

DECISION-MAKER:	CABINET
SUBJECT:	PHASE 2 ESTATE REGENERATION PROGRAMME
DATE OF DECISION:	16 OCTOBER 2012
REPORT OF:	CABINET MEMBER FOR HOUSING AND LEISURE

STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY:

This Report provides Cabinet with an update of the Phase 2 Estate Regeneration Programme comprising of:-

- Exford Avenue Shopping Parade
- 5 – 92 Laxton Close
- 222 -252 Meggeson Avenue
- Cumbrian Way Shopping Parade

This Report also sets out the details of the requirement for scheme approval for the approved highways and sewers work required for the timely delivery of the regeneration of Cumbrian Way Shopping Parade.

RECOMMENDATIONS:

- (i) To note the update on Phase 2 Estate Regeneration Programme sites.
- (ii) To approve, in accordance with Financial Procedure Rules, capital expenditure of £347,000, phased £284,000 in 2012/13 and £63,000 in 2013/14, for highway and sewer diversion works associated with the Cumbrian Way Shopping Parade redevelopment, provision for which exists within the Housing and Leisure Services Portfolio General Fund Capital Programme.

REASONS FOR REPORT RECOMMENDATIONS:

1. To provide Members with an update on the progress on the Phase 2 Estate Regeneration Programme sites since the Cabinet Report on 4th July 2011 – Estate Regeneration Programme – Next Phase.
2. To grant scheme approval for the agreed highway and sewer diversion works to be undertaken at Helvellyn Road and the service road for the redevelopment of Cumbrian Way Shopping Parade.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The approval for the Council to undertake the highways and sewer diversion works has been granted and therefore, alternative options have not been considered. As part of the Phase 2 Estate Regeneration funding is being transferred to the General Fund for another purpose i.e. highways and sewer works; further scheme approval is required in accordance with the Finance Procedure Rules.

DETAIL (including consultation carried out)

Background

Phase 2 Estate Regeneration Programme Update

4. Further to the update on Phase 2 Estate Regeneration Programme to Cabinet on 4th July 2011 - "Estate Regeneration Programme – Next Phase"; resolution to grant planning permission for the regeneration of:-
 - Exford Avenue Shopping Parade;
 - 222 -252 Meggeson Avenue; and
 - 5 – 92 Laxton Closewas granted on 22nd November 2011 to Lovell Partnerships Limited.
5. During the planning process, the original scheme designs have been amended from the bid submission proposals to adhere to planning officers requirements for access for refuse lorries, fine tuning the design and landscaping etc.
6. As part of this process, the scheme mix for Meggeson Avenue and Laxton Close has altered with an increase of one unit for Laxton Close and two units at Meggeson Avenue. The scheme mix is now:-

5 – 92 Laxton Close (total 63 units – formerly 62)

Private Homes (35 – formerly 31)

3 x 1 bed Flats (*formerly 0*)
18 x 2 bed flats
14 x 3 bed houses (*formerly 9*)
(*withdrawn 4 x 4 bed houses*)

Affordable Rent Homes (19)

1 x 1 bed flats (*formerly 3*)
2 x 2 bed flats (*formerly 1*)
15 x 3 bed houses (*formerly 17*)
1 x 4 bed house (*formerly 0*)

Shared Ownership Homes (9)

2 x 1 Bed Flats
7 x 2 Bed Flats

222 – 252 Meggeson Avenue (33 units – formerly 31 units)

Private Homes (12)

1 x 1 bed flats (*formerly 4*)
5 x 2 bed flats (*formerly 6*)
6 x 3 bed houses

Affordable Homes (10)

6 x 2 bed flats (*formerly 1*)
4 x 3 bed houses

Shared Ownership (11)

2 x 1 Bed Flats (*formerly 1*)
9 x 2 Bed Flats

7. Public exhibition was held between 6th and 13th August 2011 for the public to comment on the planning applications for the Lovell schemes prior to their submission.
8. The site at Cumbrian Way was originally tendered with other Phase 2 Estate Regeneration sites. None of the bids met the Council or community's aspirations and it was recommended not to award a development agreement as a result of that tender process. Cabinet approved this recommendation on 22nd November 2010. Alternative procurement options were to be investigated by officers to enable this site to be redeveloped within a timely manner. Following the outcome of those considerations, it was agreed to proceed separately from other Phase 2 sites with a disposal of the site to Radian Group (a Housing Association) on 11th April 2011.
9. Resolution to grant planning permission for the Cumbrian Way Shopping Parade was granted on 17th April 2012 to Radian Group. The development comprises of:-

<u>Private Homes (16)</u> 16 x 2 Bed Flats	<u>Affordable Rent Homes (22)</u> 10 x 2 Bed Flats 12 x 3 Bed House
<u>Shared Ownership Homes (12)</u> 12 x 2 Bed Flats	<u>Retail</u> 1 food store (to include post office if possible) 1 shop unit
10. Public exhibition was held on 11th October 2011 for the public to comment on the planning application for the Radian scheme at Cumbrian Way prior to its submission. The land disposal of Cumbrian Way Shopping Parade is progressing well with all parties seeking to exchange contracts by the end of October 2012.
11. Vacant possession has been obtained on all the Phase 2 sites. 222-252 Meggeson Avenue and Cumbrian Way Shopping Parade have now been demolished. Temporary Stopping Up Orders have been granted at Exford Avenue and Laxton Close to facilitate demolition of these blocks shortly. Conditional Planning Approval was granted for 222 -252 Meggeson Avenue on 8th August 2012 and start on site has commenced, completion is estimated in November 2013. Conditional Planning Approval for Exford and Laxton is expected shortly, these schemes are expected to start on site in November 2012 and completion for Laxton in October 2014 and Exford Phase 1 in March 2015 and Phase 2 in September 2016.
12. The Council is keen to minimise the time that HRA properties are void between final decant and works commencing on estate regeneration sites. To this end the Council is investigating the use of piloting fixed term tenancies on vacant properties which could be used to meet a range of housing needs. The re-use of properties would be invaluable to provide much needed homes whilst keeping the properties occupied and secure and enable income to be derived from Council rents.

Scheme Approval for Highway and Sewer Diversion Works at Cumbrian Way Shopping Parade

13. At Cabinet Members Briefing 27th September 2011, it was agreed in principle that the Council would meet the costs of the highways work to Helvellyn Road and the service road. The costs were estimated as the highway was in the process of being designed in partnership with Planning, and full and complete costings were not available at this stage. The estimated indicative highway costs of £272,000 (provided by Balfour Beatty) was an indication of costs not a quotation to assist with budget provision and further investigations and surveys were required. The estimated costs were agreed in principle at Cabinet Member Briefing on 20th December 2011 and the budget was amended. It was agreed that the savings identified from the Phase 2 Estate Regeneration Programme could be utilised to fund these works if transferred to the Housing General Fund Capital Programme.
14. On 6th February 2012 at Cabinet and 15th February 2012 at Council, the reduction of the Phase 2 Estate Regeneration overall budget provision within the HRA Capital Programme by £272,000 to reflect the transfer of spending and resources to the Housing General Fund capital programme in relation to the redevelopment of Cumbrian Way was approved.

Latest Position

15. To facilitate the new development at Cumbrian Way, the sewers need to be diverted under the new highway. To ensure timely completion and avoid possible complications, it has been agreed that the Council will undertake the sewer diversion works as part of the highway works. The additional costs were estimated due to the need to undertake further investigations to determine existing levels and additional design support an indicative figure of £52,000 was provided by Balfour Beatty for this additional work. Therefore the total estimated costs for the highways work and sewer diversion were estimated in February 2012 at £324,000.
16. Housing Capital and Project Board on 24th February 2012 agreed that in principle, the additional funds (£52,000) would be funded by the Phase 2 Estate Regeneration, overall budget provisions being reduced by a further £52,000 to reflect the transfer of spending and resources to the Housing General Fund Capital Programme in relation to the Cumbrian Way redevelopment. Later estimates, available during the process of updating the capital programme, indicated that the additional costs could be as high as £151,000.
17. On 12th Sept 2012 at Council, a reduction of the Phase 2 Estate Regeneration overall budget provision within the HRA Capital Programme by £151,000 was approved. This was to reflect a further transfer of spending and resources to the Housing General Fund capital programme and in increase in the provision for the redevelopment of Cumbrian Way from £272,000 to £423,000 to provide for this 'worst case scenario'.
18. The full design detail of the highway and sewer diversion has now been provided and agreed, and a works programme completed including obtaining temporary road diversion and Stopping Up Orders. This work

enabled the project to be precisely costed and the final scheme costs confirmed. It is recognised that these costs show an increase from the original estimated indicative costs provided by Balfour Beatty. The full cost of the project has been provided as a fixed fee costing and is set at £347,000. As the cost is fixed, a transfer of risk fee has been included in the sum of £7,700 to cover incidents such as delays due to bad weather, fluctuation in costs of materials, theft etc. However, the Council now has certainty that the costs will not increase over the £347,000. Therefore, the General Fund capital programme provision for Cumbrian Way can be reduced by £76,000, when it is next updated, and the funding can be made available to support the overall Phase 2 Estate Regeneration budget provision within the HRA capital programme.

Scheme Approval

19. Although the overall Phase 2 Estate Regeneration budget has scheme approval (Cabinet: 28th September 2009) as part of the funding is being transferred to the General Fund for another purpose, further scheme approval is required in accordance with the Finance Procedure Rules
20. Cabinet is therefore requested to approve, in accordance with Finance Procedure Rules, capital spending of £347,000 from the General Fund Capital Programme on the redevelopment of Cumbrian Way.

RESOURCE IMPLICATIONS:

Capital/Revenue:

21. Under the terms of the Funding Agreement with the Homes and Communities Agency, funding can be used for Qualifying Expenditure which has been or will be reasonably and properly incurred by the Applicant on the 'Project.'
22. The highways form part of the site and are necessary to enable the development of the affordable homes on this site. Therefore the works relate to the Project and are a qualifying expenditure which the Council can make a claim for costs.
23. The Homes and Communities Agency (HCA) have confirmed their agreement to this approach as long as the original total Council Qualifying Expenditure costs remain as stated in the Funding Agreement. (Currently £6,610,000.00).

NOTE: Qualifying Expenditure set at £6,610,000 to facilitate option for Council to develop. Once land disposal is formalised this will reduce to £6,443,000.00.)
24. The costs of highways works associated with private housing and affordable housing provided through a Housing Association should be met from the General Fund (GF). The Funding Agreement with the HCA does not distinguish between costs in the HRA or GF so it is possible to allocate HCA funding to meet the cost of a scheme in the GF.

25. It is therefore proposed to approve the expenditure of £347,000 on the Cumbrian Way Redevelopment scheme as part of the Housing GF capital programme and fund this from HCA grant.
26. The budget for Phase 2 schemes in the HRA was reduced as part of the September 2012 capital update. This enabled HCA funding to be transferred to the General Fund without it impacting on the funding of the HRA Capital Programme.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

27. The Council has powers under the Housing Acts, Landlord and Tenant Acts and the Town and Country Planning Act 1990 to undertake the estate regeneration proposals. A power of general competence is also available under Part 1, Chapter 1 of the Localism Act 2011, the exercise of which is subject to any pre-commencement prohibitions or restrictions that may exist.
28. The Localism Act gives the statutory basis for the HRA self-financing arrangements under Part 7, Chapter 3.
29. There are no specific legal implications arising from the budget proposals contained in this report.

Other Legal Implications:

30. None.

POLICY FRAMEWORK IMPLICATIONS:

31. The updated Housing Strategy 2011-15 and Housing Revenue Account Business Plan 2011-2041 approved by Cabinet on 4th July 2011 (and Council on 13th July 2011) confirm estate regeneration as a key priority for the Council. The proposals in this report will contribute towards the achievement of these objectives.
32. The HRA form part of the Council's budget and are therefore key elements of the Council's overall budget and policy framework

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Harefield, Sholing, Millbrook, Bitterne Park
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SUPPORTING DOCUMENTATION

Appendices: None

Documents In Members' Rooms:

1.	None
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Integrated Impact Assessment

Does the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None.	
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