

CABINET

28th November 2012

REPORT OF THE PORTFOLIO HOLDER FOR HOUSING

**Outcome of Feasibility Studies Tinkers Green, Wilnecote and
Kerria, Amington**

EXEMPT INFORMATION

Confidential

PURPOSE

To report on the outcomes of the Feasibility Study undertaken in relation to regeneration of the Tinkers Green and Kerria Estates and to make recommendations for the next steps towards implementation of proposals. The full study report is attached at **Appendix One**

RECOMMENDATIONS

- That Cabinet agree to the redevelopment of the Tinkers Green Estate as defined in the feasibility study to provide new housing subject to the submission of detailed plans
- That Cabinet agree to the redevelopment of the Kerria Estate as defined in the feasibility study to provide new housing subject to a further assessment regarding the most appropriate financial delivery vehicle and the submission of detailed plans
- That, with immediate effect, all new lettings to properties identified for demolition on both areas are undertaken on the basis of a two year fixed term tenancy
- That a specific study is undertaken to review options for ensuring access to retail and other community facilities as identified in the local plan
- That Initial Demolition Notices are served to all relevant tenants
- That no new formal leases for commercial premises are agreed and current leasehold arrangements are reviewed. Any further lettings are to be on a 12 month license basis.
- That to support the acquisition of land and property necessary to achieve redevelopment plans a Capital budget of £650k is established. This budget will be funded from virements comprising £400k of under spent funds from the electrical upgrade programme already identified in

budget monitoring reports and £250k form the HRA capital contingency budget.

- **That Cabinet delegate authority to the Director of Assets & Environment and the Solicitor to the Council, in consultation with the Portfolio Holder Core Services and Assets to acquire land and property following an assessment of value where this is economically advantageous to the Council.**
- **That the Director of Housing and Health put in place resources to deliver the proposals including the retention of the services of external consultants as in the accompanying report**
- **That £70k is released from the HRA revenue contingency budget to meet project costs arising in the current financial year**
- **That the communications plan set out in Appendix Four is approved**
- **That a Development Agent is appointed through a process of competitive dialogue**
- **That Cabinet receive a further report in the first quarter of 2013 setting out proposals relating to existing Council housing tenancies**
- **That Cabinet receive a further reports in relation to key decisions regarding procurement processes and agreement of detailed plans as required**

EXECUTIVE SUMMARY

On 14th of April 2012 Cabinet approved the Housing Revenue Account Business Plan outlining the Council's ambitions for its housing stock over a thirty year period. One of the key ambitions included within the plan was to deliver area based housing regeneration to struggling housing estates. The Corporate Plan sets out the delivery opportunities to achieve "One Tamworth Perfectly Placed" to aspire, prosper and be healthier and safer. Creating the housing infrastructure to facilitate the regeneration of key estates will directly contribute to the Councils vision. Notably through

- ✓ Maximising income and financial opportunity to the council through the use of its HRA borrowing headroom and by making the most of its spending power to realise commercial opportunity
- ✓ Regenerate run down and unpopular estates
- ✓ Maximise housing options by a council sponsored building programme
- ✓ Stimulate economic growth through investment in regeneration
- ✓ Diversification of a housing and retail offer to benefit the wider community
- ✓ Achieve balanced and sustainable communities through re-branding and re-investment
- ✓ Use its wholly owned land to drive and contribute to the development of council housing.

The Business Plan included a sustainability assessment of several areas having a concentration of Council accommodation. From this assessment both the Tinkers Green Estate and Kerria Estate emerged as priorities and were identified for further investigation as to the need and opportunity for regeneration.

The purpose of the feasibility work undertaken since has been to assess both the business case for regeneration and, should the business case be made, to assess the best options for achieving improvements for these areas.

The report attached at **Appendix One** provides full detail of the work undertaken including the conclusions arising from the study, recommendations and a plan for delivering the next steps.

In summary the report concludes:

1. That fundamental regeneration of the Tinkers Green and Kerria areas is needed to bring about lasting improvement in these areas and the surrounding environment
2. That to be effective this requires that poor quality and unpopular Council housing be demolished and redeveloped
3. That both physically and financially redevelopment and regeneration is feasible
4. That both projects could be delivered within the Housing Revenue Account (HRA) but that this would require that reductions were made to Capital investment and or service delivery within the HRA
5. That in recognition of the above further investigation should be made in relation alternative financial options for the Kerria Area including the establishment of a Housing Development Vehicle to facilitate Prudential Borrowing through the General Fund or options for market disposal of redevelopment

In relation to the delivery of the project the report includes proposals to:

6. Although both sites could be funded through the HRA, this would mean using all available borrowing headroom as well as diverting capital resources. Tenant consultation and a more prudent financial approach would be to regenerate Tinkers Green through the HRA. Exploring other models to regenerate the Kerria including either a special purpose vehicle involving general fund prudential borrowing and/or sale of the land for a capital receipt based on land value or for open market sale. A further analysis, informed by a competitive dialogue process, will determine the most economically advantageous to the Council and will be reported separately to Cabinet.
7. Procure a Development Agent through a process of competitive dialogue to put in place the infrastructure to achieve redevelopment of these areas
8. Put in place resources to manage and deliver the next steps of the project as shown in **Section Eight** of the attached report.
9. Undertake a study to consider the ongoing need for retail and community facilities in these areas and to assess the re-provision of services which may be affected by the above proposals.

Tenant Consultation

The Tenant Consultative Group (TCG) have been instrumental in development of the feasibility study. At a workshop with the consultants and officers, the TCG re-emphasised the original ambitions to create the necessary infrastructure to build new and affordable council sponsored housing. They support the recommendations before cabinet and helped to shape the vision around prosperity, place and people shown in the feasibility study. This reinforces the messages from other stakeholders outlined in the feasibility report .

Wider consultation is reported in the study and supports other intelligence from the Staffordshire observatory, mosaic data and wider corporate documentation about the need to

regenerate the areas.

Decant

A key issue in relation to the delivery of the project will be the management of existing tenants of these properties. There are considerable challenges in relation to the re-homing of existing tenants and it is recognised that the Council must explore every available options to minimise disruption to existing tenants and ensure that deterioration in the existing environment is minimised. It is proposed that a further report be submitted to Cabinet in the first quarter of 2013/2014 to consider the Council's approach to this in detail.

Communication will be fundamental to the delivery of the project and a communications plan is appended at **Appendix Four** to the attached report.

It is recognised that the proposals will be likely to cause considerable concern to tenants and all tenants will be contacted via letter if Cabinet resolve to accept the recommendations. This communication will provide tenants with information regarding the decision reached, the timescales involved in implementation and information about how and when they will be contacted further. In addition tenants will be served with an Initial Demolition Notice. This is a statutory notice which will preclude tenants from exercising the Right to Buy for designated properties. This action is essential to mitigate risk. In addition the occupants of commercial facilities will also be contacted directly and wider communications as described within the attached plan will be implemented. This includes:

- Establishment and promotion of a telephone hotline
- Press and other media briefings
- Communication with other stakeholders
- Internal communications programme

The proposals contained within the report recognise that the scale of the project will require delivery in a number of phases. Three phases have been identified within the overview project plan shown in **Section Eight** of the accompanying report. No decisions have been made in relation to the detailed phasing of the project and final decisions of this will be subject to a further report.

In addition to the above actions the proposals within the report include the acquisition of existing land and property within the development zone. Early action in relation to this is necessary to mitigate risk and to place the Council in the most economically advantageous position commercially.

Further reports will be submitted to Cabinet at key decision stages and it should be noted that the decision to redevelop these areas is subject to detailed plans being approved by Cabinet.

RESOURCE IMPLICATIONS

The financial modelling prepared is contained within the feasibility study.

Section Eight of the Attached report identifies the resources required to deliver the next stage of the project. Project costs arising from 2013/2014 will be included in budget

proposals. To enable continuation of work during the current financial year it is proposed that £70k is released from existing Housing Revenue Account contingency budget.

Provision will also be made for the anticipated Capital cost of the delivery of the project through the formulation of budget proposals.

LEGAL/RISK IMPLICATIONS BACKGROUND

A full risk assessment is appended at **Appendix Five** to the report. Notable headline risks are summarised below:-

Risk	Control
Financial Assumptions on the numbers for development (127 at Tinkers and 60 at Kerria) are subject to detailed planning considerations and could change impacting on the financial assessment	There is sufficient flexibility within the financial model to ensure the schemes remain viable. Social & market rents can be adjusted as can the numbers for open market sale. Detailed planning and final numbers will be the subject of a separate report
Reduction in income on Tinkers Green & Kerria through demolition, clearly has an impact on the HRA business plan.	The relationship to the HRA business plan has been modelled and the loss of income is offset by the loss of maintenance and management liability. In addition, on Tinkers Green there is a net growth in the social rented numbers. Any losses in income on the Kerria can be offset by corresponding acquisitions
Decant and home-loss payments are likely to be due and the financial assumptions have calculated sufficient funds to incentivise this further, although exact costs are unknown. This is also the case with commercial compensation.	Financially prudent decisions have been made for disturbance and home loss payments but exact costs won't be realised until actual negotiations with tenants' and retailers. Legal advice and expertise will continue to be obtained to mitigate any risk and secure the best financial deal for the council. The serving of the initial demolition notices protects the council from further RTBs as outlined.
Offering Tenancies on 2 year fixed term tenancies will create churn and impact on void costs and future home loss payments will also be payable.	Churn is higher in these areas anyway due to their unpopularity and design. Maintaining a level of occupation minimises further deterioration the site whilst procurement and proposals are advanced and potentially avoids the need for costly security.
Build costs have been assumed at £1150 per sq mtre. This is an industry standard based on soft market testing, however until this is procured exact costs are not known	The build costs, within the model, are financially prudent and are average costs. Procurement in the current financial markets may yield a lower cost
Acquisition of key sites on the Kerria is uncertain. Without the land identified on the Kerria, the projected numbers will	Costs have been allowed for in the financial model and delegated authority to negotiate this. An economic

not be realised.	assessment will be reported separately as those discussions are concluded
The Pay back period for both schemes is based on capital borrowing and not revenue.	Revenue surpluses exist due to efficiencies within existing budgets. Pay back periods are less than overall asset values of the proposed site.
Right to Buy assumptions have been made based on forecasted numbers. This is unpredictable as sales vary in terms of property, discount levels and timing.	Cabinet have already approved sign up to the framework agreement and any receipts have to be spent within 3 years. Receipts can be set aside for regeneration and fully utilised for this scheme.
Exploring Special Purpose Vehicles / Housing Delivery Vehicles is resource intensive.	Project resources have been identified and will remain under review.
Levels of affordable and social housing may be limited to normal planning regulations should Kerria be sold for market housing	By using a competitive dialogue process the council will be able to assess the cost benefits of open market land sale v the council developing the land and selling the subsequent properties developed.
Rent levels have been based on 70% (social rent) at Tinkers Green and 80% of market rent at Kerria. This may change depending on final numbers built and therefore determine future rent setting.	There is flexibility within the model and this will be reported to Cabinet as decisions present themselves.
Intensive negotiation will be necessary with leaseholders and freeholders within each site boundary	Adequate professional support will be procured to mitigate this risk

SUSTAINABILITY IMPLICATIONS

A Community Impact Assessment is appended at Appendix Three to the attached report

BACKGROUND INFORMATION

Please see attached Feasibility Study report

Author

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LIST OF BACKGROUND PAPERS

APPENDICES

Appendix One: Outcome of the Feasibility Studies Tinkers Green, Wilnecote and Kerria, Amington.



MINUTES OF A MEETING OF THE CABINET HELD ON 28th NOVEMBER 2012

PRESENT: Councillor D Cook (Chair), Councillors L Bates, S Claymore, M Greatorex and J Oates

The following officers were present: John Wheatley (Executive Director Corporate Services), Rob Barnes (Director - Housing and Health), Stefan Garner (Director of Finance), Robert Mitchell (Director - Communities, Planning and Partnerships), Michael Buckland (Head of Revenues), Karen Taylor (Head of Benefits), Steve Pointon (Housing Strategy Manager), Paul Weston (Head of Asset Management - Property Services), Neil Mason (Community Leisure Manager), John Day (Corporate Performance Officer) and Lara Allman (Democratic & Election Services Officer)

81 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S Doyle and R Pritchard and Anthony Goodwin (Chief Executive)

82 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 17 October 2012 were approved and signed as a correct record.

(Moved by Councillor S Claymore and seconded by Councillor M.Greatorex)

83 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

84 MATTERS REFERRED TO THE CABINET IN ACCORDANCE WITH THE OVERVIEW AND SCRUTINY PROCEDURE RULES

The Chair of Healthier and Safer Scrutiny proposed two recommendations to Cabinet following the meeting of 18 October 2012:

1. Cabinet be asked to have a permanent drop off point for donations for the Food Bank in Tamworth Borough Council reception area, and;
2. Cabinet be asked to invite the new PCC to meet with the whole of the Council (as a seminar) to inform us what their plans are for the Tamworth area.

RESOLVED: That:

- 1 Cabinet with check with the relevant officers that we are able to and feed back to Scrutiny, and;
- 2 The Portfolio Holder for Community Development to invite Matthew Ellis to give a seminar to Members.

The Chair of Aspire and Prosper Scrutiny proposed three recommendations to Cabinet following the meeting of 6 November 2012:

1. Cabinet be asked to look at potential sites to enable the Business Roadshow event to be hosted in Tamworth – could use schools in school holidays/Drayton Manor;
2. The Portfolio Holder for Economic Development be asked to provide the Committee with information to pursue opportunities for local businesses who are able to support the future of Whittington Barracks, and;
3. Cabinet be asked to push for rail links to Jaguar Land Rover through the airport.

RESOLVED: That:

- 1 The Portfolio Holder for Economic Development and Enterprise to work with the Director (Communities, Planning and Partnerships) to look at holding the Think Local Roadshow in Tamworth in the future;
- 2 The Portfolio Holder for Economic Development and Enterprise to provide a verbal report to Scrutiny to advise them of the work that has already been done, and;
- 3 The Leader and the Portfolio Holder for Economic Development and Enterprise to feed back to the LEP.

85 ANTI SOCIAL BEHAVIOUR VICTIM AND WITNESS CHAMPION

The Report of the Portfolio Holder for Community Development seeking approval to continue the grant funding of this post for a further three years was considered.

RESOLVED: That:

- 1 A further spend of the grant funding from the LPSA2 reward grant (received for tackling anti social behaviour and ring fenced for ASB) to continue the Victim and Witness Champion service for a further

- three years be approved, and;
- 2 The Director Communities Planning and Partnerships in consultation with the Portfolio Holder for Community Development be authorised to tender the service and procure a provider.
(Moved by Councillor J Oates and seconded by Councillor M Greatorex)

86 RELOCATION OF STRUCTURED EXERCISE GYM

The Report of the Portfolio Holder for Economic Development and Enterprise seeking approval to relocate the gym currently housed in the Castle Grounds Activity Centre to the Corner Post Education Centre (the new base of Tamworth Boxing Club) on Orchard Street B79 7RH and allowing the Director of Communities Planning and Partnerships to enter into a legal operating agreement with the club was considered.

RESOLVED:

That:

- 1 The relocation of the Structured Exercise Gym to the Corner Post Education Centre be approved, and;
- 2 The Director Communities Planning and Partnerships in consultation with the Portfolio Holder Economic Development and Enterprise be authorised to enter into a legal agreement with Tamworth Boxing Club.
(Moved by Councillor S Claymore and seconded by Councillor J Oates)

87 LOCALISING SUPPORT FOR COUNCIL TAX - CONSULTATION RESPONSES FOR CONSIDERATION & DCLG TRANSITIONAL GRANT FUNDING (2013 / 14) PROPOSAL

The Report of the Portfolio Holder for Core Services and Assets presented by the Leader asking for consideration to be given to the DCLG Council Tax Transitional Grant payment proposals together with the risks and implications associated with the grant conditions and impact on the proposed local support for Council Tax Scheme proposals; and for consideration to be given to the responses to the consultation made with the Public about the proposed Local Council Tax Support Scheme for Tamworth from 1st April 2013 and asking Cabinet to decide which proposals to include, exclude or amend before the final scheme is taken to full Council on 13 December 2012 to be endorsed was considered.

RESOLVED:

That:

- 1 The Authority does not apply for the Council Tax Transitional Grant payment be endorsed, and;
- 2 The proposed Local Council Tax Support scheme (as per Localisation of Council Tax Consultation final Report) having given consideration to the consultation responses be endorsed.
(Moved by Councillor D Cook and seconded by Councillor

S Claymore)

88 COUNCIL TAX BASE 2013/14

The Report of the Portfolio Holder Core Services and Assets, presented by the Leader, to report the Council Tax Base for the Borough Council was considered.

RESOLVED That:
Tamworth Borough Council resolves its calculation of the Council Tax Base for the year 2013/14 to be 20,199 (2012/13 23,378)
(Moved by Councillor D Cook and seconded by Councillor J Oates)

89 SOFTWARE SUPPORT/DEVELOPMENT FOR THE LOCAL COUNCIL TAX SUPPORT SCHEME

The Report of the Portfolio Holder for Core Services and Assets, presented by the Leader, seeking approval for the release of £53,100 from Government Grant income, received in respect of the implementation of localised Council Tax Support, and the establishment of an associated expenditure budget to enable payment for a software support to be made, in line with the requirements of Financial Guidance was considered.

RESOLVED: The release of £53,100 from grant monies financed by the Department for Communities and Local Government, provided for the purpose of implementing a Local Council Tax Support Scheme for 2013 onwards, and the establishment of an expenditure budget to enable payment of £53,100 to be made to Capita Software Services be authorised.
(Moved by Councillor D Cook and seconded by Councillor J Oates)

90 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR REVIEW REPORT 2012/13

The Report of the Portfolio Holder for Core Services and Assets, presented by the Leader, presenting Members the Mid-year review of the Treasury Management Strategy Statement and Annual Investment Strategy was considered.

RESOLVED: That:

- 1 The Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2012/13 be accepted, and;
- 2 The CIPFA Code of Practice as revised in November 2011 be formally adopted.
(Moved by Councillor D Cook and seconded by Councillor L Bates)

91 WRITE OFFS 01/4/12 - 30/9/12

The Report of the Portfolio Holder for Core Services and Assets, presented by the Leader, providing members with details of write offs from 01 April 2012 to 30 September 2012 was considered.

RESOLVED: The amount of debt be written off.
(Moved by Councillor D Cook and seconded by Councillor J Oates)

92 DRAFT BASE BUDGET FORECASTS 2013/14 TO 2017/18

The Report of the Leader of the Council informing Members of the re-priced base budget for the period 2013/14, base budget forecasts for the period 2013/14 to 2017/18 (the 5 year Medium Term Planning period), and the underlying assumptions and the future strategy to address the financial trends was considered.

RESOLVED: That:

- 1 The technical adjustments and re-priced base budget figures for 2013/14 and indicative budgets to 2017/18 be approved;
- 2 Consideration be given to the proposed policy changes, as detailed within the report, and;
- 3 As required by the Constitution of the Council, the Joint Scrutiny Budget Workshop be asked to consider the budget proposals contained within the report.
(Moved by Councillor D Cook and seconded by Councillor M Greatorex)

93 QUARTER 2 2012/13 PERFORMANCE REPORT

The Report of the Leader of the Council providing Cabinet with a performance and financial health-check was considered.

RESOLVED: That the contents of the report be endorsed.
(Moved by Councillor D Cook and seconded by Councillor S Claymore)

EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That members of the press and public be now excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraph 1 and 3, Part 1 of Schedule 12A to the Local Government

Act 1972 (as amended).

94 OUTCOME OF FEASIBILITY STUDIES- TINKERS GREEN AND KERRIA, AMINGTON

The Report of the Portfolio Holder for Housing reporting on the outcomes of the Feasibility Study undertaken in relation to regeneration of the Tinkers Green and Kerria Estates and making recommendations for the next steps towards implementation of proposals was considered.

RESOLVED: That the recommendations as contained in the report be approved.

(Moved by Councillor M Greatorex and seconded by Councillor D Cook)

95 GARAGES AT TINKERS GREEN

The Report of the Portfolio Holder for Housing setting out the arrangements for council owned garages at Tinkers Green, Wilnecote was considered.

RESOLVED: That the recommendations as contained in the report be approved.

(Moved by Councillor M Greatorex and seconded by Councillor L Bates)

96 DESIGNATION OF LANDLORD PROPERTIES

The Report of the Portfolio Holder for Housing setting out the arrangements for the 39 2-bedroomed properties that were the subject of a statutory Housing Health & Safety Rating System review completed September 2012 was considered.

RESOLVED: That the recommendations as contained in the report be approved.

(Moved by Councillor M Greatorex and seconded by Councillor L Bates)

Leader