

DECISION-MAKER:	CABINET		
SUBJECT:	TOWNHILL PARK REGENERATION – SCHEME APPROVAL FOR PHASES 2 AND 3 AND UPDATE ON PHASE 1		
DATE OF DECISION:	19 NOVEMBER 2013		
REPORT OF:	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
None

BRIEF SUMMARY

Southampton City Council has embarked on a major estate regeneration programme which plays an essential part in the wider commitment of delivering growth and tackling economic deprivation and social disadvantage on Southampton's Council estates.

On 14th November 2012, Council approved that the HRA Capital Programme would fund costs estimated at £11.8M for the site preparation costs of Phases 1, 2 and 3 of the regeneration of Townhill Park. Specific scheme approval to spend, in accordance with Financial Procedure Rules, was agreed for the site preparation costs of Phase 1, along with approval to progress leasehold acquisitions on Phases 2 and 3.

Phase 1 is underway and tenants are being moved to alternative homes, and Phase 1 design work is beginning, in order to achieve planning permission. It is now proposed that design work on Phases 2 and 3 also be progressed at this stage in order to achieve the comprehensive regeneration reflected in the Master Plan and to achieve the greatest economies of scale.

RECOMMENDATIONS:

- (i) To approve, in accordance with Financial Procedure Rules, capital expenditure of £1.75M, phased £1.081M in 2014/15, £56,000 in 2015/16, £13,000 in 2016/17, £200,000 in 2017/18 and £400,000 in later years, for the advancement of design work on Phases 2 and 3 of the Townhill Park regeneration to achieve planning consent, procurement and for the contract supervision of the building phase, which will be funded from an existing unapproved budget within the Estate Regeneration section of the HRA Capital Programme.

- (ii) To note that the cost of the design work on Phase 1 of the Townhill Park regeneration to achieve planning consent, procurement and the contract supervision of the building phase, estimated at £950,000, will be funded from an approved budget within the Estate Regeneration section of the HRA Capital Programme.
- (iii) To approve the commissioning of Capita to carry out the full design service to support the council in the delivery of Phases 1, 2 and 3 of Townhill Park regeneration according to their submission. The commission and subsequent payments will be revised if the full design commission is not implemented.
- (iv) To delegate authority to the Director of Environment and Economy following consultation with the Chief Financial Officer, the Head of Legal HR and Democratic Services, the Senior Head of Property and Procurement and the Cabinet Member for Housing and Sustainability to appoint Capita to undertake the full Design Service to support the delivery of Phases 1, 2 and 3 according to the agreed Work Package
- (v) To delegate authority to the Head of Housing Services to implement the current redevelopment decant policy for Council tenants
- (vi) To delegate authority to the Head of Legal HR and Democratic Services to
 - a) Negotiate and acquire by agreement any legal interests or rights held in respect of the parcel of land shown edged red in Appendix 2 not already owned by the Council (being Phases 1, 2 and 3 of the Townhill Park study area) using such acquisition powers as he advises
 - b) To serve Initial Demolition Notices on those secure tenants whose properties lie in the redevelopment area
- (vii) To note that part of the first stage of the Capita work will include investigation and evaluation of various options for the delivery model of the proposed development including their impact on the Housing Revenue Account (HRA). The options include:
 - a) A model where a developer is procured to build the whole site and the Council buys back the affordable housing units
 - b) A model where the Council acts as developer and uses a contractor to build but retains responsibility for the marketing and sales of the private units
- (viii) To note that a budget of £3.9M has previously been approved for the purchase of leasehold properties in Phases 2 and 3.
- (ix) To note the matters raised by residents at paragraphs 31 and 32 to 39 concerning the Ark Public House and to confirm agreement to the responses provided by officers.
- (x) To note that there will be a future report to Council seeking approval for the full capital spend, delivery model, and detail of procurement to build.

REASONS FOR REPORT RECOMMENDATIONS

1. Estate Regeneration is a major programme of renewal which is part of a wider commitment by the Council to deliver sustained economic growth and tackle deprivation on Southampton's Council estates. Work has already started on a phased basis to develop a regeneration framework for 6 of the council's estates, starting with, Maybush and Millbrook, and then moving onto Thornhill, Northam, Weston, and Holyrood.
2. Redevelopment of Townhill Park will provide the opportunity to deliver improved modern local facilities to meet the needs of residents. It will also provide a mixed tenure environment and good quality accommodation, together with significant improvements in the public and private realm on site. This will promote a cohesive and sustainable community and provide a net gain of housing including affordable housing.
3. Selecting areas of the City such as Townhill Park which are the most deprived, but have the greatest potential for housing gain will also contribute to the city's priorities in terms of economic growth and the need for more homes in the city (the Core Strategy has a target to deliver over 16,000 new homes between 2010 and 2026 and the aim to deliver more affordable housing). Regeneration will provide the opportunity to tackle some of the socio economic challenges in the area.
4. Regeneration is supported by the community in Townhill Park. Consultation started in September 2011 with further recent consultations held in September 2013. Future events will take place as proposals for the area develop. As the Townhill Park Master Plan proposals are implemented over a period of about ten years there will be many further opportunities for the community to engage with the proposals as they evolve and develop through the various stages of implementation.
5. The Council wishes to provide new homes including homes to add to the council's housing stock and is proposing to take forward this work by commissioning the Council's strategic partner Capita to provide a full design service to support delivery.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 6 The option of not approving the financial contributions to meet the cost of delivering the regeneration framework has been rejected as it would not enable the regeneration of Townhill Park to proceed beyond Phase 1.
- 7 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 and the provision of affordable housing as a key priority for the Council.
- 8 The option of doing nothing would not achieve the Council's objectives of creating successful communities on our estates.
- 9 The option of doing nothing would result in a lack of strategic direction for the future of the area and a lost opportunity to meet the Council's objectives of economic growth.
10. There has been considerable community consultation with local tenants and

residents at Townhill Park, which has raised community hopes and expectations.

11. Bringing forward the programme of work for Phases 2 and 3 provides a comprehensive framework for the whole estate, increased certainty for tenants and better economies of scale of delivery.
12. The council is to be building homes at Townhill Park. The council last volume built council properties in the 1980's. Then it had a substantial in-house team with the required skills and experience to undertake design and project manage construction. These skills and experience have over the years been lost to the council. Therefore a review of the range of procurement options for the project has been carried out:
 - Setting up an internal department
 - Engaging Capita to provide the required service within the Strategic Partnership
 - Commissioning a Development Agent openly procured
 - Commissioning a Development Agent from the Wayfarer Consortia.
13. Setting up an internal department and commissioning a Development Agent openly procured were both rejected because of the expense and time it would take to achieve. Commissioning a Development Agent from the Wayfarer Consortia although speedier would not necessarily allow for the required flexibilities of delivery afforded by using our strategic partner Capita.
14. Therefore the review of procurement options resulted in the recommendation that Capita be commissioned to take forward the Townhill Park work. The use of Capita as a consultant via the council's Strategic Partnership makes use of their experience elsewhere in the country and provides a procurement route that is compliant with EU legislation. This achieves time and cost savings in the procurement process.

DETAIL (Including consultation carried out)

Progress on Townhill Park Phase 1

15. Decanting tenants from Phase 1 to alternate existing homes was divided into 3 stages to help ease the process. This has worked well and the first stage is almost completed with 38 households successfully moved, 3 about to move with only 7 still remaining to find a suitable move. Stage 2 began in mid October 2013 and will be followed by Stage 3 in May 2014.

Progressing the Project

16. Prior to agreement and approval of the main commission for Phases 1, 2 and 3, as detailed above, in the meantime, Capita has been commissioned to carry out a separate piece of work, under an existing approved budget to revise and update the Townhill Park Master Plan.
17. Part of the first stage of the Capita work will include investigation and evaluation of various options for the delivery model of the proposed development including their impact on the Housing Revenue Account (HRA). The options include:

- a) A model where a developer is procured to build the whole site and the Council buys back the affordable housing units
- b) A model where the Council acts as developer and uses a contractor to build but retains responsibility for the marketing and sales of the private units

The work will inform the main commission and ensure that the project commences from an up to date position. Once this evaluation is complete a recommended delivery model will be reported back as part of the future wider financial approval paper to Council.

18 The benefits of the proposed full design service commission with Capita include:

- working within an existing partnership contract the Strategic Services Partnership (SSP) is speedier as there is no Official Journal of the European Union (OJEU) requirement
- working with an existing business partner with established joint processes
- Capita has a long standing successful relationship with Birmingham City Council for the delivery of housing where we are benefiting from their delivery model adapted to Southampton
- The process of dialogue between the partners which the process has gone through has allowed the council to discuss and specify the details of the service it requires.

19 The Capita commission will be divided into 2 parts:

- The first part is a Capita fee based on the cost per unit to provide a full design service to obtain planning consent for all 3 phases
- The second part is a percentage fee to Capita based on the approved contract value to procure the contractor and oversee the delivery of the build. This will be modified to fit the chosen delivery model.

20 The Capita proposal to provide the full design service has undergone a commissioning process including response to a brief, a period of dialogue, clarification and refinement between the two organisations and an evaluation process which has been ratified by senior council officers to ensure that it is robust.

21 It is recommended that the design for the whole project, all 3 phases, is brought forward together. This provides a number of advantages:

- It is more economic in terms of both costs of design and delivery as economies of scale are possible
- In planning and highways terms it ensures that the Master Plan can be delivered comprehensively and that the infrastructure improvements can be locked in and delivered as a whole rather than the risk of part delivery
- Developing the design for all 3 phases simultaneously will ensure cohesive and consistent development.

22 However, to take advantage of this approach it is necessary to gain approval to bring forward part of the budget for Phases 2 and 3 in order to cover the cost of the work to gain planning consent for all 3 phases. In addition in order to enter into the contract with Capita and take maximum price advantage, fees for the full design service including procurement and contract supervision of the building phase are included, but this can be modified according to the final delivery model chosen. (Budget for Phase 1 has already been approved in November 2012)

Consultation – Estate Regeneration Programme

23 Consultation has been undertaken by the Council with a range of bodies in the development of the Estate Regeneration programme. Nationally, this includes the Homes and Communities Agency. Locally, there has been consultation with tenants' representatives and trade union representatives. There has also been positive cross-party engagement. For the estate regeneration programme this consultation is on-going, particularly as the council has embarked on a programme to develop a city-wide regeneration framework for six other estates.

Previous Public Consultation - Townhill Park

24 Consultation with tenants and local residents in the Townhill Park study area started in September 2011. This has been fully documented and reported in previous Cabinet reports. Recently further public consultation has taken place in order to bring tenants and residents up to date and to inform this Cabinet report.

Consultation on the Updated Townhill Park Master Plan Sept – Oct 2013

25 All Southampton City Council residents both within the study area and adjacent to it have been sent a letter informing them that work has taken place to update the Master Plan proposals and they were invited to attend two drop in meetings on 27th and 28th September 2013. The Council also has a specific requirement to carry out consultation with its secure tenants.

Neighbourhood Team Meeting 25th September 2013

26 Prior to the drop in meetings 22 members of the original Neighbourhood Team, who helped to develop the initial Master Plan proposals, were invited to a meeting to review the updated Master Plan. Eight residents attended the meeting where they made many useful comments and suggestions. The meeting provided a test of the material for the public meetings. The updated Master Plan proposals were generally well received.

Results of the Community Drop in Events 27th and 28th September 2013

27 39 residents visited the drop in events and although the turn out was low given that around 1,300 invitations were delivered to local residents, those that visited were very interested in the proposals. The majority of comments were in favour of the updated Master Plan, and expressed that it addressed previous concerns. There was also support for the new design for the 'village centre'. The main concerns were around the need to provide sufficient car parking for both existing and new residents, to effectively traffic calm Meggeson Avenue and to protect and enhance the open space. The

results of the drop in meeting are attached in a table at Appendix 1. Officers will ensure that all comments are reviewed as work progresses and there will be further opportunities for public consultation when finer details such as those raised in Appendix 1 can be considered.

28 Townhill Action Group Meeting (TAG) 1st October 2013

The meeting of the Townhill Action Group on 1st October 2013 provided another opportunity to meet with residents and gain their reaction and comments on the proposals. The majority of residents attending the meeting had attended the drop in events and already made their comments. It provided a further opportunity for residents to ask questions about the proposals. The comments from all the meetings will be reviewed and, will be considered as the proposals are developed in more detail.

29 Phase 2 and 3: Results of the Consultation under the 1985 Housing Act 1985 s105

All Phase 2 and 3 Southampton City Council secure tenants have been consulted on the redevelopment proposals. They received a letter informing them of the redevelopment proposals for the area and were invited to the public consultation drop in events where they could speak to officers on an individual basis and discuss any concerns. Phase 1 secure tenants have already been consulted as part of the November 2012 approval process.

30 The Phase 2 and 3 consultation period lasted for six weeks and residents were requested to make written representation and invited to attend the drop in sessions. This consultation process, built on the extensive general consultation already undertaken.

Issues Raised in the Written Responses

31 Written responses were received covering a range of issues and objections were as follows:

▪ Parking

Concerns over the level of parking to be provided have been raised but it is too early in the development of the scheme for such issues to be addressed. Parking will also be an issue at the planning application stage and the appropriate level of provision will need to be made to meet the Council's parking standards.

▪ Cycleway/Walkway

Concerns over the provision of a cycleway/walkway have been raised but it is too early in the development of the scheme for such issues to be addressed. This will also be an issue at the planning application stage and appropriate provision will need to be made.

▪ Effect of the construction on residential amenity

This is a planning matter and will be controlled by appropriate planning conditions through any planning permission that is granted.

▪ Access to premises

This is a planning matter and will be addressed at the planning application stage when there is further information available

▪ Issues as to where affected occupiers will live

Information has been sent out explaining the decant process and giving reassurance that suitable alternative accommodation would be provided

▪ Redevelopment of the closed public house for retail convenience store

The scheme proposes the relocation of the shops to the new village green. The existing commercial facilities will be demolished and replaced by new residential.

The Ark Public House

- 32 Brightbeech, the company that has a lease of the Ark Public House, wish to refurbish or possibly redevelop the pub for a convenience store with residential above. They have suggested 3 methods of achieving this:-
- the council grants a variation to the lease to allow the property to be used for retail and residential; or
 - Brightbeech buys the council's freehold interest to undertake a comprehensive refurbishment/redevelopment of the building; or
 - the council buys Brightbeech's leasehold interest.
- 33 The company has suggested that the council should re consult residents on the option of delivering a retail shop on the site of the closed public house. Officers do not consider that further consultation is appropriate and the reasons for this are set out below.
- 34 The Townhill Master Plan and Regeneration Framework, in both its original and revised form, have included a new village green as a key driver of regeneration both in terms of urban design and community cohesion. The new shop and café facility are designed to be an integral part of this new village green, creating the heart of a regenerated Townhill Park. This cannot be achieved by providing the shop in the position of the current Public House and it would also be unlikely to be viable to have the shops located in two places. Without location of the shops at the village green it would also lose the aim of achieving community cohesion.
- 35 The proposed location for the village green has been selected because it will enhance the existing community facilities in that location. It is opposite the community centre and pre-school, and within easy access of the cluster of educational facilities in Cutbush Lane. Thus the proposed village green, with its new shop and cafe will develop the area further to act as a community 'hub', encouraging maximum movement/ flow of residents. To locate the new shop in the former pub would make the creation of this community hub less successful.
- 36 The proposals for Townhill Park delivery have been subject to an options appraisal for procurement and the preferred options have been outlined elsewhere in this report (paragraphs 12 and 13). A joint venture approach for The Ark would be complex and would add to timescales to deliver the regeneration scheme, and so is not favoured. The Council has carried out initial Master Plan costing and the current proposals are financially viable.
- 37 The Ark is adjacent to the current shopping parade. Within this parade there are currently only 2 units trading commercially. The pub itself is not trading.

The regeneration proposals include the full redevelopment of this existing shopping parade, providing instead at least 26 residential properties. This site is factored into the overall viability of the regeneration scheme and providing less on a smaller site, if The Ark was retained/ redeveloped, would impact on overall viability and could compromise design.

38 The Council may forego an unknown level of capital receipt if it does not pursue a joint venture option with Brightbeech. Any sort of joint venture project would however also affect the current viability work that has been undertaken in that the pub site would not achieve the same level of residential provision. Given that any joint venture will also compromise the village hub principle that is central to the concept it is not considered that further costs and delay should be incurred in exploring the joint venture option.

39 It is therefore recommended that the Council proceeds with the current Master Plan proposals and declines Brightbeech's proposal to redevelop the pub with a retail unit. The council will take appropriate legal advice on how to progress the matter.

Future Public Consultations

40 As the proposals move forward further consultations are planned with residents so that they have the opportunity to be informed and feel engaged in the future plans for their area. Officers will investigate whether there are additional ways that we can effectively engage with residents.

Changes to the Master Plan

41 The updated Master Plan required to take into account a number of changes:

- No link road to Cornwall Road nor the opening of Cutbush Lane to vehicles
- Retention of the existing Moorlands Community Centre
- Frog's Copse and the grassland west of Hidden Pond have been withdrawn from redevelopment after consideration of the results of the Ecological Assessment and local views

(The first 2 items were reported in the November 2012 Cabinet report and the 3rd was flagged up as awaiting the results of further study.)

The Revised Master Plan Proposals

42 The review of the Master Plan has resulted in a scheme which retains the principles of the original:

- The Village Green has been retained and forms a community heart with the shops, café and play facilities.
- Meggeson Avenue is traffic calmed including pedestrian friendly crossings and provision for car parking
- The housing is provided in a mix of apartments and houses with associated garden space
- Parking for new housing will be on the plot and parking for new apartments will be in designated courtyards

- Cycling and walking links are improved as is the quality of open space and play facilities
- 43 As part of their work to update the Master Plan Capita has been asked to identify opportunities elsewhere in the redevelopment to replace the units lost from the three sites which are no longer included in the project, as outlined in paragraph 35.
- 44 Initial financial work undertaken on the revised Master Plan has verified that the proposals are deliverable. As the design work progresses costs will be further refined and reported to Council as part of the overall financial approval.

RESOURCE IMPLICATIONS

Capital/Revenue

- 45 On 14th November 2012, Council approved that the HRA Capital Programme would fund costs estimated at £11.8M for the site preparation costs of Phases 1, 2 and 3 of the regeneration of Townhill Park. The funding for the scheme was from a previously identified uncommitted HRA capital provision for Estate Regeneration (£10.5M) and an uncommitted Section 106 developer contributions provision for affordable housing (£1.3M).
- 46 At Council, specific scheme approval was agreed, in accordance with Financial Procedure Rules, for capital spending of £3.9M on the site preparation costs of Phase 1, including the purchase of leasehold interests. This budget will fund the cost of design work on Phase 1 to achieve planning consent, procurement and the contract supervision of the building phase, which is now estimated at £950,000. In addition, approval to spend was given for a further £3.9M to progress leasehold acquisitions on Phases 2 and 3. This left an unapproved budget of £4M within the Estate Regeneration section of the HRA Capital from which expenditure of £1.75M is recommended in this report for the advancement of design work on Phases 2 and 3 to achieve planning consent and for the contract supervision of the building phase.
- 47 Further work will be undertaken on the General Fund financial implications as the proposals are developed but the aim is to keep expenditure on highways and open spaces to a minimum given the budget constraints of the General Fund. The Community Infrastructure Levy (CIL) and Section 106 developer contributions have been identified as potential sources of funding.
- 48 Future rent for the affordable housing element will be at Affordable Rent, which will be 80% of local market rent, as previously reported in November 2012. Tenants have been reminded of this both by letter and in information given at the public meetings in 2013 and no objections or concerns have been raised.
- 49 The HCA has announced a bidding round in early 2014 for grant funding for the period 2015 - 2018. The prospectus for this funding is expected to be made available in December 2013. The HCA have advised that bids will require to be submitted by April 2014 with the outcome of the bid announced in June/July 2014. Once the prospectus has been published, the council will work closely with Capita to decide the best option for taking forward a bid for Townhill Park based on all the financial information available.

Property/Other

- 50 The Council's Contract Procedures Rules govern the Council's procurement of goods, services and works. These rules reflect European and UK Law. Options for procurement which are compliant with the Council's Contract Procedure Rules will be further investigated.
- 51 In the event the Council can not acquire all the interests by agreement, it will be necessary to compulsorily purchase them and in this regard a further report will be brought before Cabinet seeking a Resolution to commence the CPO process.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 52 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 Section 1 of the Localism Act 2011, the exercise of which is subject to any pre or post-commencement prohibitions or restrictions that may exist.
- 53 The Council also has powers under the Housing Acts 1985 and 1996, the Land Compensation Act 1973 (as amended) and the Planning and Compulsory Purchase Act 2004, to agree and to undertake the decanting of Council tenants to progress the scheme.

Other Legal Implications:

- 54 The Council must ensure that all affected residents are consulted in the most appropriate and meaningful way at a formative stage of project design, and that any representations made are afforded appropriate weight and taken into consideration when making any further decisions

POLICY FRAMEWORK IMPLICATIONS

- 55 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.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Bitterne Park and Harefield
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SUPPORTING DOCUMENTATION

Appendices

1.	Results of the Public Consultations on 27 th and 28 th September 2013
2.	Area of Possible Land Acquisition

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes
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Other Background Documents

Equality 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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