

**REGENERATION – REFERENDUM BALLOT ON REGENERATION OPTIONS FOR SERPENTINE COURT**

Responsible Cabinet Member: Councillor Long (Cabinet Member for Housing & Regeneration)

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**Executive Summary:**

This report sets out and seeks approval for the referendum ballot of options for Serpentine Court.

In accordance with Cabinet's decision on 10 July 2018, the report sets out the arrangements for the referendum ballot on Serpentine Court and recommends to Cabinet that this is noted.

The report also sets out the proposed timeline from the ballot through to demolition and new build if there is a yes vote, and details the indicative costs for the delivery of the masterplan options proposed, including key risks and proposed mitigations.

**Councillor Nigel Long****Cabinet Member for Housing & Regeneration****1. Recommendation(s)**

- 1.1 That, on receipt of the trigger for ballot being formally presented by the Serpentine Court Steering Group, a referendum ballot of options on Serpentine Court on 16 and 17 November 2018 be approved.
- 1.2 That the options for the regeneration referendum ballot on Serpentine Court, as set out in **Annex A**, be noted.
- 1.3 That the housing offers that underpin the partial and full redevelopment options, as set out at **Annex B**, be agreed.
- 1.4 That the detailed arrangements for the referendum ballot on Serpentine Court as set out in **Annex C** be noted.
- 1.5 That the key risks and mitigations to be noted.
- 1.6 That the timeline post ballot to be noted

**2. Background**

- 2.1 In September 2017 work began on the development of a master plan for Serpentine Court. The programme aligned to the Ministry of Housing, Communities and Local Government (MHCLG) National Regeneration Strategy and the Royal Institute of British Architects (RIBA) Design Stages, and takes a community led approach to regeneration

- 2.2 At its meeting on 2 January 2018, Cabinet 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 a 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 (within the red line) 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'.
- 2.3 From September 2017 to July 2018, a wide variety of methods have been used to engage and involve residents in the development of the regeneration master plans for their area. Engagement has been led by the Council's regeneration team, the Serpentine Court Steering Group and TPAS, the local Independent Advisors. Support has been provided by a wide range of stakeholders including ward councillors and the Parish Council, local schools and early year's providers, Public Health and Milton Keynes Council services.
- 2.4 Of the 196 occupied households, 176 (89%) have been engaged i.e. there has been an exchange of information or ideas about the regeneration of their area. Of the 176 engaged households, 70% have been engaged with on two or more occasions. Due to a lack of information about resident numbers living on Serpentine Court it has not been possible to track the percentage of residents engaged.
- 2.5 In addition to engagement within the 'red line', all public events have been open to all Lakes Estate residents, with personal invitations being sent out for both the Easter Design Code event and the week-long 'Options Week' in August. To date, the comments and feedback from 99 residents from the wider Lakes Estate have been captured and considered in the development of the regeneration options for Serpentine Court.

### 3. **Masterplan Options**

- 3.1 The development of the master plan options for the regeneration of Serpentine Court has been led by HTA Design, a multi-disciplinary consultancy specialising in design and architecture. Topographical, arboricultural and desktop utility searches have been completed and a transport assessment, traffic survey and a Housing Needs Assessment have been carried out. A tree retention and transport strategy have been developed and an ecological survey is underway.
- 3.2 In addition to the 'no redevelopment' option, two redevelopment options have emerged through a series of public design events; 'partial redevelopment' and 'full redevelopment'. The options are supported in principle by Milton Keynes Council's Planning Department and other key consultees. These options are set out at **Annex A**.

- 3.3 As a result of extensive engagement with residents on their objectives for the regeneration, there are some deviations from the local Neighbourhood Plan in both redevelopment options, notably proposed development on some green space and some proposed 5 storey building heights. The Planning department, through the pre-application process, are providing guidance on these elements to help secure the best outcome for development. F
- 3.4 As part of the formal planning process, the local planning authority will consult the required statutory consultees, the Town Council and all neighbouring properties adjoining the site, in line with the Councils Statement of Community Involvement. During the determination of the application, any comments received will be considered and there is opportunity for the Council, as applicant, to amend/change elements of the scheme in light of comments received.
- 3.5 During the detailed design stage in the run up to submitting a planning application, the Housing & Regeneration Service will, through its selected architect, carry out further stakeholder engagement to ensure the final design secures as much local support as possible.

#### 4. **Serpentine Court Housing Offer**

- 4.1 In June 2018, a Regeneration Guide was produced for all Serpentine Court residents ahead of the Housing Needs Assessment which was carried out over July/August. The Guide confirmed the commitments made by the Council to residents, and enabled a discussion to take place as part of the Housing Needs interviews.
- 4.2 We have updated and expanded these commitments in light of resident feedback. These are contained in the Housing Offer to residents set out at **Annex B**. This will be shared with residents and homeowners prior to the ballot to help them to make informed decisions about the future of their homes.

#### 5. **Finance**

- 5.1 The estimated costs of the three options proposed to be balloted on are as follows:

| Option          | Summary  | Implications   |
|-----------------|--|--|
| No Regeneration | The council properties at Serpentine Court will continue to be maintained in line with the Asset Management Policy (this is currently being prepared as part of the Housing Revenue Account (HRA) Business Plan) | Future major repairs liabilities estimated from Stock Condition Survey data at £5.8m over the 30-year planning period. These costs can be contained within a viable Housing Revenue Account (HRA) without adverse impact on the affordability of major works or regeneration for other HRA properties. |

| Option   | Summary  | Implications   |
|--|--|--|
| Partial Demolition & Rebuild, partial Refurbishment. | 120 of the council properties at Serpentine Court will be demolished and rebuilt; 68 of the existing properties will be refurbished. C.529 additional properties (of which c.182 council owned) will be built on Serpentine Court and other Lakes Estate housing development sites identified in the Neighbourhood Plan. | The potential cost of construction for the whole scheme including partial demolition is estimated at £73.2 million. The potential cost of providing the new council properties is circa £22m. The additional income from these properties will add to the long term viability of the HRA. These costs can be contained within a viable HRA, but with an adverse impact on the affordability of major works or regeneration for other HRA properties. |
| Full Demolition & Rebuild                            | All of the council properties (and the 11 leasehold properties) at Serpentine Court will be demolished and rebuilt. c.584 additional properties (of which c.248 council owned) will be built on Serpentine Court and other Lakes Estate housing development sites identified in the Neighbourhood Plan.                  | The potential cost of construction for the whole scheme including demolition is estimated at £75.3m. The potential cost of providing the new council properties is £30m. The additional income from these properties will add to the long-term viability of the HRA. These costs can be contained within a viable HRA but with an adverse impact on the affordability of major works or regeneration for other HRA properties.                       |

- 5.2 The assessment above is based on the replacement social housing being retained within Council ownership in the HRA.
- 5.3 The assessments of affordability within a viable HRA, and the impacts on resources available for other regeneration schemes, major works, and construction/acquisition of new council housing, are based on the HRA Business Plan Model. This will need to be updated following the current HRA Business Plan consultation, and may affect the indicative conclusions shown in the above assessments.

- 5.4 In options 2 and 3, there are a range of possible funding options and mechanisms for the delivery of the schemes and these are being explored. The nature and structure of any funding will need to be considered in light of the Council's overall housing policy objectives and on the basis of detailed legal advice. The preferred funding model will be presented for Council decision before any work on the scheme begins.
- 5.5 The costs shown in the assessment above are based on high-level estimates included in development costings provided by consultants engaged by YourMK. The robustness of these development costings need to be validated. The estimated gross costs and gross receipts underlying the net costs shown will be able to be refined over the course of the implementation process, and this will enable the assessments to be updated. There is a risk that the result of this updating may show adverse impacts on the viability of the development, or of the HRA as a whole. Any such adverse impacts would need to be managed, and this may lead to significant changes (or even cessation) of the regeneration plan.

**6. Risks**

- 6.1 There are a considerable number of risks in the delivery of any regeneration or development programme. The high level risks and mitigations are as follows:

| Risk   | Mitigation   |
|--|--|
| Planning – the selected option does not get planning approval.                                       | A Planning Performance Agreement has been established with the Planning Department to secure dedicated senior resource to support the development of this application.   |
| Finance (costs) – the selected option is unable to be delivered due to significantly changing costs. | The costs presented are based on current outturn costs for other development schemes the council are delivering in MK. These costs will be validated externally and refined through procurement. The final cost estimates, and the impact of changes to them, will be presented for Council/Cabinet decision before any work commences on the development. |
| Finance (funding) – funding is not secured to deliver the selected option.                           | The scheme has been designed to be fundable. The complexity will be in how the funding solution affects the overall financing of the scheme. A number of funding models are being considered and will be presented for Council decision post planning and before any work commences on the development.  |

| Risk   | Mitigation  |
|--|---|
| <p>Finance (HRA) – the Council’s HRA Business Plan has not been finalised. Until this document is completed the 30 year financial requirement to maintain the council’s complete stock is not fully known and therefore any surplus available for the delivery of regeneration is unable to be agreed.</p> | <p>Considerable work has been done in the development of the draft HRA Business Plan and whilst some changes may be made as a result of consultation, these changes have been modelled and indicative impacts identified.</p>   |
| <p>Resident expectations – the council is not able to meet resident expectation for the regeneration of their area due to restrictions as a result of funding or planning.</p>   | <p>An open dialogue has been established with the residents of Serpentine Court through the steering group. It is through this dialogue that the masterplan options have been developed. Any potential impact on the selected option due to finance or planning will be discussed and a community led compromise secured.</p> |

## 7. Timeline

7.1 Assuming there is a ‘yes’ vote at the referendum ballot, an indicative timeline to demolition and phase 1 new build has been detailed as follows:

| Stage                         | Date      | Activities   |
|-------------------------------|-----------|--|
| Submission to planning        | Spring 19 | <ul style="list-style-type: none"> <li>• Outstanding surveys</li> <li>• Development of Lakes Estate Design Code</li> <li>• Phasing plan</li> <li>• Detailed design for phase 1</li> <li>• Early buy back scheme agreed</li> <li>• Additional resident engagement.</li> </ul> |
| Planning determination period | Summer 19 | <ul style="list-style-type: none"> <li>• Extended consultation for Lakes Estate residents led by MKC Planning Department</li> <li>• Local Lettings Policy agreed.</li> </ul>   |
| Planning decision             | Autumn 19 |  |

| Stage   | Date               | Activities   |
|---|--------------------|--|
| Procure contractor for Phase 1 delivery           | Winter 19          | <ul style="list-style-type: none"> <li>• Resident involvement in procurement (including input into social value requirement of contractor)</li> <li>• Planning conditions and stage 3 detailed design for Phase 1</li> <li>• Phase 2 detailed planning to commence (determination by February 2020)</li> <li>• Partnership group established to oversee construction, handover and future management - to include representatives from housing management, regeneration, repairs and maintenance, and the Council's appointed contractor.</li> </ul> |
| Council decision to progress with the development | Winter 19/20       | <ul style="list-style-type: none"> <li>• Full costs finalised</li> <li>• HRA Business Plan impact finalised</li> <li>• Funding model established and finance secured.</li> </ul>   |
| Phase 1 start on site                             | Spring/summer 2020 | <ul style="list-style-type: none"> <li>• Tenants will be moved from phase 2 into new homes built on phase 1 from late 2021 onwards.</li> </ul>   |
| Phase 2 demolition                                | 2021               | <ul style="list-style-type: none"> <li>• Rolling programme to be established.</li> </ul>   |

## 8. Implications

### 8.1 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 the HRA Business Plan.

### 8.2 Resources and Risk

These are set out in the "Finance" and "Risks" paragraphs above. The current indicative nature of the costs and impacts on the HRA, and the potential consequences of the risks, will be re-assessed and revised during the timeline set out in para. 7 above so that the later decision to progress with the development will be fully informed.

### 8.3 Carbon and Energy Management

None noted at this stage.

### 8.4 Legal

Legal comments are contained within the report.

### 8.5 Other Implications

As a community led programme of regeneration a wide range of stakeholders will be engaged and consulted to develop and help shape commercially framed regeneration proposals. This process will ensure that the proposals are inclusive and reflective of the changing needs of each community. This will also add to compliance with the Equalities Act, and the Council's undertakings in this regard.

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

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

Annex(es):                       Annex A Serpentine Court Masterplan Options  
  Annex B Serpentine Court Housing Offer  
  Annex C Serpentine Court Ballot Framework