

WANDSWORTH BOROUGH COUNCIL

HOUSING AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE –
20TH JUNE 2017

FINANCE AND CORPORATE RESOURCES OVERVIEW AND SCRUTINY
COMMITTEE – 29TH JUNE 2017

EXECUTIVE – 3RD JULY 2017

Report by the Director of Housing and Regeneration to confirm the terms and agree to enter into a Joint Venture arrangement for the delivery of the Winstanley-York Road Regeneration Project, SW11 (Latchmere).

SUMMARY

This report sets out the terms under which it is recommended that the Council agree to the creation of a Joint Venture (JV) with Taylor Wimpey for the delivery of the Winstanley and York Road regeneration project.

The report also provides an update on the progress of the scheme and a timetable for consultation and delivery.

The Director of Resources comments that the financial model prepared by Grant Thornton continues to show that, based on the successful bid, the regeneration scheme remains affordable within the provisions made within the Housing Revenue Account.

GLOSSARY

CPO	Compulsory Purchase Order
EINA	Equalities Impact Needs Analysis
HROSC	Housing and Regeneration Overview and Scrutiny Committee
HRA	Housing Revenue Account
JV	Joint Venture
OJEU	Official Journal of the European Union
OSC	Overview and Scrutiny Committee
SSAD	Site Specific Allocations Document

RECOMMENDATIONS

1. The Finance and Corporate Resources Overview and Scrutiny Committee and the Housing and Regeneration Overview and Scrutiny Committee are recommended to support the recommendations in paragraph 2 below. If they approve any views, comments or additional recommendations on this report, these will be submitted to the Executive or appropriate regulatory or other committee for consideration.
2. The Executive is recommended –
 - (a) to agree the terms for the Council's entry into a Joint Venture arrangement (Winstanley-York Road Regeneration LLP) to deliver the Winstanley and York Road regeneration scheme on the basis set out in this report and appendices.
 - (b) to delegate approval of the final terms of the agreement to the Director of Housing and Regeneration following consultation with the Director of Resources;
 - (c) to agree that the Council's Part Right to Buy scheme will not be available to tenants within the Winstanley-York Road and Alton Regeneration schemes.
 - (d) to instruct officers to seek the consent of the Secretary of State under section 25 of the Local Government Act 1988 to provide financial assistance to the Joint Venture under section 24 of the same Act.

BACKGROUND

3. In March 2012, the Executive agreed (Paper No. 12-218) an ambitious programme of work to improve the physical environment and to raise the aspirations and improve the life chances of those living in the most deprived areas of Latchmere, Roehampton and Putney Heath Wards. Reports to the Housing and Finance & Corporate Resources Overview and Scrutiny Committees and the Executive in November 2012 (Paper Nos. 12-679 and 12-680) presented findings from initial resident consultation that identified low satisfaction ratings for the general environment of the Winstanley and York Road Estates and with some residential blocks particularly on the York Road Estate. On this basis, the Executive agreed to select masterplanning teams to bring forward masterplans for both Winstanley and York Road and for the Alton Estates.
4. Following an options assessment and consultation process with local stakeholders and residents, a report was presented to the Housing and Finance Corporate Resources Overview and Scrutiny Committees and Executive in March 2014 (Paper No. 14-158). The report endorsed the Preferred Option for regeneration and improvement at Winstanley and York Road which had developed from the masterplan options process and set

targets for the next stage of scheme development. Subsequent reports in January 2015 (Paper No. 15-8) and June 2015 (Paper No. 15-197), endorsed a Planning Parameters Document for the scheme and approved the commencement of a competitive dialogue public procurement process to be advertised by a contract notice published in the OJEU to select a development partner to work with the Council through a JV arrangement to deliver the Winstanley and York Road regeneration scheme.

5. In September 2015 and November 2015, Paper Nos. 15-314, 15-427 set out the detail of the procurement arrangements and confirmed that the further development, approval and management of the public procurement process and of all the procurement and contractual documentation to be put in place for the JV arrangement should be delegated to the Director of Housing and Community Services in consultation with the Director of Finance. The report also confirmed that the key objectives of the project to regenerate the area to the benefit of existing and future residents of the Borough.
6. In February 2017, the Council agreed to select Taylor Wimpey as the preferred bidder for the scheme following the completion of the procurement process. It also confirmed the Council's representatives on the joint venture board. As a result, discussions commenced to finalise the details of the Joint Venture arrangement in line with the successful bid. This paper reports on the result of those discussions and sets out the final terms agreed for creation and entry into the Joint Venture arrangement.

SCHEME OBJECTIVES

7. The Council has previously set out the Objectives of the regeneration which underpinned the original masterplanning process and the procurement process. They are as follows:
 - (a) tackling the range of issues that are contributing to levels of deprivation and lack of opportunities on the Winstanley and York Road Estates and to effect the regeneration of the site;
 - (b) creating a better quality living environment, with a key focus on the site, but also recognising the benefits of improvement that could and need to be achieved in the surrounding area (e.g. improving connectivity and crossing areas across York Road and tackling the Falcon Road under pass);
 - (c) improving the design and layout of the neighbourhood of the site;
 - (d) securing greater permeability through the site and between the site and the wider neighbourhood and in particular better linkages and a clear and attractive route through the site between the new properties along the riverside and Clapham Junction;

- (e) generating economic growth and new employment opportunities particularly for local residents;
- (f) improving and diversifying the commercial and retail offer available at the site and in particular, boosting the retail offer generally at the site including along Falcon Road;
- (g) securing additional housing through quality layout, build and design and securing a greater housing choice for local residents and workers through maximising the delivery of low cost housing choices and tenures as well as replacement social housing and delivering market housing for sale and for rent;
- (h) securing new high quality and high performing housing built to the London Mayor's Design Guide Standards;
- (i) addressing local housing needs and requirements, with a particular focus on providing suitable housing for older, disabled and over crowded households;
- (j) reducing long term maintenance and running costs for the Council's stock, significantly improving the energy efficiency of the stock and maximising the use of the Council's assets;
- (k) creating through the development and regeneration, a strong and coherent sense of place where local residents want to live, now and in the future; and
- (l) by achieving these objectives realise a thriving and sustainable mixed neighbourhood.

THE LEGAL STRUCTURE AND BUSINESS PLAN

8. A report from the Council's legal advisors Pinsent Masons setting out the structure and operation of the proposed Joint Venture (JV) is attached at Appendix 1. A separate report from Pinsent Masons sets out the terms and risks of the commercial and legal arrangement which the Council is entering into. This detailed analysis constitutes exempt information. As such, the information is not for publication and appears in a separate report – Paper No 17-174A.
9. The Council will be entering into a contract suite in relation to the Project, details of which are set out in the legal appendix to Paper 17-174A. At a high level they consist of:
 - (i) a Members' Agreement which regulates the governance and responsibilities of the Council and Taylor Wimpey in relation to the JV.
 - (ii) a Development Agreement which governs the transfer of land interests from the Council to the JV

- (iii) a Development Management Agreement between the JV and Taylor Wimpey which deals with the provision of development management services by Taylor Wimpey to the JV with a view to progressing the scheme; and
 - (iv) a CPO Indemnity Agreement which deals with the Council's and the JV's obligations if a Compulsory Purchase Order is required and the re-imburement by the JV of the Council's costs incurred in relation to land assembly (whether by CPO or private treaty).
- 10. By entering the Joint Venture both parties are also contracting to deliver the over-arching business plan for the scheme and the first phase business plan which is also in the agreed form. Such business plans may be updated by agreement of [Taylor Wimpey] and the Council from time to time to respond to changes required during the term of the JV. The over-arching business plan consists of the selected partner's bid, the financial model and the commercial arrangements. The business plan sets out the vision and objectives, concept masterplan, concept designs, and design principles, strategies and approaches to issues and topics such as planning, design development, employment, asset management, funding and marketing etc, and the indicative phasing and delivery proposal. The first phase business plan also consists of the selected partner's bid as part of the procurement process. Business plans for future phases will require separate Council approvals as they are developed and brought forward.
- 11. The Business Plan is underpinned by a financial model which was developed through the procurement dialogue process. The model has been audited by Grant Thornton. A letter from Grant Thornton is attached as an appendix to Paper number 17-174A, which confirms the robustness of the model.
- 12. The Business Plan has been drafted on the basis of the cost and value assumptions of Taylor Wimpey which have been checked for robustness. They include the costs of a full range of consultants and professional advisors. These have been subject to a procurement exercise as part of the bid process. Under the procurement arrangements for the JV as set out in the appendix these services would in normal circumstance be subject to a fresh procurement exercise once the JV is formed. However, this would lead to a delay in the process of up to six months as well creating some issues on ownership of scheme concepts. Following discussions with Taylor Wimpey it is proposed that for Phase 0, Phase1 and the masterplan submission that the procurement arrangements as set out in the Appendix are not be applied but instead that the JV be authorised to appoint the existing professional consultant team to undertake the services for those phases and that where appropriate competitive procurement takes place for specialist sub-consultants.
- 13. The detailed legal appraisal of the JV contained in paper no 17-174A states that the Council will as part of the arrangements for establishing the JV need the Secretary of States agreement to providing financial assistance to the JV.

This power and duty to obtain consent is contained in sections 24 and 25 of the Local Government Act 1988. General consents were issued by Department for Communities and Local Government (DCLG) in December 2010 in relation to section 25 and the Council will be relying on General Consent C.

BEST CONSIDERATION

14. Section 123 of the Local Government Act 1972 and Section 32 of the Housing Act 1985 provide that local authorities may dispose of land as they see fit and, subject to certain exceptions, that they must seek the best consideration reasonably obtainable (best consideration).
15. Given the nature of the JV structure which is being entered into the Council will need to ensure that the commercial terms and valuation mechanism agreed reflect best consideration for the land interests which are to be transferred in the future.
16. In order to provide comfort that the proposed terms of the transaction accord with this obligation, third party valuation advice has been sought from GVA, (the Council's commercial property advisors for this regeneration scheme) who have reviewed the proposed terms and have also had regard for the wider commercial benefits the Council could obtain by way of profit share mechanisms. Detail has also been provided on the market tested process which formed part of this OJEU procurement process.
17. The advice is that the transaction does in the opinion of GVA represent best consideration. This advice is confidential and commercially sensitive and can be found in accompanying report 17-174A.
18. The report has also considered the proposed deal in comparison with the likely capital receipts that the Council would have received were the site disposed of in a single transaction with an upfront receipt to the Council. Even allowing for the scheme delivering no additional affordable housing the report demonstrates that a substantially lower value would be likely to be secured through this method.

DEVELOPING THE SCHEME PROPOSALS

19. As explained previously, the successful bid included a proposed concept masterplan and design principles for the development and strategies for delivery. The concept scheme design includes:
 - (a) A re-modelled York Gardens at its heart with no net loss of open space;
 - (b) Re-provision of all of the social rent housing;
 - (c) Housing for resident owners who wish to stay in the area;
 - (d) New affordable housing and a mix of private rent and private for sale housing;
 - (e) Re-connecting the area as part of the wider neighbourhood;

- (f) A predominant housing design based on a mansion-block concept which is tenure blind, has more doors onto the street, more cores and private outdoor amenity space;
 - (g) Phasing to enable the decant process, deliver a mix of benefits early and to enable the area to function effectively during the rebuilding process; and
 - (h) A new leisure centre, library, community centre, children's centre and nursery in a high quality new facility in the heart of the scheme fronting onto the park.
20. Details of the concept scheme design will be presented at Committee. Officers consider that the scheme in its current form has built on and yet remains true to the original concepts and design principles and parameters of the preferred option for development consulted on and approved by the Council at the start of this process in 2014.
21. The proposed new housing numbers in the concept scheme are as follows:

Tenure	Numbers
Social Rent on W/YR	530
Affordable Rent	100
Low cost Home Ownership	100
Shared Equity	86
Private Rented Sector	311
Open Market Sale	1,148
Total	2,275

22. There are also approximately 110 social rent units being built by the Council in the Battersea area to assist with first phase decant for the regeneration.
23. There are 530 social rent units in the regeneration area which are earmarked for demolition. Overall then in the concept scheme and on the satellite sites there are proposed 840 social rent, affordable rent and shared ownership properties being developed. This is an increase of 330 affordable housing units which is a 60% increase. Shared equity accommodation will also be provided to enable resident leaseholders to remain living in the area.
24. These are the minimum figures for affordable which will be provided. They are as agreed at the start of the procurement process and have been maintained through to the creation of the Joint Venture. The planning process will include a viability assessment which will determine the extent to which any additional affordable housing may be required.
25. It should be noted that the Council's commitments to affected residents which have been approved in the past by the Council have been maintained in the scheme design and implementation proposals. It is intended that at the start of the consultation process these Offers will be re-issued to incorporate the

various improvements approved at past committees into one document for secure tenants and one for owners. The new document will apply for both this scheme and the regeneration scheme at Alton. For owners it is intended that a more detailed process will be set out as to the operation of the shared equity product and how the proportion of equity which owners can be expected to retain in the new properties can be fixed.

26. While these key elements of the scheme remain fixed as minimum requirements requested by the Council at the start of the procurement process and will not decrease, the scheme design currently is essentially the bid submitted by Taylor Wimpey to win the procurement process. Both parties recognise that this concept scheme will need to be developed and adapted into a detailed scheme in consultation with local residents and in preparation for a submission of a planning application.
27. Following this decision the process of developing the concept scheme will commence and the scheme and strategies related to it will be prepared for consultation. A newsletter will be issued in early July following the Executive decision, updating affected residents on the decisions taken and the way forward. Assuming a positive decision, then individual meetings will be offered to all residents and traders in the proposed first phase during July. On 22nd July consultation will commence in earnest when a 'meet the partner' event will be held as part of the Winstanley/York Road festival in York Gardens. Taylor Wimpey will be in attendance at this event in order to meet local residents and to display their initial plans for discussion and comment. A full programme for engagement and consultation on the plans as they develop through to planning submission will be presented at the event. The consultation programme will re-commence in September after the summer holidays. The target date for submission of the main planning application for the scheme is June 2018.
28. In order to have an early presence in the area to assist residents to access information and re-assurance and to comment on the emerging proposals, it has been decided to proceed immediately with expanding the existing regeneration team site office in Pennethorne Square to include 12 Lavender Road. This will enable the existing team to co-locate with Taylor Wimpey staff and form the initial base for the JV. The office will also provide additional space for exhibiting plans and hosting small public meetings which will improve the effectiveness of the engagement process. The cost of this expansion will be met from within existing scheme budgets.

PHASING THE SCHEME

29. An indicative working phasing plan for the scheme and proposed first phase was also submitted with the bid and is included within the business plan approved as part of this report. Similarly with the scheme design discussed earlier the phasing plan will be subject to consultation with local residents and directly affected residents in particular as details of the scheme are worked up for planning. For first phase secure tenants this will include consultation under Section 105 of the Housing Act 1985. The Council will subsequently be

asked to confirm agreement to the overall and phase one phasing proposals following that consultation. Future detailed phases will be subject to further consultation and subsequent decisions as individual phase business plans are brought forward.

30. The Annual Resources and Commitments Report (Paper no. 17-175) also on this agenda contains recommendations to enable the rehousing of residents who wish to undertake early moves in line with the Council's commitments and the phasing plan in timely fashion both for this scheme and the scheme at Alton. Under the terms of the CPO Indemnity Agreement the Council will be providing decant services to the JV. As part of this role the Council will develop detailed phased Local Lettings Plans.

Phase One

31. The current proposed phasing plan identifies the following properties in phase one – Pennethorne House, Lavender Road shops and flats, Thames Christian College and Battersea Baptist Chapel. The Council will be updating the Housing Needs Survey of phase one residents over the summer and this will include providing details on the new build accommodation for first phase residents. In order to enable the first phase the majority of residents in the first phase will initially be moving to the new housing being developed by the Council on other sites in the Battersea area. In line with the Council's commitments to residents, people moved to these sites have a right to return to a new home on the main development site in the future.
32. The tenants and long-leaseholders of the four remaining shop units on Lavender Road will also be consulted with during July. There may be opportunities for them to be relocated as part of the development of meanwhile uses during the construction period and this will be explored.
33. The initial outline development proposals for the first phase of new build housing include 631 new homes in a mixture of social rent, shared equity and private for sale properties. Once the second phase is confirmed following consultation an updated Housing Needs Survey of the phase 2 homes will be required in order to fully specify the tenure and bedroom mix of this new housing to ensure it meets the needs of re-housing the existing residents.
34. The Development Agreement includes a commitment to deliver the new Leisure Centre, Library, Community Centre, Children's Centre and Nursery building. This will be built along York Road fronting onto the new, York Gardens and is targeted to be open in 2022. This will be a substantial public building which will provide a wide range of services to the new development and to the wider Battersea community and play a key role in linking the new development with the wider area. The building has the potential to provide core elements of the social and community infrastructure and a hub for the local community which together with the new park can help to secure the step change between developing an area of new housing and developing a new vibrant neighbourhood. In recognition of the importance of this new facility to

the success of the development a user group of local organisations, stakeholders and service providers will be formed in the autumn to ensure that the building design and composition achieves these objectives.

35. The proposal is that work on the main phase one sites and the new Leisure/Library building would commence in summer 2019.
36. The Thames Christian College and the Battersea Baptist Chapel have indicated that they would want to be re-provided within the scheme and that re-provision in close proximity to each other could bring additional benefits in enabling them to work closely together. The Thames Christian College in particular have expressed a desire to move early in the scheme in order to allow them to expand their use. In order to possibly accommodate this, the Council and Taylor Wimpey have identified the potential for them to move together to the site at the corner of Winstanley Road and Grant Road. The intention is to re-provide these uses in a stand-alone development in this location which could proceed ahead of the remainder of the first phase. Discussions have begun with these organisations to try to secure a design which works and also enables the delivery of new housing to assist with the cashflow of later phases. The intention is to secure agreement in sufficient time to submit a planning application for this discrete element in autumn 2017, with a start on site by the end of 2018 and completion by July 2020. It should be noted that if agreement is not able by this date then an alternative solution will need to be pursued which may include the compulsory acquisition of these sites, in the event of agreement to relocation of the users not being possible A draft proposed development timetable for the key early elements of the scheme is attached at [Appendix 2](#).

Meanwhile Uses

37. The provision of 'meanwhile uses' throughout the construction period will provide an important contribution to ensuring the area remains a decent place to live. This is particularly important in helping to deliver the Council's commitment to phasing the development to enable residents to continue to live in the area while their new home is constructed. Meanwhile uses also present an opportunity to offer employment and training opportunities for local people and to help develop new and support existing community organisations which can contribute in the long run to sustaining a vibrant local community.
38. The Joint Venture will be developing a meanwhile use strategy over the summer in conversation with local businesses (for example the shops in Lavender Road), local stakeholders and local people. The intention is to launch the meanwhile strategy in September and to submit a planning application for meanwhile uses in October 2017.
39. It should be remembered as mentioned in paragraph 26 above these are initial phasing proposals that will be subject to further detailed development and consultation with local people and might change as a result.

SECURING SCHEME IMPLEMENTATION

40. In any property scheme of this size, complexity and length there are inherent risks that will occur in implementation. The structure and nature of the JV and the legal and commercial deal which has been struck is designed to mitigate these risks as far as is possible. The key element of this is that the JV is structured on a balanced 50/50 basis and designed for co-operative working and problem solving between both partners. Investment, risk and control are shared and both parties are incentivised to find solutions to problems and continue to deliver the scheme. Important decisions require the agreement of both parties either on the JV Board or at "shareholder" level (i.e. The Council and Taylor Wimpey).

Delays to finalising the agreement and commencing the scheme.

41. Both parties have invested considerable resources in order to get to this point. The Council through the masterplanning process and running the procurement and the partner through participating in the procurement process. In addition since preferred bidder status the partner has invested heavily in design work. The risk of finalising the agreement is regarded as marginal.

Delays to the programme

42. Delays could occur for a range of reasons including a change in economic conditions, a lack of performance from the partner or a general loss of appetite from the partner to deliver the scheme. The JV will be tied to a timetable to deliver. The developer partner will be incentivised to ensure that the JV delivers on time as their returns are dependent on delivery. The early elements of the scheme are more heavily weighted in favour of the delivery of affordable re-provision and other community provision such as the leisure centre. Ultimately if the [development] partner cannot keep to timetable the Council can terminate the agreement and buy out the interest of the partner, acquire specific assets or wind the company up. As the scheme progresses through phase one and two and the heavy lifting in terms of the re-provision and community facilities has been completed this risk will reduce. Depending on the nature of the delays this could impact on both the timing and quantum of the Council's return and could impact in particular on the HRA business plan. This will need to be monitored as part of the normal regular review basis of the HRA Business plan.

Planning Risk

43. On any scheme of this scale there are risks associated with securing planning permission. In order to reduce this risk the partner was required to produce a detailed planning strategy as part of the procurement process. This included the use of a hybrid application for the whole scheme which

once approved will decrease the planning risk over future phases. Pre-application sessions were also held with the Local Planning Authority alongside although separate from the procurement process. The Council also worked with the Greater London Authority planners in producing the Planning Parameters Document in advance of the procurement and together with the creation of the Housing Zone with the GLA it is hoped that this will increase the likelihood of the GLA supporting the Council's plans.

Securing the local benefits

44. Often schemes of this nature fail to provide the promised levels of affordable housing and community benefits through their implementation. This is considered unlikely on this scheme as the re-provided affordable housing is being directly funded by the Council (rather than from developer's profits) which greatly reduces the risk of this not being provided. Furthermore as mentioned above the community facilities and the bulk of the re-provided housing is in the early phases of the scheme which means they will need to be completed in order to proceed to later phases.

Cost increases

45. Given the length of the scheme it is possible that unanticipated increases in costs could occur over time. There are detailed procurement policies contained within the Members Agreement which will help to secure value for money through the process. There are Key Performance Indicators (KPIs) in the agreement which may at the election of the Council, permit the termination of the [development partner's] exclusive main contractor role where sufficient KPI points have accrued including if there are avoidable cost increases on the community and affordable housing contracts. There are also contingencies within the project financial modelling to allow for increases in cost. Ultimately responses to even larger increases in cost that may impact on the programme will need to be agreed by both parties.

PART BUY SCHEME

46. In a previous report (Paper No. 16-427), the Council agreed proposals to provide additional support for secure tenants seeking to purchase properties through a discretionary, local "Part Right to Buy" scheme. This is separate from the statutory Right to Buy itself. Given the advanced stage of the regeneration schemes both at Winstanley-York Road and at Alton, the commitment to re-house secure tenants and resident leaseholders and the need to understand tenure types in order to design detailed rehousing proposals, it is considered that it is not appropriate for these discretionary provisions to apply at this stage within the regeneration areas. Consequently, it is recommended that the previous recommendations contained in this matter in Paper No. 16-427 are altered to exclude the directly affected properties in Alton and Winstanley-York Road.

PUBLIC SECTOR EQUALITY DUTY

47. The Equality Act 2010 requires that the Council, when exercising its functions, must have "due regard" to the need to eliminate discrimination, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. As such, an Equality Impact and Needs Analysis (EINA) was previously prepared for key decisions on the Winstanley and York Road regeneration scheme. These were the Preferred Option for development and the decision to procure a development partner to deliver the Preferred Option (Papers Nos. 14-158 and 15-8). Both papers also included recommendations to develop the Residents Offer. They evaluated the impact of these policies on race, gender, disability, age, religion and belief, and sexual orientation. They addressed both the positive and negative impacts of the policies and for the latter highlighted specific mitigation measures. The overall conclusion was that, based on the information available at the time, there were no major negative impacts on any equality strands.
48. As reported in Paper No. 17-66, the tenderers in the Winstanley and York Road public procurement process were essentially required to submit their proposals to be broadly consistent with the Preferred Option for development and the residents offers as agreed previously and the final legal structure for the Joint Venture similarly reflects that position. Hence, the previous Initial EINAs for Winstanley and York Road can be deemed to be applicable to the decision to enter the Joint Venture. Specific mitigation measures identified in the previous equality impact assessments will be taken forward by the Council and the Joint Venture as appropriate as strategies, such as the stakeholder engagement strategy and the decant (relocation) strategy are implemented.
49. As the project moves into planning and delivery stages, EINAs will be conducted at appropriate intervals and at key milestones to ensure that the Council's obligations under the Public Sector Equality Duty are fully met.

COMMENTS OF DIRECTOR OF RESOURCES

50. The Director of Resources comments that the financial model prepared by Grant Thornton continues to show that based on the successful bid the regeneration scheme remains affordable within the provisions made within the Housing Revenue Account business plan. This will require the Council to fund the re-provision of the affordable housing units up to a maximum of £150 million, some of which may be required to be funded through a mix of internal or external borrowing or accumulated HRA reserves insofar as these remain available. The actual level and timing of borrowing required will be assessed on a phase by phase basis by the Director of Resources when considered alongside all other factors relating to the ongoing management and

maintenance of the Council's retained housing stock and future capital investment based on the HRA's strategic priorities.

51. The financial model is based on a number of assumptions that will have an impact on the overall scheme viability if varied. These include key assumptions on build costs and market values that are clearly influenced by external factors outside of the Council's control which does therefore pose a risk. The overall assumptions have been stress tested to include an assumed 10 per cent reduction in realisable market values as well as a 10 per cent increase in costs. Under this scenario the scheme still remains affordable within the HRA business plan.

CONCLUSION

52. The detailed analysis of the legal, financial and commercial constitutes exempt information due to the commercial sensitivity of much of the data. As such this information is not for publication and appears in a separate report Paper No. 17-174A. The nature of the agreements is such that minor amendments and clarifications may be required and accordingly authority is sought that the Director of Housing and Regeneration, following consultation with the Director of Resources be authorised to agree these amendments, and clarifications.
53. At the outset, the Council set out ambitious aspirations to provide a high quality regeneration scheme for the area. The preferred bidder's proposals meet these aspirations and, if accepted, can be expected to achieve a significant improvement to the Winstanley and York Road Estates and to the lives of local residents.

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BRIAN REILLY
Director of Housing and Regeneration

12th June 2017

Background Papers

No background papers were used in the preparation of this report.

All reports to the Overview and Scrutiny Committees, regulatory and other Committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the Assistant Head of Executive and Committee Services (Ms. Thayyiba Shaah on 020 8871 6039; email tshaah@wandsworth.gov.uk) can supply if required.