

Wards Affected:

All Wards

ITEM 11

CABINET

10 JULY 2018

REGENERATION - BALLOT ARRANGEMENTS AND AMENDMENTS TO THE YOURMK PARTNERSHIP AGREEMENT WITH MEARS GROUP PLC

Responsible Cabinet Member: Councillor Long, Cabinet Member for Housing & Regeneration

Report Sponsor: Duncan Sharkey, Corporate Director, Place

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Executive Summary:

This report sets out and seeks approval for the arrangements for the referendum ballot on MK regeneration options.

In accordance with Cabinet's decision on 2 January 2018 the report sets out the implications of a 'No' vote and recommends to Cabinet that this is noted.

The report also sets out proposed amendments to the YourMK Partnership Agreement with Mears Group PLC and recommends formal delegation to the Corporate Director of Place to negotiate and agree the necessary changes in consultation with the Cabinet Member for Housing and Regeneration.

Councillor Nigel Long
Cabinet Member for Housing & Regeneration

1. Recommendations

- 1.1 (a) The ballot arrangements as set out in **Annex A** be agreed.
- (b) The implications of a "NO" vote, particularly in respect of the Housing Revenue Account and the role of council tenants in informing and shaping investment priorities are noted.
- (c) The proposed changes to the YourMK Partnership Agreement with Mears Group PLC as set out at **Annex B** be agreed.
- (d) The implications for regeneration at **Annex C** be noted.
- (e) An additional £199k from the Housing Revenue Account to fund an asset management team be approved from 2019/20 onwards with an additional

£135k allocated for the remainder of 2018/19 to cover the in-year pressure is agreed

- (f) That the Corporate Director (Place) be delegated to negotiate and agree changes to the Partnership Agreement with Mears Group PLC, in consultation with the Cabinet Member for Housing and Regeneration.

2. Background

- 2.1 At its meeting on 2 January 2018, Cabinet approved an extension to the consultation phase of the regeneration programme on Fullers Slade to enable further and full engagement with residents. It also approved:
 - a) A ballot containing a clear YES and NO option with this NO option being clearly defined and explained by Milton Keynes Council;
 - b) The use of the Council's Elections Team to oversee the ballot with the threshold for turnout and age to be presented to Cabinet for approval by June 2018;
 - c) The ballot only being triggered once 60% of residents and 80% of households have been formally engaged;
 - d) That the ballot will be restricted to those residents and home owners who will be directly affected by the regeneration proposals i.e. those who live or own a home within the regeneration 'red line';
- 2.2 Since January 2018, officers of the Council and colleagues in YourMK have worked together in respect of these decisions. Work has also progressed, during this time, on improving the governance, management and structures of YourMK and the relationship with the Council.
- 2.3 This report responds to the recommendations of Cabinet on 2 January 2018 and sets out the proposed governance and management of YourMK for Cabinet's consideration and approval.

3. Ballot

- 3.1 It is not a legal requirement to hold a ballot, but putting the decision in the hands of local residents is seen as best practice. It is proposed that the ballot be open to:
 - a) Everyone aged 16 years or over at the date of the ballot living within the red line as at the cut-off date (this includes council tenants, private tenants, owner occupiers and people living with them as their principle home).
 - b) Those who would be eligible under the above criterion but for being away at university, in hospital, on armed forces duty, in prison or living elsewhere to care for elderly or disabled relatives (subject to the property in the red lined area being their principle home)
 - c) Non-resident landlords who own property within the red line (one vote per non-resident landlord).
 - d) Local businesses within the red line (one vote per business).

- e) Local community facilities within the red line, e.g. schools (one vote per community facility)

- 3.2 This opens up the ballot to ensure the views of as many people as possible can be expressed. There is no perfect answer as to who can vote as all models potentially disenfranchise someone. This model gives more influence to actual residents than any other group.

- 3.3 The default position is that ballots will be postal only, carried out by the Council's Elections Service, to increase participation, but residents may wish to propose a traditional polling station referendum vote for their area. In order to ensure that the Council can run an effective ballot, it is proposed that a cut-off date of one month prior to the date of the ballot is established for people to register to vote.

- 3.4 To facilitate this, the Council will write to all eligible households, landlords, businesses and community facilities asking them to register to take part in the ballot. The Housing & Regeneration Service will undertake door knocking of all residential properties within the red line and make direct contact with all landlords, businesses and community facilities. Anyone who does not register by the cut-off date will not be able to take part in the ballot.

- 3.5 Once validated, Election Services will inform all those who have registered of the procedure for voting and issue ballot papers not less than two weeks before the date of the ballot. Pre-paid envelopes will be provided for people to return their vote.

- 3.6 A simple majority will be needed to secure the outcome of a ballot, with no threshold on the number or percentage of votes cast in order for the ballot to be valid. To set a threshold would mean the outcome could be swayed by not voting at all, whereas by not setting a threshold the outcome will depend on a proactive choice between YES and NO.

- 3.7 A ballot will only be triggered once 60% of residents and 80% of households have been formally engaged. The Residents Steering Group (RSG) will formally decide on the date of the ballot once these triggers have been hit and will make a recommendation to the Regeneration Sub-Committee.

4. **Implications of a NO vote**

- 4.1 RegenerationMK focuses on People, Place and Prosperity regardless of tenure. At its most basic, the implication of a "No" vote is that things stay as they are in terms of estate layout, homes, public realm, opportunities etc. It means that the strategic priorities and outcomes set out in the Council's Regeneration Strategy, RegenerationMK, become harder to achieve.

- 4.2 The implications of a NO vote would be that the Council will continue to invest in its housing stock from within the Housing Revenue Account, but its ability to help improve people's life chances and lift people out of poverty will be reduced, with the priority estates likely to remain amongst the most deprived areas in England as a result. Tenants in the priority estates would continue to benefit

from repairs and maintenance services (including investment in the replacement of kitchens, bathrooms, boilers, etc.) in line with the priorities and standards set through the proposed consultation on the HRA Business Plan. For tenant and non-tenant residents, the implications of a NO vote would be that there would be no significant improvements in the physical environment of their area.

- 4.3 The Council is currently developing its HRA Business Plan that will set out its vision and strategic objectives for its landlord service. All council tenants will be consulted on the development of the Business Plan over the summer to inform and shape investment priorities with a report presented to Cabinet later this year for approval. The outcome of the discussions on the HRA Business Plan will determine the investment programme in council stock for the years ahead.
- 3.4 Intervening through regeneration would reduce the ongoing liability to the HRA as maintenance and replacement costs would be reduced, but more importantly would deliver benefits to everyone, and not just council tenants.

5. **Proposed changes to regeneration and implications for YourMK**

- 5.1 The Council reaffirms its commitment to community-led engagement and co-design and the principle of residents shaping the regeneration of their areas and homes. However, it recognises and shares the concerns expressed by local communities and residents associations about the process of engaging tenants and residents in the regeneration process so far.
- 5.2 Regeneration is a lengthy process and invariably creates uncertainty whilst proposals are developed. This is particularly true when the objective is community led regeneration, as this is about local people, working together to develop viable proposals before deciding what they want to do in their neighbourhoods. However the level of concern and mistrust in some areas is potentially undermining the process of regeneration and the potential benefits this might bring.
- 5.3 In January 2018, Cabinet announced a strategic pause of the regeneration programme to allow consideration of progress and make changes where appropriate. As a result, the following changes are proposed:
 - a) The Council bringing the community engagement function back in house. Clearly the current model has placed too high a degree of separation between the Council and our tenants and this has not allowed some communities to be fully engaged in an open and transparent manner to date.
 - b) The Neighbourhood Employment Team will also return to the Council. Whilst the team have successfully continued their work they are an integral part of community led regeneration and are closely tied to the engagement team.
 - c) Removing confusion for tenants by clearly badging our repairs work as undertaken by Mears Group PLC and bringing the management of this contract function back in house.

- d) Changes in the structure, operation and senior management of YourMK LLP.
 - e) Agreement that, subject to the views of the Serpentine Court Residents Steering Group, the community led regeneration proposals will proceed to ballot in late 2018.
 - f) Agreement that there is a need to 'reset' the engagement process in the Fullers Slade Regeneration Area and that working with the Residents Steering Group, the Residents Association, our tenants and the wider community we all need to work to rebuild trust in the process of regeneration.
 - g) Agreement that consultation commence on North Bradville with Council officers working with all residents to shape future regeneration of the estate.
 - h) Agreement that council officers begin early engagement with residents on the remaining priority estates in 2019 to develop the capacity of each area to plan and shape their own regeneration
 - i) Work to clarify the purpose of YourMK to deliver agreed regeneration proposals and continue to deliver a pipeline of development schemes for new Council and other housing.
- 5.4 Changes of this nature require amendments to the Partnership Agreement between the Council and Mears Group PLC. If the proposals set out at 5.3 are approved by Cabinet, it is proposed that the Corporate Director (Place) be delegated to formally enact them within the Partnership Agreement with Mears Group PLC, in consultation with the Cabinet Member for Housing and Regeneration.
- 5.5 The changes outlined at 5.3(a) and 5.3(b) will require bringing the current secondment arrangements to an end and the service reverting back to its previous line management arrangements reporting to the Service Director (Housing & Regeneration). This will provide the opportunity to review the service in line with recent changes made elsewhere across the Housing and Regeneration Service to ensure proper re-integration. This will be delivered within existing budgets.
- 5.6 The change to staff and structures outlined at 5.3(c) will see two posts from Mears Group PLC and one from YourMK TUPE transfer to the Council. This will give the Council the opportunity to review the contract and strategic asset management functions to ensure they are fit for purpose. This will include enhancing the compliance role to ensure that the safety of tenants, residents and visitors to council estates is paramount. A review of the current contract and strategic asset management provision and structures across Mears Group PLC and YourMK suggests this area is under resourced and that additional provision of £199k per year is required from the Housing Revenue Account as set out in the table below. The cost of rebranding will be met from within the existing contract sum.

Item	2019/20 £000s (full year)	2018/19 £000s (part year)
Additional Asset Management capacity cost	£280	£187
Less: transfer from contract overhead costs	- £81	- £54
Net additional Asset Management cost	£199	£135

5.7 The changes to the structure, operation and senior management of YourMK flow from those outlined above. The structure and operation of YourMK will change to reflect its focus on delivering new homes, both for the Council and in its own right, and on delivering the physical aspects of regeneration. A new senior management team will be appointed to provide the leadership and expertise to deliver the change within the company.

6. Implications

6.1 Policy

The proposals set out in this report will enable the Council to effectively deliver its commitments and priorities set out in the Council Plan 2016-20 and the RegenerationMK Strategy as well as the emerging housing strategy and HRA Business Plan.

6.2 Resources and Risk

The report identifies additional revenue spend requirements of £135k in 2018/19 and £199k pa in ongoing costs. Funding for the 2018/19 costs would be from a reduction in the budgeted contribution to the Regeneration reserve. Ongoing budget pressures will be included in the 2019/20 budget-setting process.

Any savings identified in repairs & maintenance and engagement costs during and post-implementation will be brought into the 2019/20 budget-setting process to offset the additional costs.

Although identified in the report as unavoidable in order to pursue successful delivery of the regeneration programme, net increases in staffing costs will reduce the resources available within the HRA to support the investment required in maintenance and improvement. Further development of the HRA Business Plan may demonstrate that the financial impact of delivering the regeneration programme is sufficiently positive to offset or outweigh this reduction

6.3 Carbon and Energy Management

None noted at this stage.

6.4 Legal

The report identifies the need for amendments to the partnership agreements with Mears Group, and proposes appropriate delegation of authority for these.

6.5 Other Implications

Y	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

The report refers to the proposals for improved engagement with residents and other stakeholders, which will enhance our ability to respond to equality and diversity issues,

Background Papers: RegenerationMK motion to Council 22 November 2017
 Cabinet 2 January 2018
 RegenerationMK 2030 Strategy 2015 - 2030

Annex(es):

Annex A Ballot Arrangements

Annex B Amendments to the YourMK Partnership Agreement

Annex C Implications for Regeneration