

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 11 April 2011

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WARD(S): Britwell

PORTFOLIO: Neighbourhoods & Renewal - Councillor Swindlehurst

PART I **KEY DECISION**

BRITWELL REGENERATION SCHEME – FROM CONCEPT TO REALITY

1 Purpose of Report

To provide an update on the progress following the decisions made by Cabinet on 14th March 2011 and to seek approval for further accelerating the delivery of the Britwell Regeneration Scheme (the Scheme).

2 Recommendations

The Cabinet is requested to note the progress reported at Appendix B.

The Cabinet is requested to resolve that:

- (a) Sites 3-5 on the Plan at Appendix A, be subject to individual redevelopment for the supply of Slough Borough Council social housing.
- (b) Subject to 2 (a) above, at the earliest opportunity, to relocate the tenants from Wentworth Flats and to give them prior consideration for the new housing, subject to the normal rules about property size relating to tenants needs;
- (c) Subject to 2 (a) above, to work with the commercial tenants in the properties immediately beneath the Wentworth Flats and in the properties facing the Flats to further discuss their future needs and aspirations;
- (d) The existing capital provision of £1.679 million previously reported, be increased to £2,679 million by combining all Britwell regeneration activity funding into a single Britwell Regeneration Scheme. These funds, plus the £6 million HRA contribution for the social housing are to fund the cost of the Britwell Community hub, make provision for the preliminaries required and development of the three satellite housing sites and associated costs.
- (e) A further update report be made to the next Cabinet meeting.

3 **Community Strategy Priorities**

- **Celebrating Diversity, Enabling inclusion**
- **Adding years to Life and Life to years**
- **Being Safe, Feeling Safe**
- **A Cleaner, Greener place to live, Work and Play**
- **Prosperity for All**

The Britwell Regeneration Scheme is the Council's response to the identified needs of the area which suffers from higher levels of deprivation, illness, unemployment and lower educational attainment. The area also contains some of the poorest quality social housing in the Borough, the improvement of which is beyond the Government's basic decent homes programme. Accordingly a successful regeneration programme will contribute to each of the above community strategy priorities.

4 **Other Implications**

(a) **Financial**

The financial implications of this report can be contained within the original provision of £100,000 revenue funding. The approved capital programme for 2010 – 2017 includes £1.679 million to develop proposals to Outline Planning stage in the Britwell / Northborough area and £1 million for Social Housing in the Britwell / Haymill area. The increase in scope outlined in this report incorporates both projects and so the capital budgets are likely to be combined when examined by the Capital Strategy Board in May 2011. However, determination of the detailed cost and funding arrangements for the entire project will be directly linked to the outcome of the EU compliant procurement process.

The Homes and Communities Agency (HCA) provided £800,000 to pump-prime the regeneration project which was received on 29 March 2011.

Recognising the changes made to the availability of HCA funding, the HRA can use reserves to fund the Council social housing component of the development and it has been agreed at Cabinet on 12th March 2011 that £6 million should be set aside for this purpose. In agreeing to release this funding Cabinet recognised the changes proposed by the Government to replace the ring-fenced HRA with self-financing arrangements could provide further options of funding from borrowing (subject to the Prudential Code of Capital Finance) or a mixture of revenue reserves and Prudential borrowing). These changes are planned to be introduced from April 2012, but are subject to the Localism bill gaining Royal assent in May 2011. If there is any delay then self-financing is likely to be introduced in April 2013.

The precise arrangements for funding the major regeneration Programme, including cash flows will need to be finally determined when the funding will be required in order to optimise the benefit to the Council and Housing tenants. A revised 30 year Housing business plan will also be available to further validate the affordability of the proposals.

HRA reserves are forecast to be £9.2 million at the end of 2010/11. New borrowing limits will be introduced as part of self-financing which is currently estimated to provide a maximum borrowing for the HRA of £161 million. Existing borrowing is £25 million with a further £120 million of borrowing to be taken on as part of the change to self-financing. The £16 million gap represents potential borrowing that could be utilised, subject to the prudential code as above.

Existing debt of approximately £25,000 per property will transfer to SBC from central Government when self-financing is introduced. This includes potentially 71 HRA properties in Phase 1 on Marunden Green and Wentworth Avenue which will be demolished under existing plans. The self-financing regulations allow properties scheduled for demolition to be taken account of in the settlement, but plans must be firm and as a minimum property-specific consultation with affected tenants should be completed by September 2011.

The HRA Asset Management Plan and the 2011 - 2017 HRA capital programme does not include finance for these properties to deliver the Decent Homes standard, as they are scheduled for demolition. The cost of Decent Homes standard refurbishment would not be less than £1 million. This situation would further assist the audit trail to support demolition of the properties in Wentworth Flats and the selected properties in Marunden Green.

The current HRA Business Plan is being examined and remodelled in line with the proposals for self-financing and the plans contained in this Report.

The Revenue implications of the Report include the loss of rent from the vacated dwellings, garages and commercial units. The Capital implications include the potential receipts from land sales and the utilisation of capital allowances and Section 106 contributions. A further opportunity exists to apply for Homes and Community Agency grant funding for the social housing component of the Development, however new Government Policies now link HCA grant funding to the requirement that any social housing developed through the use of the Grant will be subject to the 80% affordable rent policy. Also, the HCA funding has been dramatically reduced as part of the national reduction in public funding.

(b) Risk Management

The regeneration of Britwell will involve substantial capital and revenue investment from the Council and other third parties. The provision of new housing and demolition of the existing flats and shops on Wentworth Avenue and Marunden Green within a densely populated area will require exceptional project management by the selected developer.

(c) Human Rights Act and Other Legal Implications

If the Council chooses to fund the project from borrowing there are strict limits on the overall amount of capital which can be released across the Council and this Scheme will need to compete with other corporate priorities for such funding. The HCA funding is subject to a legal agreement which binds the Council to deliver enabling works by the end of March 2011 and the complete scheme by 2017.

There are no direct Human Rights Act implications arising from the recommendations contained within this report.

(d) Equalities Impact Assessment

The future determination of detailed plans for the regeneration of Britwell will be subject to equalities impact assessments and the replacement of commercial and residential units will be required to meet both Planning and Building Control obligations with regard to disabled access. At this stage however there are no direct implications explicit in this report.

5 Supporting Information

- 5.1 At the last meeting of Cabinet held on the 12th March 2011 it was agreed to progress the Britwell Regeneration Scheme and for a progress report to be made to the next meeting.
- 5.2 A full update on the action taken to implement the recommendations is available at Appendix B.
- 5.3 **Development of Housing** - Since the preparation of the report to Cabinet in March, a further opportunity has arisen to improve the speed of relocating the housing tenants in Wentworth Flats. The alternative option is to develop satellite sites in the Council's ownership marked as Sites 3, 4 and 5 on the plan at Appendix A. The sites are:
 - 5.3.1 Site 3: Old library and second hand car sales site, Wentworth Avenue;
 - 5.3.2 Site 4: The Jolly Londoner Public House site, Wentworth Avenue;
 - 5.3.3 Site 5: Newbeech House site, Long Readings lane. This site was previously the site of a residential care home and recently secured Outline Planning Permission for the construction of 18 Units: 13 x two or three bed 4 x four bed and 1 x five bed.
- 5.4 Together, these sites will provide approximately 40 social housing units in the ownership and management by SBC Housing, of a size suitable for the relocation of the Wentworth Flats housing tenants. As each is a relatively small site, the timescale for the procurement of developers can be substantially truncated when compared to the large regeneration Scheme. This would mean that the procurement would be completed by beginning of **November 2011** for sites 3 and 4 when the builders can commence work. Site 5 should be available on a similar timescale, although a more cautious timescale may be required as the site is located in the greenbelt there is an option for the planning approval to be called in by the Secretary of State and there are some access requirements to be resolved.
- 5.5 Having secured the relocation of the housing tenants it would be possible to demolish the Wentworth Flats, the garages and outbuildings onto Ravensworth Road and the associated commercial properties. Prior to finalising the demolition, further work is required with the commercial tenants to understand their needs and aspirations for the future.
- 5.6 If Wentworth Flats and the relevant commercial properties can be cleared, the remaining site would provide the selected developer for the regeneration with an alternative site where development of retail or housing units could commence either at the same time as the Phase 1 on Kennedy Park. A further clear benefit is the demolition of Wentworth Flats would be highly symbolic and welcomed by the residents of the Britwell Estate.
- 5.7 The alternative approach described in 5.3 – 5.6 above would create an interesting situation for the Housing Revenue Account. The redevelopment of the three satellite sites will be fully funded by the £6 million HRA revenue reserve or prudential borrowing funding that was agreed by Cabinet on the 14th March 2011. However, in the original proposal, the expectation was that the HRA would have the option to be refunded in whole or part for their initial investment as HRA land was developed and released for private housing, or on a long-term lease for the commercial property development.
- 5.8 With the satellite sites 3-5 developed and the HRA provision secured, the regeneration Scheme for phases 1 and 2 would be required to deliver a further 40%

affordable housing of which 10% could be intermediate housing, such as shared ownership. The actual number of housing units will be informed by the unit size, design and overall density proposed and subject to Planning approval. However, for the sake of example, if 300 new housing units were created, with a 40% affordable homes requirement, this would require 120 of the units to be affordable. Of these 30 units could be intermediate housing leaving 90 units to be affordable. The way the affordable housing would be delivered has a number of options:

- 5.8.1 The Council through the HRA, could invest the land value of the sites in Phase 1 and Phase 2 to secure further houses directly owned and managed by the Council. As a working example (due to the differential costs of larger 4 bedroom houses to 1 bedroom flats), the HRA may be able to afford 45 of the 90 housing units by investing the land value. The balance of 45 Units could then be funded by a Registered Social Landlord (RSL). This approach would be attractive to a developer as firstly they would not have to pay for the land up front and secondly, having built the affordable housing for the RSL, they would draw down the RSL's capital funding to cover the cost of the housing then released to the RSL. However, in order to make the investment affordable, the RSL would, in the absence of HCA capital grant funding, be required to charge "affordable rents", which are set at 80% of full market value and therefore, significantly higher than the social rents charged by the HRA.
- 5.8.2 The alternative approach would be for the HRA to obtain the value of the HRA land but not take any more housing units into their ownership or management. Therefore the developer would be required to partner with a RSL or RSLs and develop their properties, all of which would then be available at the affordable rents level. This approach is likely to be even more advantageous to the developer's cash flow, but would result in the addition of an RSL landlord onto the Estate and an overall loss in housing units managed by the HRA due to the demolition of the Units at Wentworth Flats and Marunden Green and their only partial replacement.
- 5.9 Either approach will provide a further range of housing choices on the Estate, from social housing rents provided through the HRA, to "affordable rents" through a RSL, to shared ownership type schemes, and finally houses for private sale. These scenarios will be examined as part of the Business planning work due to commence in May 2011 and will form part of a sensitivity analysis on the HRA.
- 5.10 Further work will be required to develop the most advantageous position for the Council and the HRA. This further work will be included in the update report to a further Cabinet meeting.
- 5.11 **Capital requirement for the Scheme** – the work undertaken to develop the tender for the Hub has identified that it may well be more advantageous to develop the whole site rather than one or other of the A or B options (see the plan at Appendix A). It would also be prudent to increase the capital provision available for this development, together with the work required to secure the development of the 3 satellite sites 3-5 (see Appendix A), demolition costs, etc. Therefore, it is recommended that the capital provision for the Britwell Regeneration Scheme be increased from £1.679 million to £2.679 million, plus the £6 million HRA contribution.

6 Comments of Other Committees

The timetable between Cabinets and the need to report back has meant that this report has been prepared without referral to Scrutiny. An update was provided to Scrutiny on the 31st March 2011 and future update reports will be taken the Committee. Where possible, reports will be taken to the Overview & Scrutiny Committee prior to Cabinet in accordance with a previous determination by Cabinet.

7 **Conclusion**

The Britwell Regeneration Scheme is underway with tangible actions in the community.

8 **Appendices Attached**

Appendix A – Britwell Regeneration area

Appendix B – Update on the previously agreed actions.

9 **Background Papers**

9.1 Slough Borough Council: Britwell & Haymill Regeneration Phase 1 – next steps, report to Cabinet 07/02/11

9.2 Slough Borough Council: Phase 1 & 2 Britwell & Haymill Regeneration – from concept to reality. Report to Cabinet 14/03/11

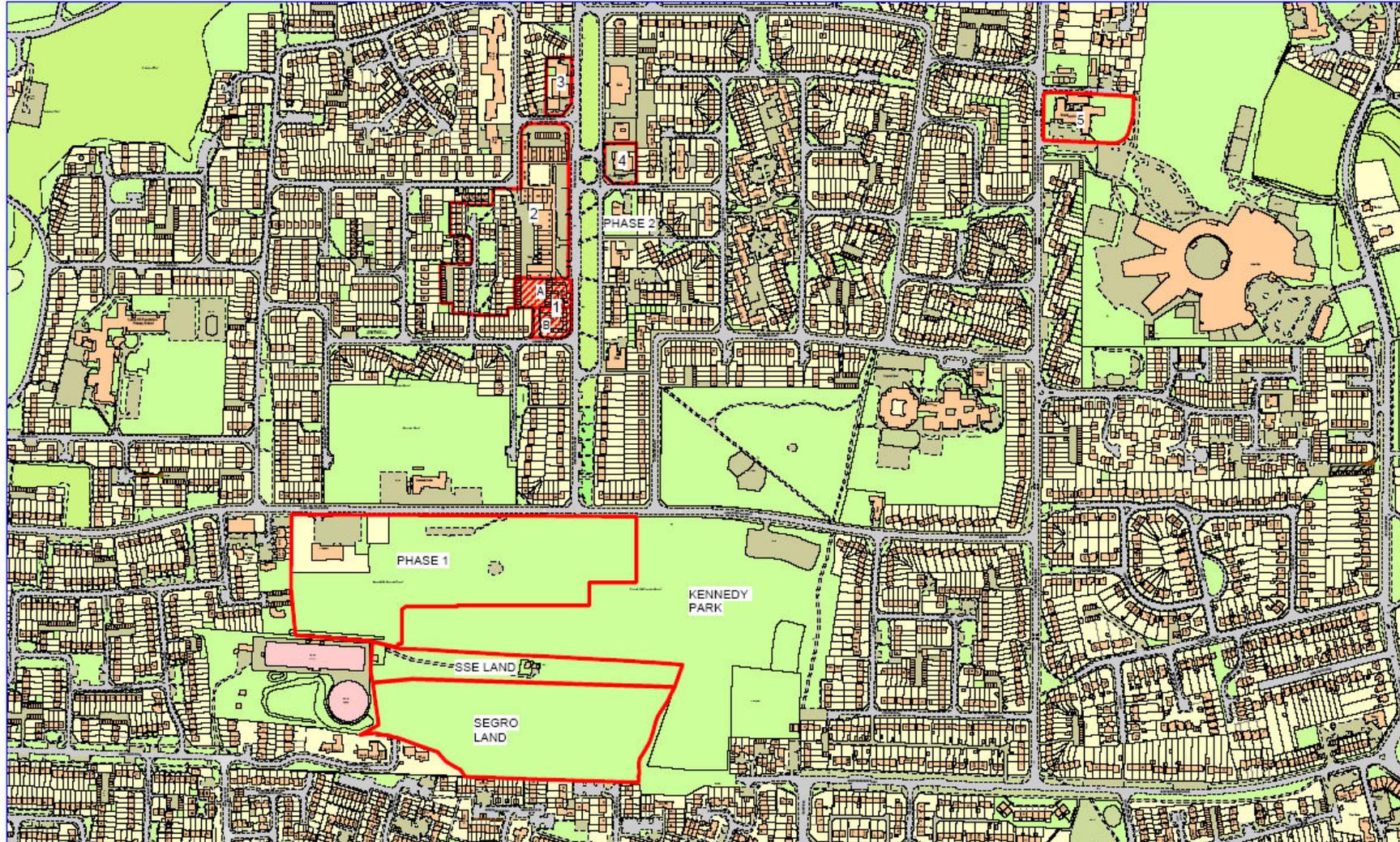
9.3 Slough Borough Council: Slough Local Development framework – Site Allocations (LDF 63) adopted November 2010.

Asset Management Resources

Scale 1: 4,000 

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Appendix A - Britwell Regeneration Scheme



05/04/2011

Appendix B – Progress update

	Recommendation	Progress, as at 06/04/2011
A.	SEGRO for bringing further land at Kennedy Park into the Council's ownership	Contaminated land investigations completed by 31/03/11. Analysts report due 3 rd week in April. Further action informed by the residual liability implications of the site.
B.	Options appraisal for the enhancement of the range and quality of activities in Kennedy Park	Specialist Consultant market testing completed and consultant appointed. Report expected by the end of May 2011.
C.	Demolish the garage court to the west/rear of Wentworth Avenue shops	Garages demolished by 11/03/11. Security fencing erected and site compound prepared to assist the construction of the Britwell Community Hub.
D.	Relocation of the Britwell Scouts and Guide Groups	Further progress made with the identification and consideration of options. Approach being used is supportive of the Groups to fully understand their needs and deliver a timely but effective solution.
E.	Public consultation conducted with the residents of Britwell on their priorities for services to be located in the new Britwell Community Hub.	Public consultation completed and the results reported to Cabinet on 14/03/11.
(1)	Negotiate with Scottish and Southern Electricity to secure either the ownership or where appropriate access across the strip of land in their occupation between Kennedy Park and the SEGRO land	Meeting held with the Head of Property, SSE on 04/04/11. Explained the reasoning behind the request for ownership/access. He agreed to investigate the SEE interest and respond by the end of April 2011.
(2)	Britwell Family Centre on Long Furlong Drive be included in Phase 1 (Kennedy Park) of the Britwell Regeneration Scheme	Land included.
(3)	Rating for the Britwell Family Centre on Long Furlong Drive in the Asset Management Plan be changed from a Category A to Category D – asset for disposal	Completed.
(4)	Work with the users of the Britwell Family Centre to identify and agree suitable alternative accommodation for their future use when the Centre is required for construction	Meeting held with the Recycled Teenagers to understand their needs. Also discussed the needs of the Family Intervention Project Manager and agreed to relocate services into the Hub.
(5)	Finalisation of the outstanding conditions in the Section 106 agreement associated with the Planning Committee's decision of 17 th March 2010 to secure Outline Planning Permission for Phase 1 (Kennedy Park).	Meeting with Planning, highways, traffic management, parks, education, etc on 10/03/11. Agreement reached on all but education and parks required contributions. Further discussions underway and to provide a suggested solution for discussion with Leader by 30/04/11.
6a.	Housing Revenue Account (HRA) funding of up to £6 million as a contribution to the estimated cost of developing Phase 1 (Kennedy Park) to reflect the need to develop at least 45 affordable homes for direct management by the Council	Arrangements made with housing to secure the allocation of up to £6M of funding. However, further proposals to develop satellite sites marked Site 3, 4 and 5 on the plan provide the opportunity for even faster acceleration of the re-provision of housing and to facilitate the earlier demolition of the Wentworth Flats (see main report).
6b.	by 30 September 2011, the Assistant Director of Housing to complete a property specific tenant (and where appropriate	Meeting with the Head of Housing Strategy. Plans in place to consult the tenants on the proposed demolition, to assess immediate repairs required to every

	Leaseholder) consultation on the proposal to demolish Wentworth Flats and Marunden Green houses	property in the Wentworth Flats complex and to discuss rehousing needs and options.
6c.	Development of a Neighbourhood Board	Inaugural meeting of the Neighbourhood Board held on 17/03/11. Further action taken to improve the representation of the Board and further meeting planned for 21/04/11, but further date being agreed. Also meeting with Britwell parish Council on 20/04/11.
6d.	Priority be given by the selected developer to constructing the social housing required to decant housing tenants from Wentworth Flats and to provide new retail units to provide for the local area	See 6a. above. Recommendation still relevant and the action will be incorporated into the draft tender document.
6e.	At the earliest possible opportunity following the rehousing of the tenants of the Wentworth Flats, the flats and the shops in that block be demolished	See 6a. above. Subject to Cabinet agreeing the recommendations, the likelihood is that SBC will lead the demolition. Draft tender to be prepared to facilitate all aspects of the demolition without incurring delays.
6f.	A mixture of housing ownership and tenancies be created in both Phases 1 & 2 to secure maximum value from the use of the sites and the creation of balanced communities, with a minimum 30% social housing and 10% intermediate housing such as shared ownership	In hand to form part of the tender. If the satellite site proposal agreed, the housing on these sites will be 100% social housing owned and managed by SBC.
6g.	Incorporate the use of "Building Licences" into the contract with the developer in order to incentivise the pace of development	In hand and will form part of the tender process.
6h.	An options appraisal be completed by 31 May 2011 to examine the community needs and use of suitable accommodation within the Britwell Regeneration area and to report back to the Cabinet at the earliest opportunity after completion of the report.	Work in hand.
6i.	Assistant Director of Environment & Regeneration, in consultation with the Commissioner for Neighbourhoods & Renewal be authorised to determine the final specification for the Design & Build Tender Documentation	In hand and will form part of the tender process.
(7) a.-d.	Minimise the need to relocate tenants from both Wentworth Flats and the elderly people's dwellings on Marunden Green	All actions in place. Head of Housing Strategy leading with the Area Manager to speed up the rehoming of tenants and prevent any further nominations. No new commercial tenancies being granted, although in discussion with the tenants of the Wentworth Industrial Estate to relocate a tenant in one of the shops as a short-term measure.
(8)	Due to the level of vacant properties on Marunden Green, that at the earliest possible opportunity following the vacation of all surplus housing property, the elderly people's dwellings on Marunden Green be demolished and the site made good for redevelopment	See 7 a.-d above – action being increased to secure vacation. Demolition will be arranged at earliest opportunity.
9a.	Britwell Community Hub building created to relocate the Library and My Council be the subject to: a competitive Design and Build Tender with 28 days to respond, that will identify design	Tender finalised and design specification agreed with the Commissioning Client (Community & Wellbeing Directorate). Tender issued via OGC construction line to 6 companies on 01/04/11. 3 expressed interest to proceed. Workshop being

	proposals, timescales for delivery and inclusive costs.	arranged with all 3 developers to provide an opportunity to improve their understanding of the development brief.
9b.	<p>The following two sites be the subject of the Tender, both separately and as a combined facility:</p> <ul style="list-style-type: none"> ii. The old Housing Payment Office and MALT building at 41/43, Wentworth Avenue together with the adjoining land and buildings (shown as 1A in Appendix B); iii. The Wentworth Industrial Court buildings together with the adjoining land (shown as 1B in Appendix B). 	As above.
9c.	Officers work with the users of the Wentworth Industrial Court to identify and agree alternative accommodation for their future use once the site is required for construction	Several meetings held with individual businesses to provide and discuss options for relocation. Good progress being made.
9d.	Members of the Neighbourhood Board be consulted on the selection of the successful developer based upon the design proposals and other quality criteria within the Tender Documentation	The NB will be consulted on the design proposals as part of the tendering process.
(10)	The lease for the vacant Jolly Londoner Public House be negotiated and purchased.	Cabinet agreed on 14 th March 2011 to proceed with the purchase which was completed on 31/03/11. Vacant possession now being sought which must be delivered by the Brewery within 6 months of completion.
(11)	That a further progress report be made to the next Cabinet Meeting in April 2011	Achieved.