the same terms as they have now.</p>	<p>LBS Response: All returning tenants would have a secure tenancy as currently.</p> <p><i>The RSG requested clarification on why returning tenants could not be issued with a licence for a temporary rehousing move instead of a secure tenancy.</i></p> <p>Follow up LBS Response: A licence would not be issued to a secure tenant as it gives them less security in the property they move to.</p>

<b>Abbeyfield Residents Manifesto</b>	
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<b>Residents Requirements</b>	<b>Draft council response used for consultation and matters arising</b>
12	<p>Under occupying tenants opting for one permanent move to be eligible for one bedroom above the size defined in their housing need.</p> <p>LBS Response: This is not in line with Southwark's allocations policy nor was it agreed as part of the Maydew House rehousing policy.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
13	<p>Tenants to get Home Loss and Disturbance Allowance when they move out of Maydew House, and Disturbance Allowance when they return to Maydew House.</p> <p>LBS Response: All Maydew House tenants would receive home loss and disturbance when moving out and a <b>removal allowance</b> on their return to Maydew House.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
14	<p>The cost of storage for Tenants moving temporarily from Maydew House to be paid by the Council during their stay in the temporary home.</p> <p>LBS Response: The council will not be providing or paying for temporary storage due to the length of the works programme.</p> <p><i>The RSG were satisfied with the above explanation but queried if the Council would pay for garage storage for those tenants currently making use of a garage.</i></p> <p>Follow up LBS Response: The Council will source an alternative garage storage facility for any tenant who requires it, subject to availability. Tenants will be charged the weekly garage rental rate.</p>
15	<p>The 'Option to Return' on completion of the works to Maydew House for all tenants who have been decanted from Maydew House since the cabinet decision on 9 August 2010.</p> <p>LBS Response: The option to return would be given to all eligible Maydew House tenants who have been rehoused. Those who had a higher bedsize need would not be eligible to return.</p> <p>Follow up LBS Response: Circumstances in which the option to return may not be possible are set out in paragraphs 65 – 68.</p>
16	<p>Refurbished social rented homes in Maydew House to be available in the following priority order,</p> <ul style="list-style-type: none"> <li>• to returning Maydew tenants</li> <li>• overcrowded or under occupying residents in Thaxted Court and Damory House</li> <li>• people bidding through</li> </ul> <p>LBS Response: The refurbished homes would be first offered to option to return tenants. Any remaining would be placed in Homesearch. If Thaxted or Damory residents are in housing need, they will be able to bid for a home via Homesearch.</p> <p><b>The RSG were satisfied with the above</b></p>

<b>Abbeyfield Residents Manifesto</b>		
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	<b>Residents Requirements</b>	<b>Draft council response used for consultation and matters arising</b>
	Homesearch.	<b>explanation.</b>
17	Decanted tenants, who have expressed interest in the returning to Maydew House, to get a quarterly update on progress from the Council, and be invited to regular site meetings with the Council and the contractor.	<p>LBS Response: It is possible to provide update reports to those residents who wish to return, it is not possible to invite them all to site meetings. A resident representative from the RPG will be invited to site meetings as and when necessary. The RPG will have regular meetings with the Project Lead, where the contractor will be present.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
18	A single entrance and access to Maydew House for social housing tenants and leaseholders.	<p>LBS Response: This is proposed.</p> <p><b>The RSG were satisfied with the above explanation.</b></p>
19	Leaseholders and secure council tenants to be pepper potted through the refurbished building.	<p>LBS Response: Yes, this is proposed although the council is considering the value of properties on the top floors of the building and assessing if these would generate a higher capital receipt.</p> <p><i>The RSG requested the Council provide an example of the difference in sale value between a flat on the top floor and a flat on a lower floor to evidence that the sales on the top floor would generate a higher receipt.</i></p> <p>Follow up LBS Response: The values used in the modelling were not worked out on a floor by floor basis but on an average value per square metre based on market evidence and complementary data from other estates. The values would be suppressed based on pepper potting, council retaining the freehold and size of units. Further detailed work will be done re projected values as the scheme is worked up.</p>
20	Tenants in Maydew House to get the same specification of internal finishes and fittings as the homes for sale, excluding the white goods and kitchen equipment.	<p>LBS Response: The council will do works to the private sale flats which will work out as VFM in terms of sales, and we cannot promise these works to tenants. We need to take repairing obligations into consideration with the social rented units, which we do not need to consider with the</p>



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<b>Residents Requirements</b>	<b>Draft council response used for consultation and matters arising</b>
	private sale units and their fixtures and fittings.  <b>The RSG were satisfied with the above explanation.</b>

### Policy implications

76. An enhanced refurbishment to the Abbeyfield Estate will contribute towards meeting the council's objective of ensuring all homes are warm, dry and safe and will also be in keeping with the council's aspiration to develop a 30-year asset management plan. Further, the combination of refurbishment, environmental works and mixed tenure accommodation will enable regeneration to be delivered to the area.

### Community impact statement

77. Based on the outcome of the impact assessment carried out in relation to the housing investment programme in 2011, it is envisaged that investment in the council's housing stock generally will have a positive impact on all groups residing in these properties through the delivery of warm, dry and safe homes regardless of age, disability, faith/religion, gender, race and ethnicity and sexual orientation.
78. The overall effect of the programme of works will promote equal treatment by ensuring tenants across all blocks receive the same standard of works and ensure that some of the most disadvantaged groups living in the council's properties have homes that are warm, dry and safe. This will also impact on the wider community by addressing some of the imbalance in living conditions in the borough.
79. By refurbishing the homes to an enhanced refurbishment standard residents will benefit from improved thermal insulation as a result of the over cladding of their blocks. They will also benefit from kitchen and bathroom renewal/replacement where the worst cases of internal disrepair will be addressed. Externally, all residents will benefit from improved access ways, landscaping, garage refurbishment and car parking. From a health and safety perspective residents of Maydew House will benefit from the removal of asbestos and the replacement of a heating system that has been systematically failing over a long period of time. Overall, all homes will be made warm, dry and safe which will benefit all residents, and adopting the enhanced approach reduces investment requirements and consequent disruption to residents in future years.
80. The need to generate resources for investment should be generated by the disposal of void properties on the estate. This will reduce the number of properties available for future lettings.

81. Residents of the low-rise blocks are keen not to have to leave their homes and the assumption is that 50% of Maydew House residents would like the option to return to their homes on completion of the works. There is a strong sense of community on the estate that residents are keen to uphold and continue. Overall, residents are satisfied that the estate will receive an enhanced refurbishment programme of works that will benefit both their internal and external environment. Ideally, Maydew House residents would prefer to remain in situ whilst works are undertaken, but this is not feasible due to health and safety issues. The suggested approach however offers choice, by making the option to return available for qualifying households but also allowing them to remain in the property they are rehoused to from Maydew House.
82. Leaseholders of the low-rise blocks will be financially affected by the enhanced refurbishment as outlined in table 8, but will benefit from the works as outlined in paragraph 79.

### **Recommended approach**

83. The Abbeyfield Estate was initially identified as a high investment need estate in terms of meeting the warm, dry and safe standard mainly due to the level of investment required for Maydew House in relation to heating renewal and the consequent asbestos removal works. The options appraisal took into account the conclusions and recommendations of the recent surveys and focused on five options ranging from the basic standard of warm, dry and safe works to disposal and redevelopment.
84. The options appraisal that was undertaken on the five final options identified option three, enhanced refurbishment with a part retention/part disposal of Maydew House as being the preferred option as it offers the best overall fit with the council's strategic priorities, offers the best value for money and does not pose any unmanageable risks to residents or to the council. However, it is clear that the scale of the investment need for the estate is a significant challenge irrespective of the option adopted.
85. Taking into account the Net Present Value (NPV), Strategic Fit and Risk (see table 3), Option 3 – enhanced refurbishment with a part retention/part disposal of Maydew House is recommended. The estimated cost of this option is £20,254,220 which would need to be forward funded from the housing investment programme and off set in part against capital receipts generated from disposal. Option 1 - although scoring a better NPV, had lower overall ratings and did not meet resident aspirations. Option 2 - scored well on both strategic fit and risk, but poorly on NPV due to no capital receipt. Option 4 - did not score well on the NPV, although scored best on the strategic fit element. While option 5 scored the best on NPV, it presented the highest risk due to land value and possible delays in the disposal timeline. Although the NPV calculation considered value for money criteria, the resources available to the council also had bearing on the risk analysis.
86. It is therefore recommended that a scheme of enhanced refurbishment is undertaken to all three blocks, with a proportion of the voids in Maydew House being disposed of on the open market to reimburse the difference between the estimated costs of the works in option 1 and option 3. Based on current projections, it is felt that a maximum of 50 voids would need to be disposed of to achieve a receipt of £7.2m, which is the difference in the option costs modelled

and shown in paragraph 46, table 3. The specification of works should be geared to transforming the estate both for current and returning residents, but also to be attractive to prospective purchasers, thereby making the recovery of capital receipts more assured. It is anticipated that the approach will have substantial regenerative benefits in physical terms. A scheme of this size will cross more than one programme year; it is estimated that the duration of works is likely to be 18-24 months. The preliminary arrangements can be worked up while the rehousing of Maydew residents continues, but the works on site are envisaged to be undertaken to all three blocks at broadly the same time to increase efficiency of scheme management and to reduce disruption to Thaxted and Damory residents.

87. Option 3 has the advantage of being largely self-financing in terms of the potential capital receipts from the disposals. The option appraisal was conducted with an assumption of disposing of 49% of the properties at Maydew House, but in the recommended approach, this should be regarded as a maximum. As outlined in paragraph 58, the disposals will be geared to covering the cost of investment works that are in addition to warm, dry, safe works, and therefore subject to the values achieved, less properties will be sold. The resources required will need to be refreshed as part of the constant review of the overall programme.
88. The head of property will be responsible for ensuring that the council maximises the value of these disposals. This will be done by careful co ordination with the project team and sourcing the advice of outside professionals with direct market experience. The arrangements for this will be agreed by the director of regeneration, in accordance with normal approval and procurement procedures. Establishing and agreeing the most appropriate internal specification of the individual units and the common parts of Maydew House at the outset will be essential in realising to the council the optimum value of individual units in the longer term. Sales values will be greatly affected by the level and quality of the refurbishment to not just the individual units but the block itself and the surrounding areas of the estate.
89. The sales and marketing of these units will be a major exercise and will require the council to procure the services of suitably experienced property professionals who will utilise a range of marketing tools and methods to properly expose these units to the property market to an agreed timetable. Establishing links with lenders in the residential marketplace will also be critical to ensure that there is a ready supply of suitable finance available for prospective purchasers, further reducing the council's risk.
90. Option 3 also presents other financial advantages in revenue terms, by continuing to provide income from rents and service charges, as well as enabling the council to offer the option to return to tenants.
91. Key to the successful delivery of the Abbeyfield Estate refurbishment and the wider warm, dry and safe programme will be to ensure that the project teams within the major works division responsible for the delivery of projects are given clear milestones and targets to work to and provided with streamlined procedures within proper delegated authorities to enable them to deliver.
92. Restructure within the major works team means there is greater focus and responsibility to ensure good project management going forward.

93. The new structure established project teams responsible for specific contract areas and one individual partnering contractor. The team led by a project manager includes a contract manager, customer relationship officer, lead designer and clerk of works. Teams will be taking joint responsibility for all the projects across their geographic area; no one team member will be working in isolation and every team member is involved in the full range of projects within their team.
94. We have in place exacting contract management processes that monitor performance against forecast cashflows and delivery against key milestones.
95. Progress will be monitored on establishing the heat network from the South East London Combined Heat and Power (SELCHP) plant which would be expected to connect to Four Squares Estate. The costs of any necessary works to the boiler plant and main distribution system would be met by the SELCHP scheme.

**Investment implications (inv/ii2589/10Feb20/rjb)**

96. The level and timing of the proposed expenditure will cause the costs of the planned 5 year housing investment programme (HIP) to exceed the level of resources currently assumed. There are, however, additional resources expected to become available which are not yet included in the programme or identified for specific schemes. These include £15m Decent Homes Backlog government funding for 2013/14 and a further £32m (making £50m with the £18m currently assumed) for 2014/15 to be confirmed. Recommendation 8 of the HIP and revised strategy report to cabinet on 31 May 2011 stated that these and any other additional funds becoming available would be used to bring forward schemes within the programme. Other additional funds anticipated include pooled contributions and a review of capital receipts which may be achieved over and above the level of projections at that time.
97. These additional resources will allow a refresh of the HIP in the light of revised assumptions for both the funding and the delivery of the programme. Such a refresh will allow a review of priorities across the different areas of the programme and the bringing forward of specific schemes as is proposed in this report.
98. The approved HIP includes a provision for outstanding leasehold repurchases and associated costs at Maydew House, and this process is already under way. These costs are excluded from the figures in table 3. A further £11.2m provision is included for the refurbishment of the estate in 2015/16, and this will meet the majority of the capital costs for the proposed option to refurbish.
99. The overall costs of the preferred option 3 are £20.3m as shown in table 3. This includes future lifecycle costs which fall outside the HIP, and when these are excluded the capital refurbishment costs to the current programme are approximately £15.3m in years 2012/13–14/15. In the short term this will require the bringing forward of the existing £11.2m provision together with an additional allocation of £4.1m, through a revision of the HIP. This expenditure will be offset by anticipated capital receipts of £7.2m to be achieved in 2015/16–16/17 from the disposal of some refurbished units, representing a capital surplus of £1.2m within the scheme. However, the capital receipts will not only cover the capital refurbishment costs but will also enable the existing provision of £11.2m to be recycled back into the programme from 2015/16 onwards, representing a total saving to the programme in the longer term of approximately £12.4m.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

100. Cabinet is recommended to approve the adoption of the preferred option of refurbishment of the three blocks on the Abbeyfield Estate and disposal of a sufficient number of void properties in Maydew House to bridge the funding gap between the warm, dry, safe works and enhanced refurbishment works on the estate. It is noted in this report that Maydew House is land that is held by the council for housing purposes. Cabinet is advised that any disposal of housing land can only proceed in accordance with Section 32 of the Housing Act 1985 (as amended) ("the 1985 Act"), for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required ("the DCLG"). However, a number of general consents have been issued in The General Housing Consents 2005 ("the General Consents") which permit the sale of housing land, provided that certain conditions are met. General Consent A5.1.1 of the general consent for the disposal of Part II dwelling-houses states that a local authority may, subject to the provisions of that consent, dispose of one vacant house or vacant flat or vacant converted house to any individual for a consideration equal to its market value, provided that the purchaser (alone or with others) has not, under this consent acquired another dwelling-house from the authority previously in the same financial year.
101. To comply with this consent the council must:
- Achieve a price for each of the properties that is equal to its market value; and,
  - Ensure that the purchaser of each of the properties confirms in the agreement for sale that they have not (alone or with others) purchased another property from the council in the same financial year.
102. Before disposal of each of the properties the strategic director of housing services must have declared each of the properties surplus to the council's requirements.
103. If the price achieved for the properties is less than £500,000 each then the decision to dispose of the properties is delegated to the head of property under Part 3P of the council's constitution.
104. Cabinet is also recommended to note the next steps to acquire the remaining two leasehold interests in Maydew House is to commence compulsory purchase proceedings. The report indicates that the council will refurbish all flats in Maydew House and dispose of a number of void properties in Maydew House by way of private sale. Cabinet is advised that the council has powers under Section 17 of the 1985 Act to take over land, houses or other properties to increase the number of houses available or to improve the housing stock. This power is more usually used to acquire land for housing and would include renovating sub standard properties. Where a local authority gains control of properties using this power they are usually sold on. The council has powers under Section 17 (3) of the 1985 Act to acquire land by agreement, or may be authorised by the DCLG to acquire it compulsorily. Compensation is paid to the dispossessed leaseholders in accordance with the provisions of the Acquisition of Land Act 1981.

105. Officers will report back to cabinet to seek approval to make a compulsory purchase order, the decision of which is reserved to cabinet under Part 3C of the council's constitution.
106. Recommendations in this report relating to the management, maintenance and improvement of council dwellings fall within the ambit of housing management matters that require consultation with the council's affected secure tenants. The report indicates that consultation has been carried out with potentially affected residents of all tenures on the Abbeyfield Estate. To meet legal requirements consultation must be undertaken when the proposals are still at a formative stage, include sufficient reasons for the proposals to allow any interested party the opportunity to consider the proposal and formulate a response and allow adequate time for interested parties to consider the proposal and formulate their response. Those responsible for taking decisions on proposals should take into account the product of consultation when making decisions on the matters concerned. The report confirms that consultation has been carried out with residents throughout development of options and selection of the preferred option. The outcome of the consultation is set out in the report. Members are advised that a decision on the future of the Abbeyfield estate should be taken after careful consideration of consultation responses from interested parties.
107. Members should also have regard to the public sector equality duty in section 149 of the Equality Act 2010. This 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 of 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.
108. 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. Members are referred to the community impact statement in this report that sets out consideration given to the public sector equality duty and should have due regard to this when considering the recommendations.
109. The report recommends that secure tenants displaced from Maydew are offered an option to return to one of the refurbished properties. This is a matter of discretion for the council and members should carefully consider and balance the factors set out in paragraphs 65 – 68 when considering the recommendation. If this recommendation is agreed, the council's allocations policy will need to make provision for the allocation of housing under an option to return.

**Finance Director ( NR/F&R/10/2/12)**

110. This report recommends that the cabinet notes the findings of the Abbeyfield Estate options appraisal, and approves adoption of the preferred option of enhanced refurbishment of all 3 blocks. Also that the cabinet approves the implementation of a compulsory purchase order to reacquire the remaining interests in Maydew House. The cabinet also to note various matters connected with the recommendations.

111. The finance director notes the resource and investment implications contained within the report. However, in terms of the housing investment programme (HIP) there will need to be a reallocation of capital resources to enable the works to be completed.
112. There are a number of actions that need to be taken to complete this reallocation. Firstly the current gross expenditure budget for the Abbeyfield estate within the HIP capital programme stands at circa two thirds of the forecast expenditure. Additional resource to support this expenditure will be reallocated so that this programme is fully funded.
113. Secondly although there will be an anticipated capital receipt to finance the works expenditure, this arrives after the costs have been incurred. Therefore the overall HIP programme will require a refresh to align budget resource with expenditure. This process is due to happen in the first quarter of the new financial year.
114. The revenue expenditure associated with the estate is supported by the repairs and maintenance budget handled by the housing management service. The budget for this expenditure is approved and will continue to be monitored through the annual budget setting process. Housing rents associated with the estate will exceed the revenue expenditure over the life of the programme
115. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

#### **Head of Home Ownership and Tenant Management Initiatives**

116. Home ownership services would support option 3 because as a general rule it is more efficient to undertake all necessary works in one contract. To do otherwise could result in leaseholders challenging the reasonableness of the service charge – for example two lots of scaffolding, preliminaries etc.
117. Much of the work proposed is service chargeable, so the council will be required to carry out statutory consultation with leaseholders under section 20 of the landlord and tenant act 1985 (as amended). If the prevailing partnering contract pertains then home ownership services will need to carry out the consultation under schedule 3 of the regulations, which requires a single notice detailing the works proposed, justification for those works and the total cost. Leaseholders will have a 30 day period to make observations, which must be fully considered prior to the package of work being let. Home ownership services have given advice on the statutory consultation requirements should another contractor, including the back-up contractor, be used.
118. The council recognises that some leaseholders may have difficulty in paying large major works service charge bills. A number of payment options are available to leaseholders, dependant on their particular circumstances and staff within home ownership services are available to discuss these with leaseholders on an individual basis.
119. The management of garages now falls within the remit of the home ownership and tenant management initiatives division. The garages under Maydew are in dire need of security and refurbishment work as they are currently not in a lettable condition. If the proposal to sell half the properties in Maydew goes

ahead then there will be a need for parking on the estate, and the refurbished garages could be easily let. The garages under Maydew are vulnerable to vandalism, fly-tipping and other security hazards. This means that not only is there a loss of income on the garages but there are on-going costs of security and clearance and potential health and safety risks to current residents of the block.

120. For the infill development option, the planners have assumed 30% social rent, 70% intermediate tenure (which can mean intermediate rent, shared ownership or shared equity) in their calculation of NPV. However, the preferred option of part disposal of Maydew modelled 51% social rent, 49% leasehold. The meaning of "leasehold" needs to be clarified as to whether these will be 100% sales or if they will include shared ownership or shared equity sales. The assumptions made may have to be reconsidered accordingly.
121. It is assumed that the council will be retaining full management and maintenance responsibility for the structure, communal areas and shared services of all the sold properties in Maydew House. Home ownership services need to be involved in drafting the lease to ensure that it is in the same, or a similar, format to the standard RTB lease, especially with regard to the statutory requirements of schedule 6 of the Housing Act 1985, which must be explicitly stated. It must be remembered that future secure tenants of Maydew House will have the right to buy their property, or be able to apply for the social homebuy scheme, which would have an effect on those leaseholders who purchased on the open market if their leases were not on the same terms. This may affect the marketability or market value of the properties to be sold as the lease will have to be more restrictive than it could otherwise be, and the council will not be able to operate a sinking fund. Home ownership services must be kept fully informed of any new sales and assignments in order to properly manage the service charge accounts.
122. Detailed costs of the works per property (if this is to differ between properties) needs to be kept as this will reduce the applicable discount as a cost floor for tenants exercising the right to buy in the future.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Mace Building Condition Report	Housing Regeneration Initiatives/ Estate Regeneration Team, 160 Tooley Street, London SE1 2QH	Diana Hall 020 7525 7724
Martin Associates Condition Survey	Housing Regeneration Initiatives/ Estate Regeneration Team, 160 Tooley Street, London SE1 2QH	Diana Hall 020 7525 7724
FCBS Land Capacity Report	Housing Regeneration Initiatives/ Estate Regeneration Team, 160 Tooley Street, London SE1 2QH	Diana Hall 020 7525 7724



## APPENDICES

No.	Title
Appendix 1	Abbeyfield Estate Layout
Appendix 2	Abbeyfield Estate Preferred Option Information Pack: Letter, Survey x 2, Information Slides
Appendix 3	Abbeyfield Estate Preferred Option Survey Analysis

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management and Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	
<b>Lead Officer</b>	Maurice Soden, Regeneration Initiatives Manager	
<b>Report Author</b>	Diana Hall, Project Officer	
<b>Version</b>	Final	
<b>Dated</b>	8 March 2012	
<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>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Home Ownership	Yes	Yes
<b>Cabinet Members</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		9 March 2012