

Item No. 14.	Classification: Open	Date: 13 July 2021	Meeting Name: Cabinet
Report title:		Tustin Estate Low Rise Re-development Delivery Programme	
Ward(s) or groups affected:		Old Kent Road	
Cabinet Member:		Councillor Stephanie Cryan, Council Homes and Homelessness	

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

Earlier this year we held a ballot on the Tustin Estate, which asked residents to vote on a range of options for the redevelopment of the estate. The result of the ballot gave a resounding yes vote for the redevelopment of the estate, which will include building additional new council homes, Over 55's housing, a new park at the centre of the estate, a new Pilgrim's Way Primary School and new retail and business spaces.

Given the current financial position of the council, this decision will have an impact on the housing investment programme for a number of years and the future investment in our housing stock. However, it is the right decision to make at this time as it demonstrates that the council has listened to the views of local residents and has responded in a very positive way. It is a resident led decision and allows them to have a key say in the future of their estate.

The proposals will transform the Tustin Estate and will improve the quality of housing, public realm and amenity space for all of its residents and will play a key role in our commitment to build 11,000 new council homes by 2043.

This report sets out key changes to the rehousing policy for council tenants and leaseholders, which build on the experience of other projects. I would like to put on record my thanks to the members of the Tustin Community Association for the work they have done and continue to do for the future of the Tustin Estate.

RECOMMENDATIONS

Recommendations for the Cabinet

That Cabinet:

1. Note the ongoing engagement with the local community and thank all residents in particular the Tustin Community Association and Resident Project Group, for their contribution to the resident-led programme of work at the feasibility and options stage and the initial steps of the delivery programme.

2. Note the result and ratify the result of the Tustin Estate Resident Ballot, concluded in March 2021, and decision to demolish low-rise blocks (Bowness House, Heversham House, Hillbeck Close, Kentmere House and Ullswater), refurbish the council tenanted houses at Manor Grove, the demolition and rebuild of Pilgrims' Way Primary School and the commercial units as well as the creation of a new park at the centre of the estate and delivery of a minimum of 689 homes across three phases, in line with the commitments set out within the Tustin Estate Landlord Offer Document.
3. Approve a further variation to the Housing Investment Programme for funding of up to £14.24m to take forward the project to the next stage.
4. Approve the commencement of the acquisition of leasehold interests on the low-rise blocks (Bowness House, Hillbeck Close, Heversham House and Kentmere House) in accordance with a phased approach and via negotiation, with compensation and disturbance payable in line with compulsory purchase compensation rules.
5. Approve the serving of demolition notices in order to suspend qualifying tenants from exercising their Right to Buy (RTB) their homes for a period of up to 7 years.
6. To agree that every council tenanted household subject to demolition, will be offered a replacement council home on the Tustin Estate.
7. Approve the re-housing of all secure tenants remaining in the low-rise blocks (Bowness House, Hillbeck Close, Heversham House and Kentmere House) in accordance with the Re-housing Strategy in paragraphs 50 to 74 to enable vacant possession of the blocks in order that the delivery of the proposed redevelopment of the Tustin Estate can proceed.
8. To agree that a dedicated Tustin Estate local lettings policy will be agreed post securing planning consent and will be based on the principles outlined in the Tustin Estate Landlord Offer Document and the criteria outlined in the Re-housing Strategy and paragraphs 50 to 74 of the Re-housing strategy outlined below.
9. To agree that every resident leaseholder subject to demolition, who has been living on the estate for 12 months prior to the March 2021 Resident Ballot will be offered the opportunity to purchase a replacement home on the Tustin Estate with the option to purchase an affordable intermediate home (shared equity, equity loan, shared ownership) or a council tenancy where appropriate and subject to a financial review.
10. To agree that every housing register applicant living on the Tustin, who has been on the council's housing waiting list 12 months prior to the March 2021 Resident Ballot will be offered a replacement council home on the Tustin Estate.

11. To make available 100% of new hidden homes in the Tustin towers to existing residents of Tustin Estate, with priority status given to those living in Hillbeck Close and those with a need for a garden.
12. To make available 100% of new build council homes on the estate eligible to residents in blocks demolished by the re-development and those on the housing waiting list who we have a commitment to as set out in the Tustin Estate Landlord Offer Document. Those in blocks due to be demolished will be given priority.
13. To agree a 'one-move' approach to minimise disruption to residents except where residents request 'two-moves' to preserve their existing arrangements ie. to move back to the site of their original home, or to enjoy a garden if they currently have one or to move to the Over 55's block if this is their preference.
14. To approve the re-housing of residents in Hillbeck to commence in August 2021 and to apply the re-housing strategy described in paragraphs 50 to 88.
15. To note the formal consultation undertaken with affected tenants, homeowners and the wider estate community throughout the process.
16. To note the detailed commitment to support affected vulnerable residents throughout the project.
17. To note the outcome of an equalities and health impact assessment summarised within paragraph 125 of this report.

Recommendations for the Leader of the Council

18. Delegate approval of compensation packages for the acquisition of individual leasehold interests to the Director of Planning and Growth in consultation with the Strategic Director of Housing and Modernisation.
19. Delegate approval of the Tustin Estate Local Lettings Strategy to the Cabinet Member for Council Housing and Homelessness.

BACKGROUND INFORMATION

20. The Tustin Estate Low Rise Re-development programme is the outcome of a resident-led investment decision into low-rise homes on the Tustin Estate following a feasibility, master-planning and options appraisal process.
21. In January 2021, a Cabinet decision to proceed "*to a Resident Ballot for the final option, on the basis of the proposals and commitments within the Landlord Offer Document, for the Tustin Estate Low Rise Programme in February 2021*" was agreed. The final option, described within this report as the re-development option was described as the following:

Redevelopment of the low-rise homes with:

- The demolition and replacement with new homes of Bowness House,

Heversham House, Hilbeck Close, Kentmere House & Ullswater

Retention of the houses in Manor Grove with improvements to the tenanted homes

New houses in between the houses on Manor Grove

A new park in the centre of the estate

A new Pilgrims' Way School

New retail and business spaces on the Old Kent Road and Ilderton Road.

22. On February 10 2021, the Resident Ballot commenced. The results of the ballot were returned by the independent organisation, Civica Election Services (CES) who managed the balloting process. The ballot was initiated three weeks after the Tustin Estate Landlord Offer Document was issued to residents allowing time for the contents of the Offer Document to be digested and for questions to be discussed prior to votes being cast.

23. The ballot paper question was: "*Are you in favour of the proposal for the re-development of the low rise homes on the Tustin Estate?*" 87% of votes, voted 'yes', 13% of votes, voted 'no'. 64% of residents eligible to vote took part. 73% of those who live in the low rise homes took part and 53% of those who live in the towers took part.

24. In light of the results of the ballot and the commitment in the Landlord Offer Document that "If the ballot result is in favour of the final option, we will deliver this option with resident input" a delivery programme has been developed to achieve a start on site in September 2022 for Phase 1 works.

25. The programme comprises of

- The demolition of 249 homes (200 council rented and 49 leasehold) at Bowness House, Heversham House, Hillbeck Close, Kentmere House & Ullswater
- The build of an estimated 689 homes comprised of
 - 200 replacement council rented homes
 - 220 additional council homes made up of council rented and key worker rented
 - 18 refurbished council rented homes in Manor Grove
 - 49 council shared equity homes
 - 220 private for sale homes
- The retention of the houses in Manor Grove
- The development of a new park in the centre of the estate
- Demolition and redevelopment of Pilgrims' Way School
- The build of new retail and business spaces on the Old Kent Road and Ilderton Road.

26. This proposal is in accordance with current Council and GLA policies. Officers will continue discussions with the GLA in order to seek further funding for the proposals and will determine the level and form of key worker housing in consultation with local residents and ward councillors. The financing of the project will continue to be reviewed as the delivery partner procurement progresses and the design proposals are further developed in order to minimise

the impact on council resources. The key worker accommodation, subject to further consideration, may be taken forward on a temporary accommodation basis.

27. The delivery programme has been established in line with a grant agreement with the Greater London Authority (GLA) of £20 m as part of the Building Council Homes for Londoners programme and consequently works on site are due to commence in September 2022. If the programme does not meet the terms of the grant agreement the Council risk losing the £20m grant.
28. The estate is located in the Old Kent Road Masterplan area. The blocks subject to demolition as part of the re-development programme are Bowness House, Heversham House, Hillbeck Close, Kentmere House and Ullswater House. Garages between the two Manor Grove blocks are due for demolition. Manor Grove tenanted properties are subject to refurbishment. Hillbeck Close, Ullswater House and the Manor Grove garages are subject to demolition in the first phase of the programme due to commence in September 2022. Bowness House, Heversham House and Kentmere House are subject to demolition in the second phase of the programme estimated to commence in September 2024. Refurbishment works to the council tenanted properties will take place in Phase one due to commence in September 2022. The refurbishment specifications are due to be confirmed through consultation with residents and developed with the design team. The starting point for the refurbishment standards will look to use the refurbishment standards applied to the three towers whilst acknowledging the different housing typology and climate change emergency.
29. The breakdown of households in blocks subject to demolition is in Table 1. Numbers given relate to households who are eligible for re-housing and are based on figures from June 2021.

Table 1: Breakdown of the residential blocks subject to demolition

Block	Secure Tenants	Applicants on housing waiting list	Resident Leaseholders	Non Resident Leaseholders	Voids
Bowness	19	1	10	5	1
Heversham	70	4	17	11	2
Hillbeck	27	1	2	3	2
Kentmere	35	2	3	0	4
Totals	151	8	32	19	9

30. Ullswater is a temporary accommodation hostel with residents of the block on a license. Due to impacts of the Covid-19 pandemic and the need to provide safe accommodation, the majority of residents have moved elsewhere as these homes were non self-contained. It is anticipated Ullswater will be fully vacated before the commencement of phase 1 through direct offers of the accepted homeless households or temporary accommodation transfers.
31. The Tustin Towers (Ambleside, Grasmere and Windermere) have been

subject to a Major Works Refurbishment programme. This programme has resulted in the creation of 13 'Hidden Homes' at ground and first floor level. These homes are due to be available for occupation in Autumn 2021.

32. In Manor Grove there are 18 council tenanted properties, with 17 households with a secure tenancy, 3 residents on the housing waiting list and 1 void.
33. In the three towers there are 32 council tenants on the council's housing transfer list. In addition there are 3 applications on the council's housing waiting list we have commitments to in accordance with the Landlord Offer Document
34. Voids on the estate are in use for temporary accommodation to address the urgent need for temporary accommodation and to ensure that we were not creating tenancies that would be subject to re-housing in the event of a positive resident ballot in favour of re-development.
35. A mix of 1 bed through to 3+ bed homes will be delivered in a variety of typologies including flats, maisonettes and houses with 10% of these homes being wheelchair accessible. All homes will have private amenity spaces with some having gardens. All tenanted homes will be adapted in line with the equality act adaptations requirements as appropriate.
36. A Housing Needs Assessment (HNA) was concluded in February 2020. This report provided insight into the development of the schedule of accommodation and estate masterplan developed by the design team alongside feedback from residents on their needs and preferences.
37. The HNA is currently being updated to inform the next stage of design development which seeks to take work from the masterplan (RIBA Stage 1) to the planning stage (RIBA 3+) and will be revised after planning consent is granted so that homes can be offered in accordance with housing need to council tenants based on accurate information. At this point it will be feasible to agree a dedicated local lettings policy for Tustin Estate.
38. The estate is home to 10 different commercial properties all located on the ground floor of Bowness House. Each property is currently occupied.
39. Pilgrims' Way Primary School is a one-form entry primary school located at the centre of estate away from roads. The school also includes the Bermondsey and Rotherhithe Children and Family Centre and a sure start nursery.
40. The phasing plan is as follows:

Phase 1, September 2022 to August 2024

- Demolition of Hillbeck Close and Ullswater House
- Build an estimated 210 new build homes
- Refurbish 18 council properties

Phase 2, September 2024 to August 2026

- Demolition of Bowness House, Heversham House, Kentemere House

- Build an estimated 265 new build homes
- Build a new Pilgrims' Way Primary School (1 form entry with 2 form entry infrastructure)

Phase 3, September 2026 to August 2028

- No existing residential blocks due to be demolished.
- Build an estimated 225 new build homes
- Demolish the old Pilgrims' Way Primary School
- Complete public realm work

41. The indicative phasing for the programme has been established to keep the community together and minimise disruption to residents to enable the majority of resident subject to demolition to move to a new build home in one move and as such the majority of the new build homes in Phase 1 will be council homes.
42. The phasing plan, and design, also enables Pilgrims Way Primary School to move from their existing building directly into the new school in one move. The impact of works on playing field will be subject to design evolution and consultation with the school community.
43. All commercial units will be subject to demolition. The approach to the re-locating businesses will be based on discussion with the existing businesses. Options will include a permanent move to a property that meets the needs of the business nearby or a temporary move to a suitable location nearby and a permanent return to one of the new commercial properties on Tustin Estate.
44. A hybrid planning application based around the phases will be submitted in Winter 2021/22. Detailed consent will be sought for phase one and outline consent for phase two and three.
45. This paper and supporting appendices detail the delivery plan and steps and resources necessary to meet this target date and deliver against the commitments on the Landlord Offer Document, specifically 1) Confirmation of the Resident Ballot Result and decision to proceed with the delivery of the re-development option in accordance with the Tustin Estate Landlord Offer Document 2) The re-housing strategy 3) The procurement strategy and resourcing plan including resident engagement plan 4) The financial status of the re-development programme and the impact on the Council resources.

KEY ISSUES FOR CONSIDERATION

Resident Ballot

46. As detailed in paragraphs 9 to 11 a Resident Ballot was carried out on the Tustin Estate. This was carried out in compliance with the GLA's requirements.
47. Estate Regeneration Resident Ballot requirements meant there was no minimum turnout needed - a simple majority is required; voter eligibility criteria were applied and the ballot was conducted and managed by Civica Election

Services (CES) who were appointed as the independent organisation.

48. On February 10 2021, the resident ballot commenced. Ballot papers were sent to the 480 qualifying households (i.e. permanent secure tenants, and Southwark's housing waiting list applicants who have been on the housing register for at least a year, resident leaseholders and resident freeholders).
49. The ballot concluded on March 5 2021 and the results were that 87% of those who took part voted for the redevelopment option as identified in paragraph 13.

Re-housing Strategy

50. The aim of the local lettings principles outlined below is to keep the residents together on the Tustin Estate and minimise disruption to residents whilst also offering flexibility and certainty. The principles have been established to provide for effective and fair re-housing of residents subject to demolition via the redevelopment programme and to provide for residents of the estate who are not subject to demolition, but subject to ongoing disruption from works on the estate over an extended period of time, estimated to be 6+ years, and for Manor Grove tenants who are subject to refurbishment. These principles have been consulted on with residents and set out in the Landlord Offer Document.

Local Lettings Principles

51. The local lettings principles apply to Council secure tenants living in blocks subject to demolition; housing list applicants on the housing waiting list who have been living on the estate for 12 months or more prior to the 5th March 2021 Resident Ballot and resident leaseholders in Bowness House, Hillbeck Close, Heversham House, and Kentmere House who have been living on the estate for 12 months or more prior to the 5th March 2021 Resident Ballot).
52. Residents will be supported to access the homes that meet their needs and preferences. Support will also be provided to deal with utility companies, moving, and changes in benefit claims.
53. Vulnerable residents, whether this is through physical health, old age, mental health or a combination of all three, will be provided with support in accordance with their bespoke needs and preferences.
54. Where additional support is required due to a language barrier or literacy, additional support will be found to support these needs.

Council Secure tenants (in properties due to be demolished)

55. Council tenants will be guaranteed a newly built council home on the estate.
56. Council tenants will be pre-allocated a home based on prioritisation of housing need, medical need, how long you have lived on the estate.
57. Like for like allocation - If tenants wish to return to the site of their existing

home, are currently on the ground floor, have a garden or both we will work to allocate you a home on a like for like basis, where feasible, meaning if you have a garden we will work with you to allocate you a home with a garden.

58. Providing choice - Council tenants will choose from a booklet the home they would like to move into. This booklet will show the layout and the size of the property and state the indicative rent and council tax of each property. The actual rent and council tax set will be dependent upon when the properties are available for letting.
59. If residents are currently in a larger property than they need, they will be eligible for a property with one more bedroom than their need, however if they want to downsize they can.
60. Each household will receive a homeloss payment and a disturbance payment for their move. If a household moves a second time, for the second move they will receive a discretionary payment to cover the costs of moving akin to the disturbance payment made for the first move to assist with the costs for the second move, but not a second homeloss payment. Further information about payments to households will be provided in the booklets shared with tenants.
61. Existing council tenants in Hillbeck are 'activated' for re-housing in August 2021 and asked to move before or in Summer 2022. Residents of Hillbeck will receive a priority re-housing status as Hillbeck is due to be demolished first.
62. Residents in Hillbeck will be required to work with the Ledbury and Tustin Team to:
 - Complete their Housing Needs Survey
 - Identify if they want to stay on the estate or move off the estate. (The council has flexibility to review the move later with residents if requested).
 - Register for their new homes
 - Either receive the weekly homesearch magazine on available homes off the estate and bid for them or once planning permission for the new homes has been agreed receive a booklet on available homes on the estate and express an interest in the homes they want to be considered for.
63. Residents will be given:
 - A priority Band 1 Status
 - Offered a refurbished or new build home in the Towers. Where residents, choose to stay on the estate, they will be allocated a new home on the estate on a temporary or permanent based on their preference.
64. Existing council tenants Bowness, Heversham, Kentmere are activated for re-housing in May 2022 and asked to move before or in Summer 2024.

65. Residents in Bowness, Heversham, Kentmere will be required to work with the Ledbury and Tustin Team to:
- Complete their Housing Needs Survey
 - Identify if they want to stay on the estate or move off the estate
 - Register for their new homes
 - Either receive the weekly homesearch magazine on available homes off the estate and bid for them or once planning permission for the new homes has been agreed receive a booklet on available homes on the estate and express an interest in the homes they want to be considered for.
66. Residents will be given:
- A priority Band 1 Status
 - Offered a new build home on the estate
 - Allocated a new home

Council tenants (in the towers and in Manor Grove)

67. Existing council tenants in Manor Grove and the Tustin Towers who are in overcrowded accommodation or who wish to downsize or have a medical need will be given a priority status to move into a new home on the Estate after the existing low rise residents to be:
- Listed as local lettings priority. Offered a home on the estate
 - Able to bid for a new home on the estate
68. A choice based bidding system will apply to those in housing need, including overcrowded households and those residents who have been on the council's housing list for a year before the Resident Ballot. They will have the opportunity to bid for council homes on the estate as the properties will be ring fenced for Tustin residents first.
69. The policy is applicable to residents in Ambleside Point, Grasmere Point, Manor Grove and Windermere Point.
70. Tenants who are in rent arrears will be eligible for transfer as long as there is not an outright possession order or if there is a suspended possession order, where they are complying with the terms. Arrears outstanding at the point of rehousing will be deducted from the Homeloss payment.
71. Households can only move upon successful completion of pre-tenancy inspection and interview as per section 5.26 of the council's published allocation scheme.

Applicants on the Housing Register

72. Applicants on the housing register (for 12 months prior to the March 2021 Resident Ballot) will be offered a home on the estate. Housing applicants in

Hillbeck Close will be 'activated' for re-housing in August 2021 and asked to move before or in Summer 2022.

73. Applicants on the Housing Register in Bowness House, Heversham House, Kentmere House are activated for re-housing in Summer 2023 and asked to move before or in Summer 2024.
74. Residents will be given:
 - The right to bid for a new home on the estate only.
 - Priority in accordance with the local letting scheme to be produced after planning permission has been granted.

Leaseholders (resident)

75. Existing resident leaseholders who have completed on the sale of their property and are buying a new build on the estate will be temporarily rehoused until their new home is finished. If resident leaseholders choose to move off the estate they relinquish their right to purchase an affordable home on the estate.
76. A financial appraisal of affordability for the household will be applied to determine minimum levels of the affordability to buy and the suitability of a council tenancy on a secure basis.
77. Leaseholders who want to remain on the estate will be eligible to choose the home they would like to purchase from a sales booklet once planning permission has been obtained. This will show the layout and size of the property and state the price and council tax of each property as well as information about the assistance the council will offer on a second move.
78. Leaseholders who commit to remaining on the estate will be offered a temporary home on the estate prior to moving into a property they have bought, where necessary.

Leaseholders (resident and non-resident)

79. The Council will enter into negotiations with the existing leaseholders (resident and non-resident) in Hillbeck Close regarding the leaseholder acquisitions of their property in Summer 2021 with the aim of securing vacant possession for Summer 2022.
80. The Council will subsequently enter into negotiations with existing leaseholders (resident and non-resident) in Bowness House, Heversham House and Kentmere House enter into negotiations regarding the 'buy-back' of their property with the aim of securing vacant possession for Summer 2024. Leaseholder acquisitions in Hillbeck will be prioritised to support the re-development delivery commitments.
81. Where a resident leaseholder is seeking to acquire another Council property a financial appraisal of affordability for the household must be applied to

determine minimum levels of financial input and or affordability to buy.

82. Where possible resident leaseholder allocations will also be based on a like for like basis i.e. if residents have a garden at present we will work with resident leaseholders to find a similar property.

Acquisition of leasehold interests

83. The principles of the re-housing strategy were agreed in the Tustin Estate Landlord Offer Document. These principles have subsequently been developed further to provide greater clarity for residents ahead of entering into discussions related to re-housing and acquisition of leaseholder interests. The leaseholder specific policies have been subject to consultation with leaseholders on the estate. One outstanding query arising from the consultation is the treatment of the stock condition survey information as part of assessing market value. The Council is currently awaiting advice from Counsel on this issue and will share the advice received with residents as soon as possible. The local letting policy will be drafted in consultation with estate residents and will be subject to a further approval by the Cabinet Member for Housing.
84. The Council holds the freehold interest of the development site, but in order for the Council to proceed with the demolition and redevelopment, it is necessary to acquire all the residential leasehold interests, and any commercial interests within the development area.
85. This report seeks approval to acquire all interests in order to deliver vacant possession of the blocks due to be demolished.
86. The Council has built a positive dialogue with the majority of residents and leaseholders so it remains the Council's intention to acquire all leasehold interests by agreement rather than by compulsory acquisition. However, if this is not possible then it may be necessary to bring a further report to Cabinet at a later date to seek approval to commence a compulsory purchase process. This would enable the Council to acquire any outstanding leasehold interests in the low-rise blocks, which it is not able to acquire by agreement, to enable the delivery of the redevelopment programme to proceed. The Council has wide ranging powers available to acquire land by agreement and these are set out in the legal section of this report.
87. The number of leaseholders, resident and non-resident can be seen in Table 1: Breakdown of the residential blocks subject to demolition. Leaseholders who want to seek Council re-housing assistance will need to make an application to the Council through the Council's Specialist Housing services team. Leaseholders will only be eligible for rehousing assistance through the Council if they fulfil the following criteria:
 - a) Currently live in their property as their sole or principal home and have done so for a full 12 months before applying for re-housing assistance; and
 - b) Either submitted a successful claim for the Right to Buy the property before March 8 2021; or
 - c) Bought the property from another leaseholder before March 8 2021

88. The Council will seek to acquire these remaining interests in line with the provisions set out in the Land Compensation Acts 1961 and 1973, the Compulsory Purchase Act 1965 and relevant case law. This includes the opportunity for leaseholders to be represented in any discussions to acquire their leasehold interest by a surveyor experienced in CPOs, whose costs will be reimbursed at completion by the Council.

Demolition Notices

89. This report proposes that Initial Demolition Notices (IDNs) are served under Schedule 5A of the Housing Act 1985 as inserted by clause 182 of the Housing Act 2004 and amended by the Housing and Regeneration Act 2008.
90. This will serve to suspend the Right to Buy in Bowness House, Heversham House, Hillbeck Close and Kentmere House and protect the Council's financial position by not requiring the Council to sell properties within these blocks under the Right to Buy at a discount, which is then not able to be recovered by the Council where that property is acquired either by agreement or through a CPO.

Resourcing Plan

91. The delivery of the project requires a substantive amount of resourcing to deliver the commitments of the Landlord Offer Document and the terms of the GLA grant agreement. The delivery programme will be delivered by officers within the Regeneration Team, New Homes Team and the Ledbury Team with support provided by the Old Kent Road, Housing Management and Education.
92. Project specific technical, expert and independent services related to project and programme management, design and architecture, cost consultancy, equalities and health impacts and independent tenant and homeowners advice will support delivery not only through providing sufficient capacity to deliver the programme but also to support a transparent and accessible programme for all stakeholders involved. The procurement of each service will support social value aims.
93. To date the following services have been secured through to grant of the hybrid planning application:
- a project management team
 - an independent tenant and homeowner advisor
94. The procurement of the following are underway:
- Design services including multi-disciplinary consultant team, procured through the LHC (London Housing Consortium) ADS (Architect Design Services) Framework. These services have gone out to tender and appointment is due in August 2021. The contract extends to the grant of the hybrid planning application.
 - Delivery partner, procured through the PAGABO Framework, subject to confirmation of the Gateway 1 report at Cabinet July 13 2021. Soft market testing is underway ahead of issuing tender. This works contract will

secure a pre-construction services agreement (PCSA).

95. Forthcoming procurement includes:
- Principal Designer
 - Cost Consultant
 - Specialists and surveys to support the planning application
96. The project specific works contracts, in keeping with the GLA Grant agreement, will secure the physical delivery of works. The procurement strategy for works reflects the project characteristics, specifically the large volume of for sale homes and the retention of newly build social rent homes as council homes.
97. The procurement strategy for external services and works contracts to support the delivery is informed by the need for expedient appointments of highly experienced organisations.
98. The Council has an ambitious regeneration programme underway, which is likely to increase officers' workload over the next few years. If run concurrently current staff structures could become overburdened. Officers review staffing resource implications regularly and so are able to identify potential issues before they become problematic. Should this be the case, Cabinet will be notified accordingly.

Delivery

99. The key drivers behind the project programme are to meet the commitments made to the residents of the Tustin Estate in the Landlord Offer document and securing GLA grant funding to contribute to the development costs.
100. Cabinet should note that achieving a start on site by September 2022 is highly ambitious although achievable in accordance with the project programme. Officers understand this and programme risks will be monitored and mitigated where possible.

Table 2 – Tustin Estate key programme dates

Design development	August 2021 – January 2021
Planning submission	March 2022
Planning consent	May 2022
Start on site (and securing GLA grant allocation)	September 2022
Practical completion	Summer 2028

Policy implications

101. The option presented in the Resident Ballot (option D) will align with the Council Plan, Housing Strategy and Great Estates programme and the Protocol for Consideration of New Homes, Charter of Principles.
102. The detailed design of the redeveloped estate will also align with National, Regional and Local Planning policy frameworks including the Old Kent Road Area Action Plan (OKR AAP). The Old Kent Road Planning Team remains engaged in the process. Officers will ensure that the OKR team remain an essential stakeholder in the evolution of the proposals.
103. Design will also be compliant with the newly adopted London Plan (2021) and Southwark's planning policies Core Strategy 2011 and the New Southwark Plan.
104. The design options will also be considered in light of the Council's Climate Emergency Declaration. The carbon footprint associated with the redevelopment will be modelled against the existing baseline and will include a calculation of the option against the uplift of carbon associated with delivering the number of homes in the redevelopment option.
105. Commitments established in the Landlord Offer Document (see Appendix 2) detail local lettings principles specific to the Tustin Estate. The principles of the policy are outlined in the Landlord Offer Document.
106. The re-housing strategy directly builds on the Council Commitment in the Borough Plan 2020-22 for a ballot on any new estate regeneration through seeking to deliver against the Landlord Offer Document developed in consultation with residents.
107. Improving housing in Southwark is at the centre of the council's plans to create a Fairer Future for all. Access to appropriate, good quality, affordable homes is important not just for residents but also to the wider economy. It is essential to shaping a borough that all residents are proud to call a home which is truly sustainable into the future.
108. This proposal is relevant to a number of wider strategic priorities set by the council. It's Fairer Future Commitments - namely Theme 6, Homes for All – which seeks to ensure everyone should have a safe place they are proud to call home through the maintenance of homes as well through homebuilding.
109. The Southwark Housing Strategy to 2043 commits to Building 11,000 new council homes for social rent by 2043 and hundreds more to be made available on a shared ownership basis.
110. The re-housing strategy similarly aligns with the aims and tests of the Great Estates Programme, specifically the right to remain for all rehoused tenants and leaseholders, for keeping communities together

111. The approach taken in this document has been developed in line with the above plans and strategies and approaches.
112. The re-housing strategy is necessary to deliver the re-development programme that residents voted for in the Resident Ballot so that works on the site can commence.
113. The council's local lettings policy states that 50% of all allocations for new properties will be allocated to existing tenants local to the redevelopment/new build scheme. The approach at Tustin Estate is therefore tailored to best support the specifics of this estate and this development programme whilst achieving the twin aims of keeping the existing community together and minimising disruption for residents. These aims can be realised through a phased approach to the re-development programme.
114. It is recommended that the local lettings principles identified in this document are subject to confirmation via a dedicated Tustin Estate Local Lettings Policy and a delegated decision to the Lead Member for Council Housing. To ensure use of the most up to date information on the redevelopment proposals an updated Housing Needs Assessment will take place after planning consent has been obtained.
115. The approach to the acquisition of resident and non-resident leaseholders properties is established by statutory guidance, as well as the experiences gathered via other estate based regeneration and redevelopment such as the Aylesbury Estate.
116. To prevent future right to buy applications from the residents of homes due to be demolished the council will serve demolition notices in accordance with Section 5A of the Housing Act 1985 (as amended). This recommendation is made in the Cabinet paper this report is appended to.
117. The approach to re-housing resident leaseholders on the estate whilst awaiting the completion of their new property, like the approach to the local lettings policy, is tailored to keep the community together.
118. With GLA requirements to secure grant for replacement council homes being contingent on a start on site in September 2022, the re-housing strategy needs to be implemented effectively and in a timely manner to ensure vacant possession of resident blocks and garages ahead of works commencing. If the first phase of the re-housing strategy was not implemented in a timely manner this would risk losing the GLA grant.

Community Impact Statement

119. Section 149 of the Equality Act 2010 lays out the Public Sector Equality Duty (PSED) which requires public bodies when taking decisions, to have due regard to the need to:
 - a) Eliminate discrimination, harassment, victimisation or other prohibited

- conduct;
- b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - c) Foster good relations between those who share a relevant characteristic and those that do not share it.
120. The Council through a process of regular review has been considering the impact on all protected groups throughout the development of the Council's proposals for all regeneration projects within the borough. This has led to the Council developing rehousing policies for leaseholders affected by regeneration proposals in the borough.
121. These have identified that the Council has a range of measures in place to mitigate any potential impacts of regeneration proposals, including:
- a) Rehousing policies through the Council which provide a range of local rehousing opportunities that enable residents to move locally (if they choose to do so) to a new home that meets the needs of their family and financial position.
 - b) A dedicated team of officers which supports both tenants and leaseholders through the rehousing process.
 - c) Providing support and guidance about a range of routes to all residents affected by regeneration but with particular focus on those that may be vulnerable or in need of additional support.
 - d) The development of new homes in the borough which will provide high quality homes to modern standards for residents in the borough to move to.
122. Therefore, the Council considers that the potential impacts of the scheme are fully addressed through the operation of its rehousing policies and provision of dedicated support and guidance available through Council officers and local independent organisations that provide support and guidance to Ledbury Estate residents.
123. Through the consultation process, the Council has also sought to update its understanding of the makeup of individuals affected by the rehousing and process. The Council will continue to monitor any resulting impacts. The Council will also seek to update and expand upon this information throughout the ongoing process as it continues to discharge its public sector equality duty.
124. In addition, an Equality Health and Impact Assessment (EqIA) has been undertaken by the Council and completed by Mott McDonald to ensure the impacts of the re-development of the estate have been independently assessed.
125. It identifies differential or disproportionate effects, both positive and negative, on those with protected characteristics from the development proposals and sets out mitigation or enhancement measures that the council can put in place. It looks at these factors ahead of confirming decisions and policy. Relevant mitigation measures are identified and are embedded into the redevelopment programme.

126. The equalities impact assessment was carried out in accordance with the Equality Act 2010 and the council's Public Sector Equality Duty.
127. The assessment will be shared with the consultants engaged to work on this programme to inform their resident engagement process alongside the council's.

Resource implications

128. The estimated cost of the proposals set out in paragraph 25 above is £225.9m. It is proposed that this cost is funded through GLA grant, land sales and council borrowing. To date £20m of GLA grant has been secured towards the re-provision of council rented homes as part of the proposals. It is estimated that land receipts will be in the region of £17.6m. Further discussions are taking place with the GLA in order to try to secure additional grant towards new home provision. The level and form of key worker housing may also attract additional funding into the scheme. The financing of the project will continue to be reviewed as the contractor procurement progresses and the design proposals are further developed in order to reduce the impact on the council's resources and make the scheme more affordable. On the basis that no further funding can be secured the need for borrowing is £183.9m over a period of up to 50 years.
129. The net estimated leaseholder acquisition costs are £7,637,500 based upon current assumptions. This figure includes the cost of homelessness payments, stamp duty land tax and disturbance payments such as surveyors fees and solicitors fees. The estimated costs of residents homelessness and disturbance payments is £1,800,000. This is based on the demolition of 153 council tenanted properties. The statutory homelessness payment is currently £6,500 and increased by statutory instrument. Disturbance payments are the costs incurred as a result of moving such as removals, disconnection and re-connection of services and can vary. As detailed in paragraph 40 some households may move twice and will receive a discretionary payment to cover the costs of moving akin to the disturbance payment made for the first move to assist. Homelessness payments will be made from Summer 2021 to Summer 2024 with an estimated 34 payments through to Summer 2022 and an estimated 119 in Summer 2022 to Summer 2024. Disturbance payments and discretionary payments linked to a second move will be made throughout the programme and until the re-housing or all residents, subject to demolition, are living in their permanent home.
130. In order to take forward the project to the next stage (planning consent), it is estimated that funding of £14.14m is required. This funding will cover the cost of leaseholder acquisition, homelessness and disturbance payments, design fees, the PCSA and other professional fees.
131. Resourcing for staffing of the Tustin and Ledbury team to deliver these policies has been secured from existing budgets.

Legal implications

132. The legal implications of the rehousing of secure tenants and the acquisition of leasehold interests as proposed in this report are set out in the concurrent report of the Director of Law and Governance.

Financial implications

133. In order to secure approval to the project going ahead an assessment has been made of the potential impact on the Council financial resources as set out below. These costs relate to the proposals set out in paragraph 25 above and gaining planning consent for these proposals.

Table 2: High level cashflow implications of the initial resource allocation on the Council

Year	Yearly expenditure £m
2021/22	6.43
2022/23	3.48
2023/24	4.33
Total	14.24

Consultation

134. The redevelopment programme is the outcome of a resident led feasibility and options programme carried out between July 2019 and March 2021. This programme worked with residents to consider options at different levels of intervention ranging from repair and maintenance to demolition and rebuild of the estate and hybrids of these two option. The engagement work culminated in the development of the Tustin Estate Landlord Offer Document and a Resident Ballot as detailed in paragraphs 9 to 11.

135. The Resident Engagement Plan will provide for ongoing consultation and engagement with residents. It is a 'live' and flexible document that is reviewed on a monthly basis in consultation with the Tustin Community Association and the Resident Project Group.

136. Consultation and engagement has been on a monthly basis at attendance of the Tustin Community Association and Resident Project Group. Subsequent to the principles of the local lettings policy established in the Tustin Estate Landlord Offer Document, discussions have been held with these groups on draft versions of the local lettings policy

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

Acquisition of leasehold interests

137. The Council has power under s120 of the Local Government Act 1972 to acquire land by agreement for the purposes of any of their functions under the Local Government Act or any other enactment, or for the benefit, improvement or development of their area. Subsection (2) provides that even if the land is not immediately required for the purpose for which it is being acquired, it may be acquired and used for the purpose of any of the council's functions.
138. In addition the Council has power to acquire land by agreement under s227 of the Town and Country Planning Act 1990, for any purpose for which a local authority may be authorised to acquire land under s226. That section includes purposes of development and redevelopment.
139. In this report the recommendation is that land is being acquired by agreement in order to facilitate the development of the area, which falls within the purposes set out in s120(1) of the Local Government Act 1990 and s226 of the Town and Country Planning Act 1990.
140. Accordingly the Council has power to acquire leasehold interests by agreement as recommended by this report.

Rehousing Strategy and Local Lettings Policy

141. The report makes recommendation on the re-housing strategy for secure tenants in the blocks proposed for demolition and local lettings principles for the Tustin Estate low- rise redevelopment.
142. In accordance with the requirement under Part 6 of the Housing Act 1996 to have a scheme for determining priorities and procedures in the allocation of its housing, the council has a main housing allocations scheme. The council's allocation scheme gives effect to legal requirements to give preference to certain groups of housing applicants.
143. Generally, the council must not allocate housing except in accordance with its main allocation scheme. However, under s166A(6), the council may depart from its main allocation scheme where it puts in place a local lettings policy which prioritises particular groups of applicants for particular properties provided that the cumulative effect of such schemes does not displace the system of reasonable preference set out in the main allocation scheme.
144. The report recommends that a dedicated Tustin Estate local lettings policy as outlined in the landlord offer document be agreed after planning consent is secured. This is legally permissible provided the cumulative effect of the scheme with other local lettings schemes does not compromise the council's ability to comply with the requirements to give reasonable preference to certain

groups under the council's main scheme.

Leaseholders

145. The report recommends that all resident leaseholders whose properties are subject to demolition and who have been resident for 12 months prior to the date of the March 2021 Ballot are offered the opportunity to purchase a replacement home on the Tustin Estate. These homes will be offered on the basis of affordable intermediate homes (shared equity, equity loan or shared ownership) or a council tenancy where appropriate and subject to a financial review.
146. The Council has previously implemented policies whereby it has disposed of properties (both newly constructed and from its existing stock) on shared equity, shared ownership and equity loan terms.
147. The Council has powers under s32 of the Housing Act 1985 and the General Housing Consents 2013 to make disposals of housing land on these terms. General Consent A3.1.1 provides that a local authority may dispose of land (including buildings ie houses and flats) for a consideration equal to market value. The consents include the grant of a shared ownership lease within the definition of disposal, and the definition of "shared ownership lease" means a lease granted on payment of a premium calculated by reference to a percentage of the market value. A report in 2018 provided that the council would also dispose of properties on the basis of a premium representing a percentage of the market value with the balance of the purchase price being secured by a charge.
148. The Localism Act 2011 provides councils with the power to do anything an individual can do provided it is not prohibited by other legislation. The scope of the power is set out in sections 1 to 6 of the Act. In summary the power enables councils to do things an individual may generally do, anywhere in the UK or elsewhere for a commercial purpose or otherwise, for a charge or without a charge.
149. The council's contribution to the purchase price of a replacement dwelling for rehousing of a resident leaseholder, as recommended by this report, secured by a legal charge in order to assist with the rehousing of leaseholders falls within the general power of competence conferred on the council under the Localism Act 2011.

Compensation payments under the Land Compensation Act 1973

150. Persons with a qualifying legal interest who are displaced from the blocks subject to demolition, such as tenants and leaseholders, will be eligible for mandatory or discretionary statutory compensation and disturbance payments. These will be made in line with the applicable legislation and council policy at the appropriate time.

Consultation

151. The report asks cabinet members to note the consultation undertaken with affected residents throughout the process.
152. The law requires that consultation must be undertaken when proposals are at a formative stage and include sufficient information and time for interested parties to respond. This must be satisfied for fair and proper consultation with the outcomes being taken into account in the final decision making process.
153. The report explains the resident engagement process and the outcome of the resident ballot.
154. Cabinet members should satisfy themselves as to the consultation carried out and take into account the outcome of the consultation when making decisions on the recommendations.

The Equality Act 2010

155. The Equality Act 2010 requires the council, when taking decisions, to have due regard to the need to:
 - (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
156. 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.
157. The report refers to an Equalities Impact Assessment (EIA), appended to the report, carried out in conjunction with consultation. Cabinet member when considering the recommendations in this report should have regard to the EIA, in particular where any possible disproportionate effects on groups sharing protected characteristics are identified, the mitigation proposed.

Leader Delegations

158. Under Part 3 of the council's constitution, the Leader has authority to delegate to the Cabinet Member the approvals set out in paragraphs 18 and 19 of this report.

Strategic Director of Finance & Governance (H&M 21/043)

159. The report sets out the next steps for the proposed development of the Tustin estate, estimated at a gross development cost of £225.9 million (£183.9 million net), to include the council and shared equity homes (but excluding the cost of private sale units). This is indicative at this stage and will become more defined as the project evolves through final design and procurement.
160. As stated, external grant funding of £20 million has already been secured from the GLA for the replacement social homes (but is conditional on a start on site date of September 2022), with potentially further grant subsidy for the additional social homes of £22 million being made available. In addition, a land receipt of £17.6 million is currently assumed arising from the private sale units being developed, albeit there remains the option for the council to build them out and generate a larger receipt, but it comes with substantially greater risk for the council than the traditional developer-led arrangement.
161. There also remains some flexibility for the council to forego the land receipt in lieu of developer contributions to the provision of social homes which would improve cash flow and assist in reducing the level of borrowing required. Further detailed financial evaluation is required and decisions in this regard will be reported to cabinet for approval at a later stage.
162. Tustin (and similar high needs/ high cost schemes such as Ledbury and Maydew) represent very substantial investment for the council (predominantly the HIP) and have significant long-term financing implications, without maximising private sales subsidy to contribute to affordability in both individual scheme terms and in the wider context of the Housing Investment Programme (HIP). Cabinet need to be aware of the debt financing commitment that it places on the HRA (circa £3.8 million interest per annum based on currently low PWLB rates) as predicated in this report. This represents a fixed cost for up to 50 years and subsequent refinancing, thereby reducing revenue budget capacity for day to day service needs, meet new and emerging commitments and manage unforeseen events.
163. For context, Southwark's total borrowing (both general fund and HRA) at 31 March 2021 stood at £891.4 million comprising both long and short term debt. Of this sum, £682 million was PWLB, which ranks Southwark fourth highest in London and thirteenth in England. This demonstrates the council's ambitious investment in the borough over the last decade. £521 million of this current debt is HRA and whilst the removal of the borrowing cap has provided greater freedom for crucial housing investment, the level of borrowing must remain sustainable over the long-term. As a prudent measure of affordability, debt exposure is linked to the value of the net rental stream generated by the HRA, which is dictated by central government rent policy. It is also impacted by largescale rental stream losses necessitated by unavoidable re-housing events.
164. On this basis, total HRA borrowing of circa £1.3 billion is broadly affordable, providing circa £800 million headroom to meet the wider investment needs of the housing stock such as building safety, heat network and carbon reduction

and new homes. Given the current scale of commitments and other competing priorities not currently in the 10 year HIP, and in the absence of additional government financial support, borrowing headroom is likely to be exhausted by 2026-27, notwithstanding further rental stream movements over that period. Consequently, this requires a thorough review and prioritisation of the programme going forward as advised in the previous cabinet report.

165. For reference, local authority borrowing, investment and capital finance activity is subject to the provisions of the Local Government Act 2003 and supported by the Prudential Code for Capital Finance and the Treasury Management in the Public Services Code of Practice and Guidance published by the Chartered institute of Public Finance and Accountancy. The codes introduced a series of indicators and limits, which Council Assembly approve annually.

REASONS FOR URGENCY

166. The report sets out a rehousing strategy which enables the redevelopment of the Tustin Estate. In order to secure external funding, vacant possession of buildings in Phase 1 needs to be in place to secure a contractual start on site by September 2022.

REASONS FOR LATENESS

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet reports: Tustin Estate Low Rise Programme - Confirmation of undertaking a Tustin Estate Residents' Ballot	Virtual: Livestreamed on Southwark Council's YouTube channel here: https://www.youtube.com/user/southwarkcouncil	Paula.thornton@southwark.gov.uk
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6665&Ver=4		

APPENDICES

No	Title
Appendix 1	Tustin Estate Equalities and Health Impact Assessment
Appendix 2	Tustin Estate Landlord Offer document

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Council Homes and Homelessness	
Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation	
Report Author	Mike Tyrrell, Director for Ledbury Estate	
Version	Final	
Dated	6 July 2021	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
List other officers here	Senior Surveyor	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		6 July 2021