

WANDSWORTH BOROUGH COUNCILHOUSING AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE –
14TH SEPTEMBER 2021EXECUTIVE - 27TH SEPTEMBER 2021Update report by the Director of Housing and Regeneration on the Winstanley and York
Road Regeneration scheme (Latchmere)SUMMARY

The Committee receives update reports on the regeneration schemes twice a year. This report provides details of the latest position on the Winstanley and York Road regeneration scheme. The report provides an update on the Joint Venture's progress in preparing the planning application for re-phasing the scheme and progress on Phase 0 and on the start of construction of Block 5.

The report also seeks approvals on a number of matters required in order to progress the next phases of construction and of the development plans.

The Director of Resources comments that the overall costs of the regeneration scheme are still considered affordable within the HRA Business Plan with the cost of replacement affordable housing capped at £150 million. Revisions to existing approved cash flows are included for approval as part of the HRA Business Plan update. The financial impact of any further rephasing/delay will continue to be monitored and reflected in the regular updates of the HRA Business Plan

GLOSSARY

CEMP	-	Construction & Environment Management Plan
CHP	-	Combined Heat and Power
CLP	-	Construction Logistics Plan
CPO	-	Compulsory Purchase Order
ESCo	-	Energy Service Company
EINA	-	Equality Impact Needs Analysis
GLA	-	Greater London Authority
HRA	-	Housing Revenue Account
JV	-	Winstanley Road-York Road Regeneration LLP
LCC	-	Leisure and Community Centre
LPA	-	Local Planning Authority
MUGA	-	Multi-Use Games Area
PAC	-	Planning Applications Committee
TfL	-	Transport for London
UKPN	-	UK Power Networks
WYR	-	Winstanley-York Road estates

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RECOMMENDATIONS

1. The Housing and Regeneration Overview and Scrutiny Committee are recommended to support the recommendations in paragraph 2. If they approve any views, comments or recommendations on the report, these will be submitted to the Executive or the appropriate regulatory and other committees for their consideration.
2. The Executive is recommended to:
 - (a) agree to consult formally with secure council tenants of Pennethorne House under Section 105 of the Housing Act 1985 on the potential use of Ground 10a as set out in Schedule 2 to the Housing Act 1985 to secure their re-housing, if required, as set out in paragraphs 16-18;
 - (b) agree the grant of a ten year building lease to the Winstanley Road-York Road Regeneration LLP (JV) of the land required to construct Block 5 as shown edged black on Appendix A;
 - (c) delegate agreement of any Community Infrastructure Levy Indemnity Agreements, as and when appropriate, to the Director of Housing and Regeneration for the reasons set out in paragraphs 12-14; and
 - (d) agree that the Council enters into an agreement with the Winstanley York Road Joint Venture LLP for Community Infrastructure Levy liability to fall to the Council where equity share housing units are purchased outright by owners with the details of that agreement delegated to the Director of Housing and Regeneration for the reasons set out in paragraph 15.

INTRODUCTION

3. This report provides an update on the Winstanley and York Road regeneration scheme.
4. In September 2017 the Council entered into a corporate joint venture with Taylor Wimpey to deliver the regeneration of the Winstanley-York Road estates.

PHASE 0 - PROGRESS UPDATE

5. The first phase of the regeneration scheme, known as Phase 0, is now complete. The development along Grant Road on the Winstanley Estate comprises Mitchell House which provides 46 new Council homes for re-housing of residents from the Winstanley and York Road estates; Duval House, 93 private for sale homes; a new MUGA games area for local residents; a new Battersea Baptist Church and a new Thames Christian School.
6. Mitchell House is now fully occupied, save for two flats being reserved for existing estate leaseholders to purchase on an equity share basis. New residents are mainly from Scholey House, Kiloh Court, Pennethorne House and Jackson House. Three of the wheelchair units were allocated to residents from the Council's Physical Disabilities Queue.
7. Battersea Baptist Church are expected to move to their new premises in September,

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vacating the old Battersea Baptist Church in Pennethorne Square. Plans are being put in place to demolish this building in preparation of the next phase of development. The Thames Christian School is currently completing its fit out works and expects to move into their new premises over the Christmas holiday break.

8. The new MUGA alongside the school was completed in July. This area is available for residents to use during daylight hours.

BLOCK 5 UPDATE

9. The next phase of the regeneration scheme, Blocks 5a - c, has now commenced on site. This is the construction of 126 new Council homes in a linked 14, 12 and six storey building fronting the proposed new York Gardens Park. The JV has selected Bennetts as the main contractor for the works. The estimated completion date is Summer 2023. To enable the JV to contract with Bennetts the Council will need to grant the JV a ten-year building lease. On practical completion of the block this lease will automatically come to an end. The Council will remain as the freehold owner throughout. Two of the buildings in the linked block (Blocks 5b and 5c) will provide homes for the remaining Council residents in Scholey House, Jackson House and Kiloh Court, enabling in turn the demolition of those buildings and the commencement of another phase of the scheme.
10. As reported at the February 2021 Committee meeting (Paper No. 21-46), the Council has secured an additional 55 units by acquiring Block 5a to provide additional Council owned social rent homes. This is a change to the approved scheme at planning which was for 65 shared ownership homes. These additional homes will be available for the Council to allocate as it sees fit as they are not required for the scheme's re-housing programme.
11. The design of the homes in Blocks 5b and c to meet the needs of existing residents has resulted in a complex mix of unit sizes across the Block.

Flat Size	Providing in Block 5
1 Bed	30
2 Bed	42
3 Bed	36
4 Bed	15
5 Bed	2
6 Bed	1
Total:	126

COMMUNITY INFRASTRUCTURE LEVY

12. Community Infrastructure Levy (CIL) is required to be paid on the development. Relief for CIL can be claimed where the development consists of affordable housing. The responsibility for CIL lies with the landowner. For the major construction elements of the scheme this will be the JV who will draw down the land from the Council prior to commencing development. However, on occasion, it might be sensible for work to be undertaken in advance of the JV having drawn down its land. This will accelerate the delivery of the scheme. One such example is the old Battersea Baptist Church. The building is now vacant. The building would be due for demolition as part of the scheme but the full conditions for draw down of the land

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cannot be met at the present time. However, the Council would like to undertake the demolition of the building soon after it transfers to its ownership (expected to be September 2021). Demolition triggers the requirement to pay the appropriate element of CIL from the landowner (i.e. in this example, the Council) and the Council would have the responsibility of claiming CIL relief on it.

13. The cost of the demolition would either be met by the Council initially and then re-claimed from the JV once the land was drawn down or funded directly by the JV. If the Council funds the work then the cost of this until it is re-claimed can be met from existing budgets.
14. In agreeing to take responsibility for the CIL and for claiming the relief, the Council will require an indemnity from the JV's partners (in practice this means Taylor Wimpey indemnifying the Council for 50% of the CIL liability). This approach protects the Council's interests by ensuring the Council retains control of land until the full conditions for land draw down have been met and the main construction contract has been let. This report recommends that the principle of the Council allowing enabling development, thereby taking responsibility for CIL and entering an indemnity agreement is agreed, where it can be demonstrated that this can accelerate the delivery of the scheme. It is proposed that agreement of each occurrence and of the detail of the agreements are delegated to the Director of Housing and Regeneration.
15. The commitments to existing resident leaseholders enable them to purchase equity share units within the Council's re-provided housing in the scheme. One of the elements of the offer is that leaseholders can, if they wish, buy the Council's equity back at any point. This would mean they would be staircasing out of the equity share and own the property outright. In these circumstances the unit will become private rather than affordable and will mean that the initial CIL relief obtained when the units were affordable no longer applies. This will trigger a CIL liability which falls to the JV as the party to the s.106 Agreement. It is considered unreasonable for the JV to bear this liability. Consequently, it is recommended that a separate agreement is made between the Council and the JV for the Council to refund the JV any CIL due should owners of shared equity units trigger a CIL liability by staircasing to 100% ownership. The agreement would cover all "equity share" units in the Council's re-provided blocks.

SHUTTLEWORTH ROAD, GIDEON ROAD AND PENNETHORNE HOUSE

16. The local Battersea enabling sites at Shuttleworth Road and Gideon Road are progressing well. Shuttleworth Road is due to reach practical completion in December of this year with Gideon Road in March 2022.
17. The two sites comprise 87 new homes. The homes will all be Council owned social rent and "equity share" properties and have been constructed to meet the housing needs of existing residents of Pennethorne House. In line with the existing Residents' Offer, those residents who move to these properties will have the option to move back into new build properties on the regeneration scheme once the main re-housing has been completed.
18. Discussions are ongoing with residents of Pennethorne House currently to undertake allocations for residents into the new housing. Moves are planned to take place into Shuttleworth Road from February next year and Gideon Road from April next year.

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Whilst the allocations are proceeding and the Council is confident that the accommodation being offered is suitable alternative accommodation, there is a need to commence the process to use the Housing Act 1985 to secure vacant possession should agreement not be possible by negotiation with all secure tenants. This will be through use of Ground 10a as set out in Schedule 2 to the Housing Act 1985. These powers will only be used as a last resort when the Council is comfortable that attempts of securing a move through voluntary negotiation have failed. The first stage of this process is to consult with affected secure tenants in Pennethorne House to inform them the Council intends to use Housing Act powers if required. Approval is sought in this report to commence that consultation. This is not a decision to proceed with use of the powers. Use will only be decided at a future committee when the results of the consultation will be reported.

SCHEME RE-PHASING

19. Paper No. 21-46 agreed a revised JV Business Plan approving the rephasing of the scheme. The Local Planning Authority (LPA) has advised that it considers the proposed changes constitute a Minor Material Amendment requiring an application under Section 73 of the Town and Country Planning Act 1990 (commonly known as a s.73 application). The application is being prepared by the JV currently for submission to the LPA and is effectively a new planning application with the resultant consultation requirements and the need for it to be considered by the Planning Applications Committee and is referable to the GLA. The JV's target date for submission of the application is November of this year.
20. The main elements of the s.73 application (as a minimum) are as follows: -
 - (a) Block 1 including the Leisure, Library, Children's and Community Centre building (LCC) and 239 private for sale housing units is delayed by four years;
 - (b) Block 4, a tower containing approximately 160 private for sale units, is brought forward by 8 years;
 - (c) A revised Energy Strategy;
 - (d) A revised Play and Landscape Strategy; and
 - (e) An addendum to the Environmental Statement.
21. While the delivery of the LCC as a first phase of the scheme has not been possible there are a number of other points where the review of the overall scheme has produced improvements in this scheme over the previously agreed scheme.

Energy Strategy

22. The opportunity has been taken to revise the scheme's energy strategy and make use of the rapid technological advances being made over the past three or four years. Instead of a gas fired CHP boiler as the centre of the heat network the new energy centre will use electrically operated heat pumps to generate heat for the site. The heat pumps extract heat from the ground and the air and use a vapour compression cycle to upgrade this heat for use by the whole community.
23. The use of electricity and naturally occurring heat energy as opposed to gas in the previously agreed scheme means that the development will be zero carbon ready in line with the Government's proposed Future Homes Standard. Along with good fabric and demand reduction measures this network is predicted to deliver: -

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- (a) 60% lower carbon emissions compared to a standard building regulations compliant development today;
 - (b) 25% lower carbon emissions compared to the minimum requirements of the GLA London Plan; and
 - (c) 20% lower carbon emissions than the new Building Regulations proposed for 2022.
24. Because the gas boiler has been removed the system will not involve combustion of any fossil fuels on site and will therefore contribute to reduced Nox Emissions.

Affordable Housing Triggers

25. The affordable housing triggers which restrict the level of private sales to ensure that a proportionate amount of affordable housing is built in the early stages of the scheme are expected to be much improved. Whilst the previous scheme had Block 1's 261 private units proposed at the same time as Blocks 5 and 6 containing 199 affordable units, Block 4 contains only 163 units of private to be built at the same time as Blocks 5 and 6 containing the affordable accommodation. This is a reduction of 98 units of private for sale housing in this phase so the proportion of affordable delivered against the sale of private units is proportionally better.

Quantum of Council social rent

26. The Council has secured 55 additional units of social rent and equity share housing in Block 5. Furthermore, as reported in Paper No. 21-46, the Council has provisionally agreed to acquire an additional 50 units of social rent and shared equity housing in Block 10 and a separate report will be brought to seek approval for the funding of these units. Overall, this means that the revised scheme will contain 105 more units of Council social rent and equity share housing than previously.

COMMUNITY MITIGATION

27. At its meeting in February 2021 this Committee agreed an amendment to the Committee report which stated that the Committee *“Agree that the Council reaffirms its commitment to retain existing community facilities, pending opening of the new community building and ask officers to work with both the Latchmere ward members and the JV to explore what the JV can do to further mitigate the impact of the delay in delivering the community building”*
28. Following discussions because of the February 2021 decision, the JV has recognised that although the overall scheme itself will deliver more benefits compared to the previous proposals, the four-year delay in the delivery of community facilities should be mitigated through other initiatives.
29. There is a package of proposals being prepared by the JV as part of the application which will address these issues, as set out in the following paragraphs.

Play provision

30. In order to improve the play provision in the early years of the scheme the JV will fund and deliver the refurbishment of two existing play areas that will not be

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impacted by development in the early years. The play areas at Ganley Court and between Holcroft House and Scholey House.

Falconbrook School

31. Falconbrook school sits on the edge of the York Road estate immediately across Wye Street from Pennethorne Square and the part of the park where Block 5 and the remainder of the first phase development will take place. The JV has agreed to undertake improvements to the playground of the school if the school are prepared to open up the refurbished playground for use of estate residents outside of school hours. This will assist the school but also provide further space for recreation while part of the park is being used for construction.

Childrens Centre

32. Although not formally part of the section 73 application the JV is exploring whether the Children's Centre and nursery element in York Gardens can be delivered in the ground floor of Block 4. Initial feasibility plans have been prepared which appear to show this is a viable option in design terms and the proposal will be considered further as part of future reserved matters applications for Block 4.

Community Development and Support

33. The JV is already working in a long-term partnership with the Big Local SW11 Alliance and has provided substantial funding to help establish the Volunteering and Mentoring project and the Youth Voice project. Both are intended as long-term projects to build a robust and sustainable local community infrastructure. It has also contributed to a grant fund created last year administered by the Alliance to support organisations and individuals through the COVID-19 pandemic.
34. The JV funded the creation of a new local office for Workmatch in Falcon Road to improve access to advice and training opportunities for local people. The JV has also committed to developing a Cultural Steering Group and to develop a programme of cultural activities through the development period in conjunction with the Steering Group. The JV is committed to continue delivering on supporting these activities and the projects that emerge. Examples of this work already undertaken also include the Assemble and Join project, and the dry-lining and scaffolding training that was run on the estate in 2019. The JV has also supported the opening of a community food hub at Bramlands Close.
35. In order to continue this work and the development of these type of projects with the local community the JV has agreed to pay an additional £100,000 a year for the four years of delay into a community mitigation fund.

York Gardens South Play Area

36. The JV is currently progressing a project to develop new play facilities in the York Gardens South area. The former York Gardens playground was closed by the JV for works to relocate the UKPN High Voltage power line to enable Block 5 to be built. Rather than re-open a smaller playground on the same site immediately adjacent to the Block 5 construction site and available only until Block 4 construction started, it was considered preferable to develop new play and recreational facilities on the York

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Gardens South area where the construction site for the delayed Block 1 and LCC building would be. This area will be available until Block 1 commences on site in 2025.

37. Recognising that open space is restricted while construction work progresses and to make for a more intensive use of the remaining open space in the area, the proposal is to develop the play facilities among the grove of trees bordering the park. This will leave more open park space for other recreational activities.

PROGRAMME

38. The JV has provided an initial, indicative programme. This may be subject to change when detailed discussions commence with the LPA
- (a) Section 73 submission – November 2021;
 - (b) Section 73 Planning Applications Committee decision (to be confirmed but assumed to be early to mid-2022);
 - (c) Planning permission issued (to be confirmed but assumed to be mid to late 2022);
 - (d) Block 5 (126 Council units) – Complete Q3 2023;
 - (e) Block 7 (75 Council units and 38 private for sale unit (pfs)) – Start on site Q1 2024, Complete Q1 2026;
 - (f) Block 6 (6 Council units and 64 pfs) – Start on site Q2 2024, Complete Q2 2026;
 - (g) Block 4 (160 pfs) – Start on site Q1 2024, Complete Q1 2026;
 - (h) Block 1 (LCC and 239 pfs) – Start on site Q1 2025, Complete Q3 2028;
 - (i) York Gardens North (first phase of new park) – Complete Q2 2026;
 - (j) Block 10 (140 Council Units and 46 Shared Ownership) – Start on site Q2 2024, Complete Q4 2026; and
 - (k) Block 11 (311 Build to Rent) – Start on site Q2 2024, Complete Q2 2027.

LOCAL LETTINGS PLAN

39. Negotiations are ongoing with Wandle Housing Association about the proposed acquisition of Galleons Court which is adjacent to Chesterton House on Lavender Road and is required in order to construct Block 7. There are 13 flats in the building which are occupied by tenants of Wandle on assured tenancies. and the remaining one is a temporary accommodation tenant. Any agreement would offer the potential for the existing assured tenants to move to new build properties in the regeneration area as part of a range of options. Their respective housing needs will be assessed and it is not expected that finding them suitable alternative accommodation will negatively impact the decant and rehousing process specifically or generally. It is therefore recommended that those 13 assured tenants within Galleons Court be included in the wider decant/rehousing proposals.

WORK WITH THE ALLIANCE BIG LOCAL NETWORK

40. As noted in previous reports but in particular the September 2020 report (Paper No. 20-244), the JV has been working with the Big Local Alliance of local voluntary sector organisations to develop new projects. This has resulted in the creation of a Volunteer Network being set up to encourage volunteering in the Battersea area and in particular to develop local community activity and tackle isolation of mental health

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concerns. A Youth Voice project has also been created which is working to encourage young people to become involved in their local community.

COMMENTS OF THE SOUTH LONDON LEGAL PARTNERSHIP

41. The Council is being advised by Pinsent Masons in respect of this matter. Their comments and the Council's legal powers to proceed with the recommendations are reflected in this report. The Council's interests will be fully considered by the external legal team in agreeing the final form of the documentation required to support the recommendations, if agreed.

COMMENTS OF THE DIRECTOR OF RESOURCES

42. The Director of Resources comments that the overall costs of the regeneration scheme are still considered affordable within the HRA Business Plan with the cost of replacement affordable housing capped at £150 million. Revisions to existing approved cash flows for residential development costs and compulsory purchase/acquisitions are presented elsewhere on this agenda (Paper No. 21-246) for approval as part of the HRA Business Plan update. The financial impact of any rephasing/delay will continue to be monitored and reflected in the regular updates of the HRA Business Plan.
43. As a general approach, the Council (as landowner) will try to avoid a CIL liability occurring on the individual site developments. Where following due diligence it is determined that it would be in the Council's best interest to start demolition/construction in advance of the land being drawn down by the JV such a liability may however occur. It would then be for the Council to claim CIL relief. It is therefore proposed that the Council enter into an indemnity agreement with the JV to effectively cover 50% of the CIL liability if for any reason CIL relief is not granted. Whilst this does represent a financial risk to the Council in terms of overall construction/scheme cost it should be noted that as CIL receipts are ultimately Council held funds that are available to be used by the Council to the benefit of local residents on infrastructure priorities, the net financial impact of that risk can be assumed to be largely mitigated.
44. It should be noted that whilst the additional Community Mitigation measures agreed by the JV will not be directly funded by the Council (and therefore will not have specific budget approvals), in view of the fact that the JV is 50% owned by the Council it will be for the Council to bear half of all costs over the longer term.

EQUALITY IMPACT NEEDS ANALYSIS

45. 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. Equality Impact Needs Analyses have been undertaken previously on this project including on the scheme and on the allocations process and letting plans. Their status continues to be reviewed by Officers. The impact of a re-phasing of elements of the programme will be reviewed as the details of the change and mitigations are agreed through the planning process.

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SUPPORTING THE WANDSWORTH ENVIRONMENT AND SUSTAINABILITY STRATEGY (WESS)

46. The JV is developing a revised Energy Strategy which will meet the London Plan requirements. This will include considering alternative energy centre heat sources such as air or ground source heat pumps, ambient loop decentralised pumps or gas boilers. The benefits of this approach are detailed in the Energy Strategy section of the report in paragraphs 22-24 above.

CONCLUSION

47. Across the Winstanley and York Road estates and off-sites there are now 259 Council homes and 93 private for sale homes either complete or under construction. The new Battersea Baptist Church is now complete and Thames Christian School intends to move into its new building before the end of the year. The school and church developments and the soon to complete sites at Shuttleworth Road and Gideon Road are key milestones providing the majority of land required to enable the next phase of the development (Blocks 6 and 7) which comprise 138 Council flats and 102 private flats.
48. Whilst the re-phasing of the LCC discussed previously (Paper No. 21-46) remains unavoidable if the scheme is to proceed, a number of improvements over the previously agreed scheme have been identified as part of the process of revising the scheme. The intention is that the JV will submit the full revised scheme to the LPA before the end of the year with a view to securing formal approval as soon as possible.

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Director of Housing and Regeneration

3rd September 2021

Background Papers

There are no background papers to this report.

All reports to 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 committee secretary (Thayyiba Shaah – 020 8871 6039; email tshaah@wandsworth.gov.uk) can supply if required.