

Report Number: SWT 19/22

Somerset West and Taunton Council

Report to Community Scrutiny – 23 February 2022

Wordsworth Drive and Coleridge Crescent Flats Regeneration, Taunton

**This matter is the responsibility of Executive Councillor Member
Councillor Francesca Smith**

**Report Author: Chris Brown, Assistant Director Development & Regeneration, Ian
Shoemark, Project Manager**

1. Executive Summary / Purpose of the Report

- 1.1 Wordsworth Drive and Coleridge Crescent Flats Regeneration (WD&CC) includes two SWT blocks of flats and an SWT owned garage site. Wordsworth Drive Flats contains a shop, 11x2 bed SWT apartments and a private leasehold apartment. Coleridge Crescent contains 4x2 bed SWT apartments. There are 13 garages on the site. A map of the regeneration can be found at Appendix A.
- 1.2 The report proposes that the WD&CC flats no longer provide the quality of accommodation, in terms of decency and thermal efficiency, which SWT tenants should expect and which the Council strive to provide.
- 1.3 SWT considered four investment options before concluding that the two blocks have reached the end of their life and costs to the Council's Housing Revenue Account (HRA) to bring the two blocks to an appropriate standard for the next sixty years does not provide reasonable value to the Council (HRA Business plan).
- 1.4 The report recommends the decanting of the Wordsworth Drive Flats should commence in April 2022 with the award of Homefinder gold band status to the ten tenants. The awarding of gold band status to tenants will maximise the rehousing opportunities available to the tenants through Homefinder and maximise the opportunities open to the tenants through SWTs Decant Policy. In addition, the negotiation and purchase of one leasehold property will progress and agreement will be reached with the shop for its closure.
- 1.5 The report recommends the decanting of Coleridge Crescent Flats commences in April 2023 with the awarding of Homefinder gold band to the four tenants.
- 1.6 The Tenants Strategic Group considered and supported this report at their meeting 24th January 2022
- 1.7 The report proposes that the properties/blocks are secured and then demolished to minimise any blight or nuisance to residents. The Housing Directorate currently believe that the garages can remain and continue to be let until an alternative use for the site is agreed.

2. Recommendations

- 2.1 The Community Scrutiny Committee is asked to consider the following recommendations prior to the report's progression to the Executive Committee:
- (a) To approve the decanting of tenants from Wordsworth Drive Flats with the awarding of gold band status in April 2022. Gold band status will support tenants secure alternative suitable accommodation.
 - (b) To approve the decanting of tenants from Coleridge Crescent Flats with the awarding of gold band status at a time to be determined by the Director of Housing and Communities in conjunction with the portfolio holder for Housing.
 - (c) To approve the purchase through mutual consent one leasehold property at Wordsworth Drive flats and compensate the owner in line with statutory compensation requirements.
 - (d) To note officers will agree the closure date and compensation with the shop lessee to ensure Wordsworth block is available for demolition.
 - (e) To approve the demolition of Wordsworth Drive and Coleridge Crescent Flats at a time to be determined by the Director of Housing and Communities in conjunction with the portfolio holder for Housing.
 - (f) Officers to return to the Council with options for the future use of the site.
 - (g) To approve a supplementary budget of £1,111,700 and to delegate the funding of the scheme to the Section 151 Officer.

3. Risk Assessment

- 3.1 Below are the main risks relating to the proposal:

Risk	Score out of 25 based on probability x impact	Mitigation
Poor consultation may result in resistance and disconnection from tenants	10	Careful planning is required and consultation with all parties simultaneously (tenants, leaseholders, shop lessee). Keep residents and stakeholder informed
Limited alternative accommodation for tenants	10	Officers have analysed the availability of alternative accommodation to support the decanting of tenants. 2 bed properties are in high demand however there is thought to be sufficient turnover of homes to allow for decanting customers within 12 months of them being awarded gold band. Officers are conducting housing needs assessments to understand the needs of customers and to explore any preferences or opportunities for downsizing or alternative accommodation for example sheltered housing.

Risk	Score out of 25 based on probability x impact	Mitigation
The structural quality of the block deteriorates faster than anticipated.	6	An agreed monitoring regime has been agreed with specialist engineers to ensure the structure of the block is considered and any changes identified. A number of additional surveys are taking place and investment in barriers and garage access are taking place. A third-party fire safety assessment has been commissioned.
Tenants experience a substandard service (non-decent homes poor thermal efficiency) as they await to be decanted	10	Tenants' will continue to benefit from SWTs comprehensive compliance, repair and maintenance service as they await a new home. It is recognised that that the properties thermal efficiency combined with electric heating means some customers are in fuel poverty. It is proposed that the directorate introduce a winter payment for tenants to reduce the impact of heating costs as they await decanting. A contract for damp and mould cleaning will be let to help manage any problems which arise.
Loss of rent revenue for SWT	15	The decanting of the two blocks will reduce the income from rent to the HRA. The HRA business plan has calculated and reflected the loss of rent and the cost of decant and demolition within its December 2021 review. It is assumed the garages will remain let until a new purpose for the site is agreed. The decanting of the two blocks will be phased to manage rent loss. The site will provide an opportunity for income through sale or new rental income.
Inability to purchase the leasehold unit	6	The Council is experienced at negotiating the purchase of owner occupier properties in regeneration schemes. Should purchase through mutual consent not be possible officers will return to the Council with proposals requesting the commencement of a compulsory purchase order (CPO). Officers do not currently believe a CPO will be required and currently enjoy a positive dialogue with the leaseholder.
Inability to resolve the shop lease	8	SWT is in dialogue with the shop lessee and are progressing through the corporate asset management team the ending of the lease and compensation. It is assumed that the shop closure will increase the

Risk	Score out of 25 based on probability x impact	Mitigation
		vulnerability of the building and the security plan will reflect this challenge.
Site security before, during or after decanting	15	A number of mitigation measures will need to be agreed to ensure the site is secured and the community remain safe. Regular inspections of the site will need to be maintained and good communication with tenants and the community to help them report any concerns will be important. The demolition of the flats at the earliest opportunity is seen as important to reduce blight and limit any potential anti-social behaviour. Following demolition, a management regime will be put in place to maintain the space prior to sale or redevelopment.
Covid, Brexit, market uncertainty	10	There are a number of external factors which continue to create difficulties when delivering projects in a timely way. SWT and other landlords have experienced challenges in securing contractors and materials to deliver projects in the most timely and economic way. This scheme requires a significant amount of resources from within the authority and therefore is reliant on internal capacity being available.

4.0 Background and full details of the report

- 4.1 The properties have been recognised as poor quality for a number of years and this has led to a series of reports being commissioned to understand the most appropriate investment option.
- 4.2 Kendal Kingscott completed a report in March 2021 following an initial stock condition survey report from Curtin's. The report was inconclusive about the quality of the structure and unable to make a recommendation as to the best way forward.
- 4.3 The Kendal Kingscott report suggested commissioning a detailed appraisal of the condition and life expectancy of the concrete frame and associated elements, including testing the concrete condition.
- 4.4 The Curtin's concrete analysis report was received November 2021. The report has highlighted a number of concerns relating to the quality of the concrete and the condition and limited volume of steel reinforcement. As a result of the Curtin's report the building is deemed safe however as the engineers were unable to confirm a 20-year life for the building it is considered that the building is close to the end of its expected life. SWT has put in place several actions to monitor the building until demolition is undertaken.

- 4.5 Prior to receiving the most recent engineer's report officers had hoped that an investment option may be possible, and these properties were placed in the Wave 1 Social Housing Decarbonisation Fund (SHDF) bid to attract subsidy for the investment. However, as the properties will not be retained Officers are working to prepare alternative properties to substitute in the Wave 1 programme should the council be awarded the fund.
- 4.6 Options considered for the blocks
- 4.7 Following Curtin's concrete report in November 2021 Officers carried out an option appraising which included the following alternative options:
- Do Nothing
 - Retention and investment (7 -60 years)
 - Phased decant of the blocks over two years without capital investment.
 - Phased decant of the blocks over seven years with capital investment.
- 4.8 Officers concluded that a phased decant of the blocks over two years without capital investment is the preferred option both on economic and safety grounds.
- 4.9 The phased decant of the blocks over two years will require resources to:
- Carry out a limited amount of additional surveying and remediation work plus an inspection regime.
 - Decant fifteen (15) tenants
 - Support boarding up/security, disconnections, additional cleaning regime and additional tenancy support.
 - Purchased one leasehold property.
 - Provide compensation to the shop lessee as a result of being unable to extend the shops lease
 - Support a limited winter fuel payment for SWT customers due to inadequate thermal efficiencies, electric heating systems and the lack of an investment solution to create an affordable solution.
 - Demolition costs
- 4.10 The HRA business plan has recognised the loss of rental income within its December 2021 review.
- 4.11 The housing service is working on the understanding that the garages can continue to be let until an alternative proposal for the sites use is brought forward.
- 4.12 The Tenants Strategic Group considered and approved this Report at its meeting 24th January 2022. The TSG identified benefits and value in the support approach provided to customers by SWT officers at NTWP as they decanted and were affected by regeneration. They requested the same level of support be extended to tenants affected at the WD&CC scheme. The TSG also asked if there were opportunities to use new homes at NTWP to support the decanting.
- 4.13 Officers confirm that the support to tenants and residents at NTWP will be mirrored, as closely as possible, at WD&CC. In relation to an offer of NTWP new homes to WD&CC tenants' officers do not feel a commitment is appropriate or necessary as it would add an additional layer of complication. The complication would be due to the uncertainty

of new unit completions, the speed at which WD&CC tenants would wish to move and the priority of the Council to minimise vulnerability on the WD&CC scheme as it decants. Officers are conducting housing needs assessments with residents which will identify their preferred location(s) for their forever home. The Gold Banding Status will allow a good degree of priority within the Homefinder pool of available properties and this could include new build council homes at NTWP and elsewhere depending on the timing of their bids and the completion of new build homes.

5 Links to Corporate Strategy

- 5.1 In 2019, the Council declared a climate emergency and committed to working towards achieving carbon neutrality and climate resilience by 2030.
- 5.2 WD&CC flats cannot achieve low or zero carbon standards without excessive financial pressures being placed on the HRA Business Plan. The additional investment in the structure of the homes means that demolition is a more effective means to support the Council's strategic objective.
- 5.3 In 2023 the district will be adsorbed into one Unitary Somerset Authority. The Council and the Housing Service remains responsible for its statutory duties and therefore the decisions in response to this report's recommendations are within the responsibilities of the Council, Portfolio Holder for Housing and Director of Homes and Communities.

6 Finance / Resource Implications

- 6.1 Members are being asked to approve a supplementary capital budget of £1,111,700 to fund the WD&CC Regeneration scheme. This capital budget will be fully funded through borrowing as there is currently no subsidy identified for this scheme. The final funding for this scheme will be determined and approved by the Section 151 Officer.
- 6.2 The funding will be used to decant and demolish the site until a future use is identified for the land. The estimated spend profile for this scheme is as per the table below.

Financial Year		£
2021/22		55,300
2022/23		437,500
2023/24		132,700
2024/25		491,500
Total		1,111,700

- 6.3 Revenue Impact: This scheme will require the decanting and demolition of 15 x 2 bed apartments that are currently generating (general needs) rental income of c£69k per annum (based on 2021/22 weekly rents). The phased decant proposes that 11 properties will be decanted during early 2022/23 and 4 properties during early 2023/24. The HRA Budget Setting Report for 2022/23 currently assumes rental income from these properties during the year and therefore this scheme will create a budget pressure of c£53k. This will be offset in part by the reduced estimated cost of £1k per property for annual repairs and maintenance, and £5k per property for annual major repairs.

- 6.4 The scheme also encompasses the decant and demolition of one shop (owned by SWT) that is expected to generate rental income of £14k per annum in 2022/23. Therefore, this will create a further budget pressure of £14k in 2022/23 for the HRA.
- 6.5 There are garage units on this site generating rental income of c£6k per annum. The proposal is to create a new entrance allowing these to remain in operation and to continue generating rental income during 2022/23 and onwards.
- 6.6 This capital budget will be fully funded through borrowing as there is currently no subsidy identified for this scheme. This will increase the cost of borrowing for the HRA by c£22k (assuming 2% borrowing) per annum by the end of the scheme. This will be managed through forecasting of the capital financing requirement for the HRA as a whole and treasury management strategies.
- 6.7 A thorough investment appraisal of this project has been undertaken and the costs associated with the decanting and demolition of these two blocks as well as the ongoing reduction in rental income, reduction in estimated cost of repairs and increase in cost of borrowing has been reflected in the HRA Business Plan review December 2021.
- 6.8 The December 2021 Business Plan review has received independent professional advice to provide further assurance that the regeneration project is deliverable within the overall 30-year business plan.

7 Legal Implications

- 7.1 No legal issues to report.

8 Climate and Sustainability Implications

- 8.1 WD&CC flats cannot achieve low or zero carbon standards without excessive financial pressures being placed on the HRA Business Plan. The additional investment in the structure of the homes means that demolition is a more effective means to support the Council's strategic climate change objective.
- 8.2 The properties were assessed as EPC E and therefore in the 10% worst performing SWT council homes as measured against SAP/EPC criteria.

9. Safeguarding and/or Community Safety Implications (if any)

- 9.1 There are no safeguarding or community implications.

10. Equality and Diversity Implications

- 10.1 An Equality Impact Assessment can be found at appendix B (To Follow).

11 Social Value Implications

- 11.1 The procurement process will consider the benefit contractors can contribute in terms of social value in particular local labour, use of local contractors and supply chain.

12. Partnership Implications

- 12.1 No partnership implications identified.

13. Health and Wellbeing Implications

13.1 Very low carbon homes which are well insulated, have good levels of airtightness and use ventilation systems are considered healthy homes. The properties at WD&CC do not possess low carbon qualities and the construction techniques continue to encourage cold bridging which is a significant contributory factor for damp and mould in homes.

14. Asset Management Implications

14.1 The regeneration through the demolition of the flats is seen as the best value for the Councils assets. The creation of a development site provides the Council with an opportunity to improve its assets or receive a capital receipt.

15. Data Protection Implications (if any)

15.1 No data protection considerations.

16. Consultation Implications (if any)

16.1 Consultation has begun with the tenants, leaseholder, shop lessee and the Ward Members. There has been some support and very little concern raised from tenants to the loss of their current accommodation and tenants have welcomed the chance to consider alternative affordable housing through Homefinder. Currently the Council enjoy a good relationship with the leaseholder and both parties are keen to pursue purchase by mutual consent. The shop lessee has been surprised by the Council's position and discussions continue to talk place over the date and timing of the lease end.

16.2 Communication with tenants and all other parties will continue to be critical as the regeneration proposals are progressed.

16.3 The Tenants Strategic Group has requested that the support for tenants and residents mirrors that of the NTWP and the service will work hard to provide this level of support at WD&CC.

17. Scrutiny/Executive Comments / Recommendation(s) (if any)

17.1 *To be completed following meeting 23rd February 2022*

Democratic Path:

- Tenants Strategic Group – 24th January 2022
- Scrutiny / Corporate Governance or Audit Committees – 23rd February 2022
- Cabinet/Executive – 16th March 2022
- Full Council – 29th March 2022

Reporting Frequency: Once only Ad-hoc Quarterly
 Twice-yearly Annually

List of Appendices

Appendix A	Map of the Regeneration Area
Appendix B	Equality Impact Assessment (To follow)

Contact Officers

Name	Christopher Brown	Ian Shoemark
Direct Dial	01823 219764	
Email	c.brown@somersetwestandtaunton.gov.uk	i.shoemark@somersetwestandtaunton.gov.uk

Map of the Wordsworth Drive and Coleridge Crescent Flats Regeneration Area, Taunton.

