

Item No. 12.	Classification: Open	Date: 17 March 2015	Meeting Name: Cabinet
Report title:		Aylesbury Regeneration Programme Update	
Ward(s) or groups affected:		Faraday Ward	
Cabinet Member:		Councillor Mark Williams, Regeneration, Planning and Transport	

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION, PLANNING AND TRANSPORT

This report represents an important milestone in building a better future for the residents of the Aylesbury Estate. We are making great progress with the regeneration of the estate, this project will create new high quality affordable homes, new open space, much improved conditions for cyclists and pedestrians and better community facilities. Our development partner, Notting Hill Housing Trust, have submitted an outline planning application for the entire estate and a detailed application for the first development phase (Bradenham, Arklow, Chartridge and Chiltern Houses), this is expected to be considered by planning committee in April.

We are working with the remaining residents in the first phase and those in the second phase (Wendover, Winslow, Padbury, Foxcote and Ravenstone) to find them new homes as the project moves forward. We continue to work with the Creation Trust in providing additional assistance to more vulnerable residents to make sure they receive the support they need. We will continue to offer leaseholders shared equity homes so that those on low and fixed incomes can stay in the area.

This report sets out our plans to have a one year programme to buy-back leasehold properties in the third and fourth development phases, this will help those leaseholders in these later phases to better plan their futures. Despite our advanced plans for the redevelopment of the Aylesbury Estate some tenants are still able to exercise their right to buy, we will therefore move to place a demolition notice on all blocks in the later phases as soon as they fall within the prescribed timeframe to exclude them from Right to Buy. We believe this is essential and represents good value for money for the taxpayer, as public subsidy is used to allow tenants to buy their council home, we will then have to buy the same property back and cover all legal fees. In addition many former council properties are rented out privately, many of which are subsidised again through housing benefit.

We will also ensure that local residents on the Aylesbury and across the borough can take advantage of the construction jobs that will be available on this and other sites. We are working to create a Construction Skills Academy which will be located at the Elephant and Castle so that our residents, including those on the Aylesbury, can get the skills they need to take advantage of these opportunities.

RECOMMENDATIONS

1. That the cabinet notes the update progress report of the work carried out under the Aylesbury Development Partnership Agreement (DPA), entered into in April 2014 by the council and its development partner Notting Hill Housing Trust (NHHT), as set out below:
 - The position of the planning applications submitted by NHHT; these comprise a detailed planning application for the First Development Site and an outline application for the remainder of the estate masterplan (Phases 2, 3 and 4).
 - The progress update on the rehousing of tenants and leaseholders on the First Development Site and on Phase 2.
 - That 57-76 Northchurch has been brought forward into Phase 2 of the regeneration programme, by IDM dated 17 February 2015.
 - The one year programme to purchase non-council owned residential properties in non-active phases as set out in paragraphs 26 – 31 of this report.
 - The update on the design of the key community facilities to be delivered early as part of the council's commitment to supporting the community.
 - The additional funding that has been secured from the Affordable Homes Programme for the regeneration of the Aylesbury by NHHT.
 - The application for funding for the Aylesbury made by NHHT to the Government's Estate Regeneration Programme.
 - That NHHT will now undertake demolition of the existing buildings on the First Development Site, on Plot 18 and in Phase 2, as provision is made for within the DPA.
 - The principle of the Strategic Director of Housing and Community Services serving phased demolition notices on blocks within Phase 4 of the Aylesbury regeneration as the development comes forward and in accordance with the programme agreed through the DPA with NHHT.

BACKGROUND INFORMATION

2. A Development Partnership Agreement (DPA) between the council and Notting Hill Housing Trust (NHHT) was signed on 28 April 2014. This partnership will see the development of a further 3500 new homes across the Aylesbury development area, along with a number of community facilities, commercial facilities and a range of parks and open spaces and high quality public realm. As part of the agreement Notting Hill Housing Trust are also working with Barratt in relation to the marketing and sales of the private residential units on the footprint of the estate. In addition to the physical regeneration, the partnership provides for a number of social and economic regeneration initiatives for the duration of the anticipated 17 year development period.

3. Alongside the works associated with the DPA, the council continues to work with L&Q on the construction of 147 new homes on the North East corner of the estate (Site 7 as defined in the Aylesbury Area Action Plan). These new homes are in addition to the 261 units already completed on Phase 1a, and are due to be delivered from December 2015 – autumn 2016.
4. In total, the L&Q development sites and the DPA masterplan area will see the delivery of 4000 new homes developed in line with the Aylesbury Area Action plan (AAAP).
5. This report sets out the progress made on the development work carried out to date along with a number of refinements and proposed amendments to the DPA which are presented to cabinet for consideration.

KEY ISSUES FOR CONSIDERATION

Planning Applications

6. In line with the DPA, NHHT has submitted two planning applications, a Detailed planning application for the First Development Site (site 1b/1c in the AAAP) and an Outline planning application, which covers the remaining phases (Phases 2, 3 and 4) of the Aylesbury regeneration. The two applications will be considered together by committee. Subsequent development sites within the Outline application area will be brought forward as Reserved Matters applications.
7. The Detailed planning application for the first development site will see the 566 existing units of social and privately owned housing replaced with a mixed tenure development comprising 830 homes. Of these new homes 257 will be offered at target rents (equivalent to new council lets), 92 will be available as shared ownership or shared equity, 50 will be mixed affordable tenure extra care units and 6 units will be for people with learning disabilities. Finally 424 units will be private (of which 47 will be for open market rent and the remainder for sale).
8. The Outline planning application will see 2,745 new homes provided over Phase 2, 3 and 4; over 50% of which will be affordable, retail provision, new open spaces and a renewed public realm.
9. NHHT conducted extensive informal consultation with residents prior to submission of the applications, alongside pre-application meetings with planning officers. Over 700 people attended various different events arranged by NHHT and over 250 individual comments or feedback forms were received. Residents were broadly positive about the proposals; key issues raised were the affordability of any new housing; the appearance and size of new homes; the rehousing process; and the desire to maintain the people and community that make Aylesbury what it is now.
10. The applications were submitted in October 2014 and verification was completed in December 2014. An extended statutory consultation period was arranged in recognition of the festive period and this ended on 31 January 2015; a second statutory consultation is now underway to reflect amendments made during the application period. It is anticipated that both applications will be submitted to Planning Committee in April 2015.

Re-housing and vacant possession on the First Development Site

11. There are currently two areas of rehousing on the Aylesbury footprint where work to deliver vacant possession is underway. The first of these is in relation to the blocks located on the footprint of the First Development Site: Bradenham, Chiltern, Chartridge and Arklow House. Rehousing of tenants and leaseholders on this site has been ongoing since 2009. Of the original 566 units to date there are 2 secure tenanted properties remaining, alongside 19 leasehold interests. Officers continue to work closely with the remaining tenants and resident leaseholders in order to support their rehousing needs.
12. In order to deliver full vacant possession of the site and allow for demolition and redevelopment, the council has made a Compulsory Purchase Order (CPO) to acquire the remaining properties. A public inquiry is due to take place starting on 28 April 2015. Subject to a successful outcome at public inquiry, an anticipated confirmation date in autumn, is currently anticipated. This in turn suggests achieving vacant possession of the site in January 2016.
13. Learning lessons from the regeneration of the Heygate Estate to safeguard the remaining residents on the First Development Site from potential crime and anti-social behaviour and following the recent occupation of vacant units in Chartridge, the council has erected fencing around the perimeter of the site. There is one main security entrance to the site where existing residents are able to access their properties, and the site will be manned by a twenty-four hour security presence in order to secure the site. The council has written to all residents affected by the implications of this.
14. It is intended that following acquisition of the remaining properties on the First Development Site, demolition of existing buildings and works to enable construction will begin. The council is currently working with NHHT to explore the practicalities of phased demolition of the site, in line with the procurement of a demolition contractor, and once vacant possession on individual blocks within the site has been secured.

370 Albany Road (Ellison House)

15. The First Development Site includes within it 370 Albany Road, which serves as accommodation for Probation Service clients. The property is held on a long lease under a complex ownership arrangement involving the London Probation Service and the Ministry of Justice. It is Crown property and cannot be subject to a compulsory purchase order. It has therefore been excluded from the CPO for the site. Achieving vacant possession of this building is however essential for the development to progress as planned.
16. Discussions have taken place with the Ministry of Justice (MoJ) and the Probation Service over a number of years and they have indicated a willingness to work with the council to achieve the regeneration aspirations, although they remain keen for the facility to be relocated within the borough. The council has made an offer to buy out the MoJ's interest in the site without re-provision and continues to negotiate from this position.

Rehousing of Phase 2

17. In line with the development programme set out in the DPA, the rehousing of tenants has commenced on Phase 2 in July 2014 (241-471 Wendover, Padbury,

Ravenstone, Foxcote and Winslow); this re-housing will release development plots 4 and 5. The start date was set back 5 months due to changes to the council's Letting Policy but progress has been good and to date 129 residents have moved from these blocks (from a total of 403 properties). On this basis it is anticipated that the re-housing period will track alongside projected timescales set out in the DPA.

18. Alongside the rehousing to release Plots 4 and 5, the council brought forward the re-housing of the remainder of Phase 2; Plots 6 and 7 (1-240 Wendover, Wolverton and Brockley House). This was due to the poor condition of some of the buildings within Phase 2 and the costs that might arise from keeping these buildings in occupation over the period of several years.
19. This meant that rehousing of tenants in Plots 6 and 7 commenced in January 2015, compared to a date envisaged within the Business Plan of February 2016 for Plot 6 and May 2017 for Plot 7. To date 40 residents have moved from these blocks (from a total of 388 properties).
20. The DPA also includes Plot 18 within Phase 2 of the regeneration. Plot 18 has one block that is directly within the boundary of the site, 300-313 Missenden. Within the AAAP this site was included within Phase 1, and so all residents have already been rehoused from this block.
21. Following an IDM signed on 17 February 2015, 57-76 Northchurch is now also included within Phase 2 of the regeneration. The decision to progress with the rehousing of this block was made due to its proximity to the re-aligned boundary of Plot 18 development site. Rehousing of the residents in this block commenced in March 2015.
22. In total Phase 2 now contains 812 dwellings; of these 103 are held by leaseholders. Phase 2 also includes one freehold property - 140 Albany Road.

Acquisition of non-council owned properties across the Aylesbury

23. There are currently 311 leasehold and freehold properties which the council has to purchase across all phases of the Aylesbury regeneration.
24. Buying these interests and ensuring that resident home owners are able to move to replacement homes is a major challenge to the regeneration programme. Residents include a number of home owners who would like the opportunity to sell their properties back to the council now while they are still in a reasonable position to move either due to their health or financial position.
25. Of the 311 leasehold and freehold properties only 123 of these are currently within an active phase for rehousing. However, since the procurement of NHHT as a development partner the council has fielded a number of enquires from both leaseholders and freeholders in other phases asking if the council will buy their interests now.
26. It is proposed that in order to keep the momentum of the regeneration project and build on the interest generated by NHHT being appointed a development partner for the regeneration of the estate that a one year early acquisition scheme is run during 2015/16, without the offer of rehousing assistance.

27. The budget proposed for this scheme is £3.7m in 2015/16, which is contained within existing resources. This is estimated to cover the purchase of 15 properties out of phase. In the event that there are more applicants than the budget can accommodate, the council will need to agree how these can be prioritised. This budget will be brought forward from budget profiles in future years and will be subject to further reports to cabinet.
28. Officers will closely monitor activity arising from this recommendation to ensure that early repurchase of out of phase units does not result in a shortage of budget allocation for phases or plots approaching the market earlier in the programme. It is anticipated that the availability of additional units provided through early repurchases will assist in progression of vacant possession by increasing stock availability on the estate and also generate temporary accommodation income to the housing programme.
29. Rehousing assistance will not be offered for this proposed scheme as those resources will be focussed on resident leaseholders in active phases of the regeneration in order to deliver vacant possession of these sites.
30. This scheme will run for 12 months from 1 April 2015 and be reviewed before expiry to determine its success and whether further early acquisition schemes would be recommended in future years.
31. The detailed conditions of this scheme are set out in Appendix 1.

Plot 18 – development programme

32. In 2009 the council committed to delivering new community facilities early on in the regeneration programme and this commitment was reflected in the AAAP and is captured in the DPA. The early delivery of this site will also provide new premises for the existing community facilities located in Taplow (Phase 3), and thereby keep the decant of these facilities in line with the re-housing programme.
33. The site for these facilities (identified as Site 10 in the AAAP/ Plot 18 in the DPA) is situated in the centre of the development area: mid-way along Thurlow Street and a key link between the conservation area to the west and Surrey Square park to the west.
34. The new community facilities on Plot 18 will comprise:
 - 2500m² Health Centre to provide new premises for the Aylesbury Medical Centre and the Aylesbury Community Health (both located in Taplow)
 - 500m² Early Years facility to provide new premises for the Aylesbury Early Years Centre (also located in Taplow)
 - 750m² Community Space
 - 250m² of retail space, including a pharmacy to provide new premises for the Medi-pharmacy (currently located in Taplow)
 - Public Open Space
 - Approximately 130 residential units.
35. The prominent location of this site, and the public nature of the functions to be accommodated on it, means that this development has the opportunity to be a catalyst for change in the area. A very high quality of design will be expected for this development to deliver landmark buildings. In view of this, the development partnership, following a detailed interview and selection process, has secured the

appointment of award winning architects Duggan Morris Architects to work in conjunction with HTA architects for this site.

36. To ensure the smooth progress through the tight programme timescales for this development, the project has been carefully structured with full buy-in from all the relevant stakeholders. NHHT will be taking forward the project management of the design and delivery with the council acting as shadow client throughout.
37. At this stage, the specific tenure demand for rehousing has yet to be determined but in line with the DPA at least 50% of the units will be affordable either through target rent or intermediate housing products. However to optimise flexibility, only space standards relating to affordable units (rented and intermediate) shall apply. Any private sales units will be to intermediate space standards; intermediate units may be to rented space standards.
38. All existing Aylesbury tenants in active phases of the estate regeneration will be eligible to apply for units on the development. A mixed community is sought for this development, although due to site constraints, the range of dwelling types will be limited to flats and duplexes; the dwelling sizes will be limited to 1, 2 and 3-bedroom units. It is therefore unlikely that the development will attract larger families.
39. To support the overall rehousing of residents on the Aylesbury and to help supply of temporary accommodation, some Aylesbury residents not in an active phase, may also be eligible to apply for units on the development. One building shall be designated for an Independent living model of accommodation and allocation to dwellings in this building will be structured under a local lettings policy.
40. A local lettings policy will be draft for further consideration, but it will be based around creating a mixed-tenure of people over 55 years in age, whose children are no longer living at home, and who are seeking a housing solution which fosters social relationships, thus improving health and wellbeing and reducing long-term need for external care services. This will be in line with the council's Adult Social Care nominations criteria.

Additional funding to the regeneration programme

Background

41. The estimated cost of the land assembly, including vacant possession and above ground demolition, for the whole estate is set out in the DPA at approximately £150m spread over 15 years at signature in April 2014. In November 2013 the council had set an initial capital budget of £76.7m for this scheme with the expectation that future land assembly costs covering later phases would be brought back to cabinet for approval.
42. Since the DPA was signed, land assembly costs have increased for both demolition and the acquisition of leasehold properties on the estate. Notwithstanding this, it is still anticipated that land receipts in later years of the programme will generate significant income.
43. The DPA also provides for the developer to share with the council any increase in sales values over an agreed threshold. The anticipated receipts from private sale homes have increased in value since April 2014.

44. In order to support the delivery of the regeneration of the Aylesbury, NHHT have sought various additional funding streams which could reduce the impact on council finances over the life time of this programme.

Affordable Homes Programme funding

45. Following selection as development partner, NHHT have been able to secure an allocation of £27,452,000 of (social housing) grant funding from the GLA's 2015-18 Affordable Homes Programme.
46. Further discussions are underway between NHHT and officers around how these funds can best benefit the programme in bringing forward affordable homes on site. The impact on the council's overall capital funding of the Aylesbury regeneration will be noted in a re-profiled capital budget and be subject to further reports to cabinet.

Estate Regeneration Programme funding

47. With the council's full support NHHT, have also submitted an application for funding to the Government's Estate Regeneration Programme (ERP) fund, which was established in the Budget 2014. The application was submitted in September 2014, and in the Autumn Statement in December 2014 it was confirmed that the Aylesbury had been shortlisted for an award of loan funding of up to £46.1m.
48. NHHT's ERP funding bid was based on the premise that the loan funding would be utilised for delivery of the following activities:
- Leaseholder acquisitions
 - Demolition (above and below ground) on the First Development Site
 - Utilities diversions on the First Development Site
 - Plot 18 community facilities
 - Highways infrastructure
49. The loan funding is time limited and must be spent within four years with the specific intention of bringing forward early delivery of the regeneration programme.
50. As set out in the cabinet report approving the selection of the preferred development partner dated 28 January 2014, the council has already made provision in its current 5 year housing investment programme of £76.7m (when approved in 2013/14) for the regeneration of the Aylesbury estate. At the time this meant that the council had sufficient funds for site assembly on phase 1 (including the first development site) and phase 2, and included demolition costs for phases 1 and 2 of £9.2m and £13m respectively.
51. It had been anticipated that a considerable amount of these costs would be front loaded to as many of the larger blocks are in the early phases and the council wished to buy-back as many leasehold interests as possible by agreement at an early stage in the regeneration.
52. If satisfactory due-diligence on this funding offer is completed, it would have the effect in the early stages of the project of reducing capital expenditure by the council. This would mean that the council's capital budget for Aylesbury would need to be substantially re-profiled to reflect this funding as a number of costs,

such as the leaseholder acquisitions and demolition, would now be initially paid for by NHHT with the money released from the ERP funding. The council would pay these costs back to NHHT, but this pay back would not start until 2021/22.

53. Another impact of securing ERP funding would be that NHHT's cost of borrowing would be substantially lower through the early phases of the project. This will in turn release additional funding back into the project as provided for under the DPA. Further work is underway to identify the benefit to the programme that this will derive and discussions between the council and NHHT around best use of this funding will continue.
54. Once due-diligence has been completed by the Homes and Communities Agency (HCA) and the final level of funding and interest rate is confirmed, a re-profiled capital budget will be subject to further reports to cabinet. This will also include further assumptions on costs to reflect the rises in costs set out in paragraph 42 of this report and an analysis of the overall benefit to the programme of receiving ERP funding. Any new bids to increase the current allocation of either capital or revenue resources will be submitted to cabinet for approval.
55. It is assumed that a final agreement between NHHT and the HCA will be in place in April 2015.

Demolition

56. Under the terms of the DPA the council is responsible for delivering land assembly, including vacant possession and above ground demolition to top of slab level. There is however an option in the DPA for the council to procure the demolition of the existing buildings through NHHT.
57. Following advice on the VAT implications arising if the council were to undertake demolition on these sites, an option within the DPA has been exercised to procure the above ground demolition for the First Development Site, Plot 18 and Phase 2 through NHHT.
58. This route will also ensure wider programme efficiencies in terms of the redevelopment of these sites with value for money provided through the requirement for the developer to obtain competitive prices from demolition sub-contractors for the works.
59. This route is in turn tied to a reduction in the land payment agreed that corresponds to the cost of the demolition works. Exact costs are currently being assessed, but will be subject to a competitive tender and open book process. This will be subject to further reports to cabinet.

Demolition Notices on further phases

60. The council served initial demolition notices on all properties within Phase 2 and Phase 3 of the regeneration in January 2013, following approval by the Strategic Director of Housing and Community Services in December 2012. Initial Demolition Notices have one statutory purpose, which is to suspend Right to Buy claims, and have a lifespan of seven years.
61. At the time of serving the notices, the council was dealing with the effects of the government's well-publicised 'reinvigoration' of the statutory Right to Buy

scheme. Demolition notices were served in order to address the threat of a sudden increase in Right-to-Buy applications, completions and the knock-on long-term effect this would have on the Aylesbury regeneration scheme.

62. The greatest cost to the council in the Aylesbury regeneration programme is land assembly, of which the greater portion is leaseholder buy-out costs. At this point in time there are a number of Right to Buy applications ongoing for tenants living on the Aylesbury Estate, and with the policy still receiving support from the Government, the council is therefore seeking to minimise the impact that this policy could have on increasing costs to the regeneration programme by reducing the ability of Phase 4 tenants to exercise their Right-to-Buy.
63. In order to be able to serve an initial demolition notice, a local authority landlord must have the intention of demolishing a block or series of blocks within the seven-year timeframe. At the time of serving the demolition notices on Phase 2 and 3 demolition notices could not be served on Phase 4 blocks because at that time the construction timeframe, as set out in the AAAP (2020-2027 but without any details on ordering of sites), for new homes fell outside the 7year period.
64. However the DPA signed in April 2014 includes a detailed programme for demolition and construction, which includes a setting out demolition phasing within Phase 4.
65. As demolition notices are served on individual blocks within the Phase, it is proposed that the council proceeds with serving demolition notices on blocks within Phase 4 when they fall within the seven year demolition period. Under the current programme agreed under the Business Plan that first demolition notice in Phase 4 could be served in April 2016. However with the ERP funding identified in paragraphs 47 – 55 of this report, it is possible that some blocks in Phase 4 may now be demolished earlier. Once a revised programme has been approved through the mechanism set out within the DPA, it is proposed that the Strategic Director of Housing and Community Services, serves demolition notices on blocks within Phase 4 as appropriate.

Policy implications

66. The recommendations set out within this report are intended to ensure the council is able to deliver on its obligations as set out within the DPA with NHHT, dated 28 April 2014.
67. This agreement set out to complete the regeneration of the Aylesbury Estate in line with the principles set out in the Aylesbury Area Action Plan and the council's core strategy. Both the Aylesbury area action plan, approved by council assembly in January 2010, and the core strategy, approved by council assembly in April 2011, set out the council's detailed vision for the future of the Aylesbury and provide the planning policy framework for the area.

Community impact statement

68. An Equalities Impact Assessment was carried out as part of the AAAP. While this did not assess all of the groups with protected characteristics identified under the 2010 Equalities Act, the outcomes of that assessment are still valid and are not altered by the DPA signed in May 2014, or any of the recommendations set out in this report. In addition an updated equalities analysis has been prepared as part of the process of preparing a planning application for the estate.

69. As part of the planning process NHHT have carried out consultation with a wide range of individuals and groups on the Aylesbury which is set out in detail in the Statement of Community Involvement submitted as part of the Outline planning application.
70. The realisation of the regeneration vision for the area will bring quality new affordable homes and an improved environment. However, in order to realise this ambition it will require the existing residents (tenants and leaseholders) of Aylesbury to be re-housed. This is a difficult and often stressful process for residents, many of who have lived on the estate for many years.
71. The Housing department through the Aylesbury area housing office leads on the re-housing of the Aylesbury residents.
72. Tenants are currently re-housed through re-lets of the council's 38,000 properties currently under secure tenancies, in addition to properties at target rent from housing associations. The availability of housing association properties at target rents will diminish in the future due to the introduction of the new affordable rent regime. The impact of this has been modelled and it is anticipated that it will be possible to re-house the majority of tenants living in phase 1 and phase 2 off-site. NHHT Housing will also provide a pre-agreed supply of units over the next 10 years at target rent. Tenants are provided with home loss payments and are given support to move home.
73. The council seeks to negotiate voluntary agreements for lease surrender or repurchase with leaseholders. The council recognises that many of the council leaseholders are not able to easily afford alternative residential accommodation in the local area. To this end, the council offers an enhanced re-housing package for affected homeowners. Subject to certain qualification criteria, they will be offered a suitable alternative property from the council on full or shared ownership terms, or they may be re-housed as a council or a housing association tenant. The council also provides a payment to compensate for disturbance, covers reasonable fees and provides help with moving.
74. The council recognises that even with this enhanced re-housing offer, many leaseholders are still highly reticent about agreeing to voluntary repurchase, to move to a shared-ownership property. To this end, the council has from March 2014 introduced a shared equity product that does not have a rental component and is available for qualifying leaseholders. NHHT is also offering 115 shared equity units from within its own existing stock and in the new Aylesbury units to support the re-housing of Aylesbury leaseholders. The first of these shared equity units are being made available in NHHT's Camberwell Field's development, on Edmund Street, Camberwell; in close proximity to the Aylesbury.
75. To assist leaseholders the council has produced a guide detailing the options that are available to leaseholders in active phases of the regeneration. This is circulated in hard copy to all leaseholders within an active phase and is available on the council's website at:
http://www.southwark.gov.uk/downloads/download/1079/aylesbury_homeowners_rehousing_toolkit
76. Overall the development partnership with NHHT is programmed to deliver significant benefits for local residents in terms of community and economic

benefits to the area, this will include a commitment from NHHT to maximising the use of local supply chains and labour, in addition to offering training and employment opportunities (such as apprenticeships).

Resource implications

77. On 19 November 2013, as part of the 2013/14 quarter 2 capital monitoring report, cabinet agreed a variation £53.7m to the Aylesbury capital budget to establish a total budget £76.7m for the council's Aylesbury Regeneration programme. This was based on the analysis produced by Grant Thornton for the estimated land assembly costs for the Aylesbury Regeneration programme for the period 2013/14 to 2019/20. However, since signing the Aylesbury Development Partnership Agreement with NHHT, some of the initial assumptions on the costs and profiling of expenditure have changed which are detailed within the main body of the report. Some of the main changes that will impact on the profiling of the expenditure for the Aylesbury Programme are outlined below.
78. Some of the acquisition and rehousing programmes initially envisaged to occur in the latter stages and non active phases of the programme will now be brought forward as detailed in the report. The resources required in bringing forward a limited early buy back scheme with no rehousing assistance during 2015/16, as set out in paragraphs 26 – 31, can be contained within existing resources.
79. The report also highlights that since the DPA was signed, the land assembly and acquisition costs have increased. However, it is expected that the increase in sales value income due to the council under the DPA should offset the increased cost.
80. The demolition costs which were initially expected to be incurred by the council will now be undertaken by NHHT following the advice on the VAT implications for the council. This is expected to have a corresponding reduction in the land payments receipts expected in the future.
81. The report also indicates that since the selection of NHHT as the council's development partner, NHHT have secured grant funding of £27.452m from the GLA's 2015-18 Affordable Homes Programme. Discussions are currently underway between NHHT and the council on how this funding can best benefit the Aylesbury programme.
82. NHHT's application, to the government's Estate Regeneration Programme (ERP) for the Aylesbury programme, with the full support from the council has been shortlisted with the potential loan funding of up to £46.1m. The conditions of this potential loan funding are detailed in the report.
83. All the above will be subject to further discussions between the council and NHHT on how this impacts on the profiling of the capital expenditure on the council's capital programme and cashflow arrangements.
84. The current remaining capital budget for the Aylesbury programme is £69m for the period 2014/15 to 2021/22 and the costs identified in this report is expected to be contained within this overall total budget. However, following discussions with NHHT on the revised financial arrangements on the DPA, costs and budgets will need to be revised and re-profiled based on latest information and will be incorporated in the quarterly capital monitoring reports to cabinet. Close and robust monitoring will be required to ensure the costs can be contained within the

current approved budgets. Any requests for additional resources for the Aylesbury programme will be subject to further reports to cabinet for formal approval.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

85. Cabinet is advised that on 15 January 2009 the Major Projects Board (a committee of the then Executive) gave approval for the acquisition of all leasehold and other interests on the Aylesbury Estate, subject to funding being available, and that Board was advised of the legal basis for such acquisitions. Authority for the terms of individual acquisitions was delegated to the Head of Property.
86. This report sets out the basis on which future purchases will be progressed, and gives details of the funding allocation.

Strategic Director of Finance and Corporate Services (FC14/058)

87. This report is requesting cabinet to note the progress update on the Aylesbury Regeneration programme since the council entered into the Aylesbury Development Partnership Agreement (DPA) with Notting Hill Housing Trust (NHHT) in April 2014. The progress updates on the Aylesbury programme are summarised on paragraph 1 and detailed within the main body of the report.
88. The strategic director of finance and corporate services notes that the total budgets approved by cabinet on 19 November 2013, as part of the quarter 2 2013/14 capital monitoring report was £76.7m and the total remaining budgets for 2014/15 and future years is currently £69m. It is noted that the total budgets and profiling of the expenditure was based on the analysis produced by Grant Thornton for the estimated land assembly costs for the Aylesbury Regeneration programme for the period 2013/14 to 2019/20.
89. It is noted that some of the initial assumptions on which the initial costs and profiling of expenditure were based, have changed since signing the Aylesbury Development Partnership Agreement with NHHT. These changes are summarised in the financial implications and detailed within the main body of the report. The strategic director of finance and corporate services recognises that these changes will require further discussions between the council and NHHT on how they impact on the council's capital programme and cash flow arrangements. It is noted that the costs identified within this report can be contained within the current overall budget allocation but the expenditure profile across the years will need to be updated in line with the latest information.
90. Regeneration programme of this magnitude presents significant risks to the council and it is essential that the discussions with NHHT on the financial arrangements minimises such risks. Regular and robust monitoring of the overall Housing Investment Capital Programme will be required to ensure there are sufficient resources to fund the council's overall capital programme on a yearly basis. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

Strategic Director of Housing and Community Services

91. Specialist Housing Services welcomes the opportunity to utilise properties being brought forward to earlier phasing and repurchase, as temporary accommodation units.
92. Using the repurchased properties for the provision of temporary accommodation has clear advantages for the authority:
 - Maximising the use of existing council stock and avoiding having to place homeless households in inappropriate and expensive bed & breakfast accommodation.
 - Maximising occupancy of the estate during decant, lowering the risk of squatting and anti-social behaviour.
93. The decision to serve statutory demolition notices is delegated to the Director of Housing and Community Services. As is noted in paragraph 62, the council continues to receive Right-to-Buy applications from tenants in Phase 4 blocks. There are currently 18 live applications in Phase 4.
94. Central government continues to promote the Right-to-Buy scheme and with increased discounts available from 6 April and the well-publicised plan to reduce the qualifying tenancy period to 3-years, it is expected that application numbers will rise further. The legislation relating to the service of demolition notices is prescriptive and the work is undertaken by Specialist Housing Services officers.
95. It should be noted that in addition to the proposal for phased service of demolition notices on blocks in Phase 4 of the redevelopment, the council will also be required to seek approval from the Secretary of State to extend a demolition notice served in April 2010 on certain blocks in Phase 2. The blocks in question are Wendover (241-471), Foxcote, Padbury, Ravenstone, Winslow, and Wolverton (152-192). The demolition notice was served at a time when the phasing of the redevelopment was subject to rescheduling and it expires in December 2016. The rehousing of tenants and homeowners in these blocks is well under way and it will not be necessary to make the approach to the Secretary of State until the start of the 2016/17 financial year.
96. The properties numbered 57-76 Northchurch form part of a larger block, which is not proposed to be demolished in Phase 2. In accordance with the leases, the service charges to the remaining leaseholders in the block will continue to be constructed using the full block definition. Although it is anticipated that the actual costs incurred in providing services to the block may be slightly reduced it is expected that by continuing to use the full block divisor there will be a loss to the Housing Revenue Account.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Aylesbury Regeneration – Early activation of 57-76 Northchurch	Chief Executive’s Department Southwark Council 160 Tooley Street London SE1 2QH	Simon Chambers 02075257495
Link: http://moderngov.southwark.gov.uk/documents/s52089/Report.pdf		
Gateway 2 - Contract Award Approval Development partner for the regeneration of the Aylesbury Estate	Chief Executive’s Department Southwark Council 160 Tooley Street London SE1 2QH	Simon Chambers 02075257495
Link: http://moderngov.southwark.gov.uk/documents/s44910/Report.pdf		
Phase 1b and 1c Aylesbury Regeneration	Chief Executive’s Department Southwark Council 160 Tooley Street London SE1 2QH	Simon Chambers 02075257495
Link: http://moderngov.southwark.gov.uk/documents/s45079/Report%20Phase%201b%20and%201c%20Aylesbury%20Regeneration.pdf		

APPENDICES

No	Title
Appendix 1	Detailed conditions of early acquisition programme 2015/16

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration, Planning and Transport	
Lead Officer	Neil Kirby, Head of Regeneration South	
Report Author	Simon Chambers, Programme Officer, Regeneration South	
Version	Final	
Dated	5 March 2015	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate	Yes	Yes
Strategic Director of Housing	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	5 March 2015	

APPENDIX 1

Detailed conditions of early acquisition programme 2015/16

- The council will pay market value for the properties to be acquired and there will be one offer for each property where a valid application is received.
- The vendor must provide vacant possession of the property on completion.
- The vendor must complete the sale to the council by no later than 3 months from the offer.
- In addition to market value, the council will make a home loss payment of 10% of market value provided the property is his/her principal or only home, or 7.5% if this is not the case.
- The council will pay owner-occupiers disturbance to cover their reasonable costs arising as a natural and direct consequence of the council acquiring their home; no disturbance will be payable to non-resident owners.
- The council will not provide any assistance to vendors in re-housing them or their tenants if they are non-resident owners.
- If at the time of completion of the purchase there are any arrears of service charge and/or council tax these will be deducted from the consideration paid to the vendor.
- On the launch of the scheme, all home owners will receive a pack of information containing details of the early buy back scheme and how they can apply which is relevant to both non-resident and resident home owners.