

Queens Drive Regeneration

Cabinet

Date: 14th March 2018

Author: Cabinet Member for Housing and Public Safety
Head of Housing

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report sets out the detail of the Queens Drive regeneration project to provide a new build development 99 flats and 50 houses, for affordable housing and seeks Cabinet's approval to proceed.
- 1.2 The regeneration of Queens Drive is a large project that would require the demolition of outdated accommodation in order to make the site available for construction work.
- 1.3 The recommendations contribute to Pledge 7 of the Council's Vision: to build new affordable homes and Pledge 9 to develop brownfield sites as they become available.

2. Recommendations

Cabinet is recommended to:

- 2.1 Authorise the Head of Housing to proceed with:
 - 2.1.1 The demolition of properties alongside Queens Drive, at George Gay Gardens and the T-blocks to the south of Wolsely Avenue.
 - 2.1.2 The construction of new 99 flats and 50 houses on that site,
- 2.2 Authorise the Head of Housing in consultation with the Cabinet Member for Housing and Public Safety, to determine the tenure mix authorised in recommendation 2.1.2
- 2.3 Authorise the Head of Highways and Transport to progress the proposed stopping up of the public highways across the Queens Drive site to enable the scheme to proceed.

3. Detail

- 3.1 The Council has an active affordable council housing development programme in place, which has completed three developments, 48 homes at Sussex Place, 14 at Townsend House and three at Brookfield. In addition, five developments are currently under construction, Cranmore Avenue 14 homes, Royal British Legion 14 homes, Hawthorns 24 homes, Linden Avenue five homes, and Bembridge

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Close six homes. Further sites are planned for development, including 8 at Ventnor Close and 13 at Penhill United Reform Church.

- 3.2 As part of its Vision, the Council has pledged to build 266 affordable homes. With 65 delivered, 63 being constructed and 21 being planned, this Queens Drive scheme would contribute towards meeting this pledge.
- 3.3 Authority to proceed with plans for Queens Drive was given by Cabinet in December 2016 (Cabinet Minute 68, 2016/17 refers). The latest design is for 149 properties, with 99 flats and 50 houses. The site is shown in full in the map at Appendix One.
- 3.4 A consultation on the design was held in January 2018 for the neighbouring community. Concerns were raised about retention of existing trees, parking and congestion. Comments have been fed back to the architect for consideration in future plans. Overall, the community members spoken to were supportive of the regeneration scheme proposals. Ward Members have been kept fully informed of the proposals.
- 3.5 Costs for the new design have been estimated by both Willmott Dixon (under the SCAPE contract arrangements) and checked by our in house Design Team. These are based on a fixed price construction contract. The cost appraisal was checked by 2 SBC Quantity Surveyors, and the cost appraisal by in-house staff was broadly similar. Willmott Dixon have carried out surveys on the site to inform groundwork and utility costs.
- 3.6 The total estimated cost is £30.5m. £21m of this is construction cost, including a contingency for the contractor. The remainder is made up of decant costs, demolition cost and a HRA client contingency of £3.2m (15%), this is in addition to £750k of construction contingency. The costs include a provision of £2m to cover inflation (RPI 2.5%).
- 3.7 Tenure options are set out in Appendix 2 and these demonstrate the financial sensitivities over a 30 year business plan for each scenario. The final tenure mix will be dependent on actual build costs and the amount of grant available from Homes England.

Stopping Up of the Public Highways

- 3.8 The existing public road and path network through the area to be re-developed has evolved over time as the current properties and layout have been built. Although those routes generally serve the current requirements of the area they will not be relevant and cannot be preserved within the proposed scheme.
- 3.9 To enable the proposed redevelopment to happen the public highway rights over the existing roads and paths within the development area will need to be extinguished, or stopped up, under section 116 Highways Act 1980. It is

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therefore proposed to apply to the Magistrates' Court for a stopping up order as the current highways will be unnecessary in the proposed scheme. The costs associated with that order, approximately £7,500, will be met from the project budget.

- 3.10 The new roads and paths through the development will be built to the necessary standards for them to become public highways. Once the development has been completed, either in stages or as a whole, the new roads and paths will become public highways maintained by the Council.

4. Alternative Options

- 4.1 Cabinet has already agreed to the principal of redeveloping this site, mindful that the existing accommodation is no longer fit for purpose. In advance of agreeing the replacement properties to be constructed on site, Housing officers have facilitated moves for the current tenants. The flats in the "T" blocks are currently let as temporary homeless accommodation to reduce the impact of homelessness costs on the General Fund.
- 4.2 Should it be decided to not go ahead with this project the current flats could be re-let to either the housing waiting list or continue to be used as temporary homeless accommodation. The Sheltered Housing site is currently in the process of being demolished and therefore a smaller scale solution would be required for this site. This has some reputational risk, since the Council has compensated tenants in accordance with its statutory obligations.
- 4.3 Alternatively, a different solution could be found in the foreseeable future, it is unlikely that any private developer would be interested in the commercial opportunity to develop housing on the site given the property values in the area compared to build costs.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The financial and procurement implications are covered in full in the business case at Appendix 2. This illustrates that only the No Conversion and Social rent options do not repay the debt within 30 years, and the number of conversions change based on the scenario chosen.
- 5.2 Appendix 2 also includes the impact of different grants being received and also the impact of costs either increasing or decreasing during the course of the construction. In each of these scenarios the number of conversions is changed to enable the project to achieve a balanced position at the end of 30 years.

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- 5.3 The project is estimated to cost £30.5 million, which will be funded from grant from Homes England, and borrowing within the Housing Revenue Account against future rent revenue.
- 5.4 The intention is for the project to be procured via the SCAPE Framework. Scape is the framework used at Sussex Place, and provides a framework for the Council to manage the project on the basis of time, quality, cost and community benefit.

Legal and Human Rights Implications

- 5.5 There are legal implications and human rights implications due to the Council requiring residents to vacate residential properties. Tenants are entitled to compensation for the loss of their homes, which has been included in the Council's costs for the project. There are 2 leaseholders, which if a sale price cannot be agreed would need to be compulsorily purchased. This work would be done by the Council's Legal Department and all relevant legislation will be complied with.
- 5.6 Once the design and construction phase of the project begins, the Construction and Design and Management Regulations 2017 will apply. The Design and Architecture Team will manage this.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.7 There are no staff, health, rural, or crime and disorder implications. The replacement of outdated housing with modern, efficient homes means that the new homes are more sustainable.

Diversity and Impact Assessment

- 5.8 A Diversity Impact Assessment of the development programme has been carried out and no adverse impacts were identified.

Risk Management

- 5.9 An appropriate risk register would be compiled, maintained, and reviewed as part of the ongoing delivery of this project.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

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8. **Appendices**

8.1 Appendix 1 - Site Location Plan and Proposed Layout

8.2 Appendix 2 - Business Case for the development and supporting information

9. **Key Decision/Decision in Cabinet Work Programme**

9.1 This is not a Key Decision and is in the Cabinet Work Programme for March 2018.