

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> September 27 2005	<b>MEETING NAME</b> Executive
<b>Report title:</b>		The Aylesbury Estate: Revised Strategy	
<b>Ward(s) or groups affected:</b>		Aylesbury Estate Tenants and Residents	
<b>From:</b>		Strategic Director of Regeneration	

## 1 RECOMMENDATION(S)

### 1.1 The Executive is recommended to;

- a. Give 'in principle' support to a new strategy for the redevelopment of the Aylesbury Estate which is based upon the creation of a high quality, mixed tenure, urban area as laid out in this report, subject to the points below and to full final financial assessments;
- b. Request that officers communicate this decision to appropriate Government departments and seek to (re) negotiate funding arrangements as necessary
- c. Request that officers produce a detailed project plan with clear timescales, milestones and resource implications and report back to the executive by the end of the year
- d. Request that officers produce a robust communications and consultation strategy in close partnership with the Aylesbury New Deal for the Communities) NDC
- e. Note the list of issues raised by the NDC and Council responses (**annex B**), the existence of the Heygate and former Faraday offers, and give a commitment to develop a decant and re-housing policy with the 4 Aylesbury Tenants and Residents Associations (TRAs) that will endeavour to incorporate the best elements of both.
- f. Request that officers proceed with proposals for the re-provision of the day centre and delivery of 100 new social housing units to ensure that continuing visible progress is made
- g. Request that officers consider the specific issues of leaseholders and bring forward a further report on proposals
- h. Request that officers develop a detailed investment programme for maintaining the estate during the redevelopment in consultation with the TRAs and Area Forum and report back to the executive by the end of the year. This programme will take account of the anticipated life of the buildings and the suspended PPM programme and will focus on heating and community safety. It will be funded from within the current housing investment programme.
- i. Agree to the establishment of a steering group to oversee the programme comprising as a minimum, representatives of the four TRA's, the Council and the NDC
- j. Agree the Community Impact Statement attached at annex D and request the development of a more detailed equalities impact assessment which will inform the masterplan and detailed development programme.

- k. Note that the elderly and vulnerable living on the estate will require additional support measures to be put in place during the lifetime of the programme
- l. Request the NDC Board consider the likely impact of any redevelopment of the estate on their current regeneration programme and make recommendations as to how the programme might be re-shaped to meet the new challenges of a redevelopment process and the creation of a new neighbourhood.

## **2 BACKGROUND**

- 2.1 It has been recognised that the Aylesbury Estate has been in need of comprehensive regeneration for a decade. This is remarkable - if not exceptional - for an estate that was only built 30 years ago.
- 2.2 The estate - which comprises 2,759 dwellings and a population of approximately 7,500 - occupies an area of 28.5 hectares. It is situated just south of the Elephant and Castle in the Walworth district of the London Borough of Southwark. Originally built as a local authority estate, (with approximately 12% now in private hands through "right to buy") the housing comprises mainly flatted developments in low, mid and high-rise large panel system (LPS) blocks. Whilst progress has been made, the estate continues to exhibit many of the physical and social problems identified with "system built" estates constructed during this era:
- 2.3 In 1999 the estate was awarded NDC status with an expectation that the Government funding of £52m over 10 years would lever in a further £400m as part of a stock transfer to a community based housing association and a comprehensive demolition/redevelopment programme for all the system built blocks. The decision to redevelop the majority of the estate was based upon a number of years of consultation and a detailed options appraisal which demonstrated that this approach offered the best value for money. A ballot of all residents was held in 2001 resulting in a comprehensive vote of 73% against the stock transfer option on a 73% turnout.
- 2.4 In 2002 the council decided to develop future plans for the estate based on stock retention and refurbishment and a modified programme of environmental improvement and community support was developed.

## **3 KEY ISSUES FOR CONSIDERATION**

### ***Progress to date***

- 3.1 The main starting point for the new approach was a capital improvement programme comprising external works to buildings, environment, installation of new concierge, day centre re-provision and 100 new social housing units. This was due to commence in August 2005 in the South West corner. The NDC's £8m had secured match funding contributions of £13.5m from the council's housing budget and £11.5m from the London Housing Board. The £33M programme was to act as template for the refurbishment of the remaining parts of the estate: assuming a programme of similar works this would cost an estimated additional £100m (ie. £133m in total).

- 3.2 Critical to the success of this rollout across the estate was to be the identification of additional funds to match the NDC resources available. A range of funding sources, in addition to the remaining £24 m NDC capital, were identified (including an Arms Length Management Organisation, site sales, and shared equity) which could potentially deliver a combined income of £44m. However this is a generous estimate of the capacity of these sources of funding and even on this basis the 'roll on' of the SW corner programme to the rest of the estate had a current funding shortfall of up to £30m.

### ***Changes to the programme***

- 3.3 The programme for the South West corner had been ready for commissioning but three key issues have led to a review:
- a. Structural robustness
  - b. Review of works required to improve the heating
  - c. Reconsideration of the delivery of decent homes.
- 3.4 Preparatory work for the SW corner programme raised the question of the structural robustness of the Large Panel System (LPS) blocks on the estate and in January of this year a report was commissioned to assess the risk of structural collapse in the event of an explosion in one of the buildings. In broad terms the report concluded that strengthening works should be undertaken to the 5/6 storey blocks and that gas should be removed from those blocks forthwith. The report identified that the taller blocks had already been strengthened and had gas removed. For the smaller blocks the report identified that any structural collapse would not be disproportionate, as previously reported to Members and tenants, and therefore no further action was required.
- 3.5 The council has commenced a programme for gas removal and replacement electric cookers and assessed the cost of strengthening works at £18.3m for the whole estate.
- 3.6 Following investigation after the heating problems last winter it is now estimates that the district heating system will require at least £13m for a permanent solution whilst urgent works to prevent a reoccurrence of last winter's breakdown will cost £750k.
- 3.7 The cost of meeting basic decent homes across the whole estate over the next ten years is now estimated at around £62m. If the Council retains the estate there would be an annual planned preventative maintenance (ppm) programme of around £2.5m pa (**annex A**).

### ***Implications for retention option***

- 3.8 In summary if the council retains the estate and chooses the refurbishment option the following expenditure is inescapable

Strengthening	£18.3m
heating	£13m(minimum)
decent homes basic	£62m
<b>Total</b>	<b>£93.3m</b>

In addition an annual ppm programme will cost around **£2.5m pa**

- 3.9 The above level of investment would deliver virtually no visible improvement whilst it would mean disruption and some temporary re-housing. In order to deliver sustained and visible improvements it has been estimated that the council would need to spend approximately;

Internal (double glazing, kitchens , bathrooms )	£72.4m
External (community safety, concierge, environment)	£148.9m
<b>Total</b>	<b>£ 221.3m</b>

- 3.10 In total the full and effective refurbishment of the estate requires expenditure of between £315m and 350m: roughly equivalent to the combined value of all the estate properties. Until expenditure reaches nearly £100k per unit there is virtually no visible improvement to the estate despite intrusive and disruptive works and throughout the entire refurbishment the basic building fabric remains untouched.
- 3.11 The full refurbishment costs of £131k per unit are excessive and would not produce an area significantly different from the existing estate. It may also be argued that the estate is some considerable way through its anticipated life expectancy and may expect to be demolished within say 20 years in any event.
- 3.12 The refurbishment can only be partly funded from NDC capital resources: this is a maximum of £32m which can only be applied under current rules to elements not directly the responsibility of the council as landlord eg external community safety works. The Council would need to find a minimum of £93m to deal with the basic works: at present, and for the foreseeable future, these resources are not available to the council through the three principal funding options made available by the Government for the delivery of decent homes.

### ***Need for reconsideration of the programme***

- 3.13 In summary the executive is being asked to reconsider its strategy for the Aylesbury estate for the following reasons;
- a. The model adopted and agreed in 2002 whereby the SW corner would provide a model for the development of the wider estate was based on the assumption that additional resources could be identified for a similar approach across the rest of the estate. As explained above this has not proved possible following a detailed consideration of the options currently available from the government.

- b. The funding gap to be met has been worsened by the unforeseen requirements of structural strengthening, urgent improvements to the heating system, and the revised total costs of delivering decent homes over the next ten years, which were not fully included in the NDC's original delivery plan for the SW corner rollout.
- 3.14 The current proposals for retention of the estate therefore need to be reconsidered in terms of the likely value for money of the outcome and the practicality of delivery of the necessary funding.

#### **4 A NEW STRATEGY FOR THE AYLESBURY**

- 4.1 The principal alternative approach to the estate is redevelopment. In outline this would mean the phased demolition of the existing estate and its replacement with a new mixed tenure development comprising of around 2,200 social housing units and approximately 2,700 homes for sale or shared ownership.
- 4.2 The new development would:
- a. Provide homes that were 'decent homes compliant' from the outset with a life expectancy of double or triple the current stock;
  - b. Deliver 'lifetime homes', built to either a 'good' or 'very good' 'eco' homes standard;
  - c. Secure the creation of a new mixed area which would, over a longer period, reduce the social costs of managing a deprived estate in decline;
  - d. Provide options for a variety of new forms of housing, including different tenures and selfbuild;
  - e. Offer opportunities for changes to the other social provision in the area including schools.
- 4.3 The financial assessment of the redevelopment option makes a range of assumptions;
- a. The Aylesbury land will be used to deliver a mixed tenure development in partnership with RSL's and other partners
  - b. The existing Aylesbury 'footprint' can accommodate an uplift in density (in line with GLA guidelines and the draft Southwark plan for an urban zone of this nature) from the current 2,759 units to a new 4,900 units
  - c. The newly developed area will comprise a mix of tenures and on present land values it will be able to accommodate the present level of social housing units (2,288) on the Aylesbury footprint. Furthermore the availability of new decant/development sites adjacent to the existing area may create a net increase in level of social housing units within the immediate area.
- 4.4 Present calculations assume a land transfer to RSL's or other partners at current land values, construction costs, a 15% developer profit margin, and management costs of around £16m over 10 years. If the estate were to re-provide 2288 social housing units and the balance for sale (2,603) the development would be broadly cost neutral. (The preliminary assessment available at **annex C** indicates a small deficit of £7m: this does not take account of the early funding requirement discussed below) There would be other effects on council funding in which phased reduction in HRA income would be partly compensated by maintenance savings.

- 4.5 The proposal is to redevelop the whole estate including the red bricks. It is noted that earlier masterplans have sought to retain this accommodation. This is not considered feasible as the blocks occupy large areas of open space and would prevent the re-establishment of a traditional street layout. Furthermore if the blocks were retained the impact would be higher densities elsewhere.
- 4.6 The proposal complies with the UDP requirement for the site of 40% social housing. Obviously the greater the balance moves in favour of units for sale the greater the return to the council and it may be appropriate to shift the ratios depending on the relative values of individual sites or requirements of section 106 within an overall context of UDP compliance.
- 4.7 A key assumption of the outline proposal is that significant early decanting of around 500 units would need to take place to new housing in areas outside the footprint of the existing estate. These units will be required to re-house tenants from the first phase (likely to be the SW corner) to enable the demolition and re-construction of that area to commence. Once redeveloped the SW corner will provide re-housing opportunities for tenants in phase 2 and from that point onwards the area will be able to meet its own re-housing needs. At the end of the 10 year redevelopment programme 522 rented homes would be available which are surplus to the estate decant requirements. Given the desire to bring about regeneration at the earliest opportunity on the estate it is considered that this initial phase should not be reduced and that this would ensure that the redevelopment can take place more quickly. In the longer term it would represent a further net addition to the affordable housing stock in the borough ie the redevelopment would still replace the number of social lettings on the estate currently. As such the costs of providing such homes are excluded from the financial assessment. However the Council could not embark on the programme without an approach to securing this early investment. We estimate around £50m is needed to meet the costs of the initial 500 social housing units. This is considered below.

#### ***Support for initial housing provision***

- 4.8 In recognition of the high demand for affordable housing and the impact of other regeneration schemes such as the Elephant and Castle, officers have proposed that this decanting requirement should be met so far as possible by new funding. This would involve utilising funding from the New Deal for Communities (£20m), the London Housing Board money allocated to the SW corner (£10m) and additional resources from the Housing Corporation (£20m) to develop 500 Housing Association rented homes on sites off the estate.
- 4.9 A number of housing associations own sites and have unfunded schemes for developing sites on the Old Kent Road, Peckham and Nunhead which could be utilised for this purpose. At an average SHG grant cost per unit of £100,000 these would require £50m to develop them. It is considered that the locations and mix of units on these sites would be attractive to Aylesbury tenants. As these schemes are in an early stage of development there are considerable opportunities for Aylesbury tenants to get involved in detailed design work.

- 4.10 It is officers' understanding that the NDC and London Housing Board funding use for this purpose would need to be approved by the Government Office for London and the NDC Board in relation to the NDC funding. In terms of the balance of the funding, the bidding round for Housing Corporation funding has recently commenced (ends 7<sup>th</sup> October with decisions in January 2006) and these sites are to be submitted as part of this round.
- 4.11 There is a concern that unless an additional allocation (£20m) is made for this purpose, the need for decanting Aylesbury will reduce the opportunity for other tenants to move into new affordable homes. However current projections for the supply of social homes over the course of the next 4 years indicate that the council is in a strong position to more than meet its annual target of around 500 homes pa for general needs and its existing decant commitments to the Heygate estate. For comparison the total number of affordable homes being completed in Southwark in the current financial year is 550.
- 4.12 In addition if the Housing Corporation provides funding in the normal manner, an element of these new homes may be subject to nominations from the other boroughs in the sub-region.

#### ***Implementing and managing redevelopment***

- 4.13 If redevelopment is agreed in principle a detailed rehousing policy will need to be developed for Aylesbury. It is proposed that this should be developed in consultation with the Tenants and Residents Associations and leaseholder groups on the estate. Depending upon the nature of the policy and the extent of any variation from standard policy there may be a requirement to consult more widely with Area Forums, Tenants Council and Leaseholder Council. Annex B considers the list of issues referred to in the letter from the Chair of the NDC and proposes initial draft responses. These will be included in this consultation exercise.
- 4.14 At present the Aylesbury scheme as described earlier is suspended. A new decision is important to create a sense of continuity and progress and to sustain and where possible improve the quality of life of the residents during the redevelopment period. Furthermore it will be vital to prove that every penny of the NDC capital (£32m) can be constructively utilised in a new improved programme.
- 4.15 It is proposed to develop a detailed investment programme for maintaining the estate during the redevelopment in consultation with the TRAs and Area Forum. This programme will take account of the anticipated life of the buildings and will focus on heating and community safety. It will be funded from within the current housing investment programme.

## **5 GENERAL POLICY IMPLICATIONS AND CORPORATE PRIORITIES**

### ***Planning***

- 5.1 The redevelopment option for the Aylesbury estate is compliant with the strategic objectives of the London plan. The Aylesbury estate sits just to the south of the Elephant and Castle and its main thoroughfare, Thurlow Street has been identified as the proposed route for the new central London tram and as such will form a strategic transport corridor linking north and central Southwark to central London. This issue has achieved additional significance following the recent announcement that London is to host the 2012 Olympic games as this transport corridor will provide major economic opportunities for residents in Southwark's most deprived wards.
- 5.2 The London plan and the UDP have identified the Elephant and Castle as an opportunity area which will provide enhanced economic opportunities over the next 20 years. The Aylesbury estate as an area of social need immediately adjacent to the opportunity area is identified for complementary growth, redevelopment and densification, ie benefiting from improved transport connectivity to the opportunity area.
- 5.3 The Elephant and Castle will undergo a transformation during the next ten years with the Heygate estate giving way to mixed tenure development along traditional street patterns and wide range of new employment, leisure, and economic opportunities opening up in the remodelled town centre. A reconfigured and redeveloped Aylesbury would enjoy major complementary benefits from that development ranging from housing/decant opportunities to improved transport access to retail leisure and employment opportunities. In return the Walworth rd retail area would enjoy a considerable uplift from a new mixed tenure community on its doorstep.

### ***Social Services***

- 5.4 The current site development work on the South West corner included the re-provision of the day centre on the Boyson Road site and the provision of 100 new social housing units. This can still proceed immediately as most of the development work is now complete up to the stage of outline planning application. This will provide early decant capacity and an example of the type of high quality mixed use development which tenants and residents could expect to see delivered across the whole of the area. As the regeneration programme will include the construction of a new day centre facility there is a need for Chief Officers to agree a process for project management between regeneration and social services departments. This will be developed and agreed within the next 3 months. Furthermore the estimated cost of £5m for the new centre will be the subject of a bid to the council's capital fund.

- 5.5 Also in the South West corner the proposed demolition of Bradenham will require a full and coordinated debate about the relocation of the Youth offender Team and post 16 service. The demolition of the bail hostel will require a similar negotiation with the National Offender District Service. To tackle a wide range of social care issues it is proposed to undertake, jointly with social services, a social care audit which can assess levels of need in such as areas as health care, childcare, and other support areas. This process would then inform the masterplan in terms of physical provision across the estate

### ***Education***

- 5.6 The redevelopment of the estate is likely to increase demand on school places as has the general intensification of the area: this will need to be planned carefully to ensure education provision is made locally. The redevelopment provides an excellent opportunity for these issues to be addressed through a comprehensive and long term solution to the needs of the estate. Central to this would be the development of both Michael Faraday School, with the associated community learning centre, and the probable replacement of Walworth School by an Academy in new, purpose-built accommodation linked to programmes to enhance facilities in and around Burgess park.

### ***Environment And Community Safety***

- 5.7 It would be essential to maintain a decent quality environment during the course of the regeneration and for this reason it is proposed to engage a wide range of council and other agencies (NDC, Street Action Teams, wardens, police, housing etc) in an area based partnership which will monitor the environment and the effectiveness of a wide range of initiatives and seek funding and support for new programmes as required. To assist in this the Government Office for London has assigned two Neighbourhood Renewal Advisers to assist in current improvements.

### ***Social and economic Infrastructure programme***

- 5.8 Alongside the interim housing strategy there will need to be a re-appraisal of the existing NDC programme. The revised programme could include using the current access centre site on Thurlow Street for the creation of a new community resource centre. If this involves relocation of the existing provision (e.g. 'Tykes' or the early years centre) alternative accommodation would be identified well in advance. The changes would need to be agreed with the Government Office for London.

### ***Impact on the local community***

- 5.9 There has been extensive engagement of the local community throughout the NDC process with the resident members of the NDC board and through the TRAs. Key to the success of the management of a redevelopment process will be the continuing engagement and support of tenants groups and residents via the Partnership board.

- 5.10 A community Impact assessment which maps out key areas of concern/intervention is attached (**annex D**). A full Equalities Impact Assessment should be commissioned as an early priority to identify key factors in the further development of the programme.

## **6 COMMUNICATION AND CONSULTATION**

- 6.1 When the residents were balloted in 2001 on the prospect of stock transfer predicated on a major redevelopment for the area they voted strongly against. A number of reasons have been put forward for that result;
- a. The campaign in favour of development was poorly managed.
  - b. The proposed masterplan was schematic rather than detailed and therefore difficult for residents to make an informed decision on. This contrasted with support for earlier more detailed submissions.
  - c. There was an organised campaign against the proposals.
  - d. Many of the residents were happy with the internal accommodation
  - e. Some of the residents were happy with the council as landlord and did not believe that the new community based housing association would be able to keep its commitments on rents and service charges
- 6.2 Whatever the specific reasons it is clear that residents will be naturally cautious of new proposals. Nevertheless there is a clear view emerging from individuals and groups on the estate that they would like to re-consider the redevelopment option; recent experience on the Heygate estate is that once residents have a firm set of proposals they can develop an enthusiasm for change. We have therefore sought to establish that any new proposals would not attract substantial opposition from the outset.
- 6.3 'Marketlink' was commissioned to undertake both qualitative and quantitative opinion testing, based on its successful approach on the Heygate estate. In both studies representative groups of tenants (by age, gender, ethnicity, tenants, leaseholders etc) were selected. In the quantitative study 300 households were questioned. The study showed that a consistent majority (54%) are in favour of the demolition option: a number of key issues and concerns emerged;
- a. While residents appreciate the size of flats and central location of Aylesbury, they are also concerned about crime, antisocial behaviour and safety, the poor state of maintenance and lack of facilities and pride in the estate
  - b. Frustration was expressed with continual failure to decide on the long term future of the estate and to deliver improvements
  - c. There is a climate of confusion and uncertainty over the Council's plans for the Aylesbury arising from lack of decision regarding its future as well as lack of a central and authoritative source of information
  - d. The refurbishment option is seen as offering the psychological benefit of allowing residents to stay in their own flats and the security of retaining current rights and all those aspects of the properties that residents appreciate

- e. The concerns that money will never be raised for the level of refurbishment required, that the flats are beyond repair and that even refurbishment may cause large-scale disruption, along with the poor aesthetic of the buildings, were seen as the negatives of the refurbishment option
  - f. The acquisition of new and modern properties, the opportunity to give the estate a more aesthetically pleasing and practical design and the hope that the rebuilding of the estate would secure wider social change were seen as the key advantages of the redevelopment option. Leaseholders also perceived as an advantage that they would not have to contribute towards the refurbishment of the estate, if it was to be redeveloped
  - g. Concern about the upheaval and unknown future, in terms of residents' right to return at Aylesbury, where they would be relocated, the design and fabric of the new properties and the consequences of transference to a Housing Association as well as loss of personal benefits and capital invested in the flats were seen as the disadvantages of the redevelopment option
  - h. A legal document securing residents' rights is expected from the Council
  - i. The Council is expected to show decisiveness about the future of the estate
  - j. The Council must Improve communication with residents: taking ownership of the information given to residents; informing residents about the consequences of both options; reassuring residents about the effects of the demolition option on their rights; using printed materials and small size meetings; being open about the process; setting and communicating a realistic timeframe
- 6.4 In addition to the "Marketlink" work the NDC has conducted its own research by visiting every single home on the estate. Contact was made with 1220 individual properties (45%) and of those contacted 53% favoured demolition/redevelopment, 18% would support demolition/redevelopment subject to certain conditions being met, 25% favoured refurbishment and 5% were not interested
- 6.5 The Partnership Board, which represents all four TRA's on the estate and has a resident majority, has accepted that redevelopment is probably the only viable option and requested that the council urgently makes a decision. At a recent Board awayday a number of key issues were identified by the residents which would be the basis of 'minimum guarantees' and which would obviously be subject to further consultation and negotiation. These issues and an interim response from the Council are attached as **annex B**.
- 6.6 Creating and maintaining a high degree of resident support for the programme will be essential to its success and the client team, working on behalf of the council and in partnership with the NDC board, will bring forward a detailed communication strategy. In the interim however and in the run up to this meeting a number of activities took place;
- a. Tenants newsletter was circulated with a second to be circulated following the meeting of the 27th
  - b. Direct consultation with TRAs , leaseholders, ward councillors and opposition members during September

- 6.7 The interim programme for the creation of high quality social infrastructure projects and the interim housing programme will assist in maintaining strong public support.

## **7 NEXT STEPS AND PREPARATION OF MASTERPLAN**

- 7.1 A more detailed programme will be prepared if it is decided to proceed. The key elements are as follows:

- 7.2 In the short term (not necessarily in this order):

- a. Urgent repairs/improvements to heating system, gas removal etc
- b. GOL/ODPM agreement on revised LHB, NDC expenditure proposals
- c. Agree housing corporation support
- d. Commence detailed consultation
- e. Prepare Masterplan and a phasing plan
- f. Commence development of early housing sites
- g. Commence Boyson Road and day centre sites
- h. Agree early social programme (eg measures to support Michael Faraday and Walworth schools early development of 'NDC city ' site, Burgess park improvements )

- 7.3 Medium term

- a. Implement revised programme of PPM for areas at the end of the demolition programme
- b. Agree programme for effective integrated, public sector management eg police, wardens etc
- c. Planning, procurement, and delivery of early sites
- d. Masterplan adopted by council, NDC board, GOL etc

- 7.4 Long Term

- a. Fully implement phased decant programme
- b. Fully implement masterplan for a mixed tenure urban area to replace the existing Aylesbury estate
- c. Create new Walworth Academy and Michael Faraday school
- d. Create a transport corridor along Thurlow Street for the new cross river transit (tram)
- e. Create a wide range of high quality community facilities at an early stage (eg health centres, youth facilities, childcare centres etc) which reflect the diversity and needs of the local area

- 7.5 As early as possible a new masterplan will be prepared which will create a template for the new urban form and a detailed programme for its delivery. It is not proposed to start from scratch but rather to draw on previous plans and work already undertaken as part of the existing project.

## **8 RESOURCE IMPLICATIONS**

- 8.1 The assessment in section 3 above has compared the costs of the retention and refurbishment option with those of redevelopment. In summary the resource implications for the Council are:

- a. On a basic retention option: a requirement of £93.3m of capital over 10 years with a minimum of £25m in continuing maintenance;

- b. On an improvement and retention option: an additional £221m of capital investment over 10 years;
  - c. On a redevelopment option: interim capital programme to be agreed to secure some improvement to the housing, subject to securing funding for the early housing for Government.
- 8.2 HRA revenue implications arise initially from loss of rental income from tenanted properties being decanted - the loss is on average £3,350 p.a. per property. As whole blocks are decanted and redeveloped, repair and maintenance costs fall out and housing subsidy is adjusted as stock is lost, reducing the long term loss to £1,350 p.a. per property on average. The detailed phasing of the programme is yet to be determined, but based on the outline programme, the indicative revenue loss to the HRA compared to the 2005/06 base budget (£266m gross), is on the order of: 2006/07 £0.7m, 2007/08 £1.3m, 2008/09 £1.4m, 2009/10 £2.0m rising to a maximum of £3.8m at the end of the expected ten years (2015/16). The Council would need to identify greater revenue savings in its HRA to cover these reductions, in addition to existing cost pressures for 2006/07 and over the medium term. In addition to the revenue effect will be loss to the HRA of Major Repairs Allowance capital funding at £852 p.a. per property (2005/06), although there will be an associated reduction in need to spend on planned maintenance.
- 8.3 In the first case none of the additional funding currently available (from the NDC or the London Housing Board could be applied to meet the costs. These might be useable within the second option; and it is proposed that those resources would be used in the third option to generate the additional early housing. They would therefore in the long run add to the overall housing supply. If the Council needed to provide the £20m to complete the funding of that early housing programme this would still overall lead to a smaller impact on the council's capital resources than the basic retention option.
- 8.4 On balance therefore the redevelopment option:
- a. Reduces the overall demand on the Council's capital resources, allowing these to be devoted to other purposes including the completion of decent homes elsewhere;
  - b. Secures enhanced longer term outcomes including reduced maintenance for the estate in the longer term.
- 8.5 The redevelopment option will require effective internal management and officers will bring forward proposals as a matter of urgency. The E&C provides a possible template for the management of such a programme and it will be possible and practical to share resources, learn lessons etc from a similar programme running around 2 years in advance of the Aylesbury.

## **9 CONCURRENT REPORTS**

### ***BOROUGH SOLICITOR***

- 9.1 This report seeks approval to the principles of the recommended investment approach to the Aylesbury estate. In the implementation of these recommendations - if approved - it will be necessary to have regard to (among other matters), the need to consult tenants, residents and any other affected stakeholders; to the terms of any existing or future grant or fund allocation; and to the Council's rules and practices in relation to Contract Standing Orders and procurement. The report refers to these matters.

## **FINANCE DIRECTOR**

- 9.2 At this stage in the project it is very difficult to assess the full financial implications of the scheme beyond the outline assessments discussed in section 8 above. Ultimately the financial implications will be driven principally by external funding from Government and other sources. There will also be a need to consider any s106 impacts from the proposals as developed and the balance of internal funding between HRA and GF as well as revenue and capital implications. More detailed decisions will therefore need to be based on a fuller financial assessment.

## **BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
None		

## **APPENDIX A**

### **Audit Trail**

Lead Officer	<i>Paul Evans, Strategic Director of Regeneration</i>	
Report Author	<i>Martin Smith, Elephant Links Director</i>	
Version	<i>Final</i>	
Dated	16.09.05	
Key Decision?	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
Officer Title	Comments Sought	Comments included
Borough Solicitor	Yes	Yes
Finance Director	Yes	Yes
Date final report sent to Constitutional Support Services	19.09.05	