

Cabinet

Date: 18th January 2016

Wards: Wards: Abbey, Figges Marsh, Ravensbury

Public consultation on the council's draft Estates Local Plan – Stage 2/Delivery of Estates Regeneration Project

Lead officers: Chris Lee, Director of Environment and Regeneration
James McGinlay, Head of Sustainable Communities

Lead members: Councillor Nick Draper, Cabinet Member for Community & Culture
Councillor Andrew Judge, Cabinet Member for Environmental
Sustainability & Regeneration

Contact Officer: Valerie Mowah, futureMerton, Principal Spatial Planner

Recommendations:

That Cabinet:

1. Notes the results of Circle Housing Merton Priory (CHMP) Board and the decision of Circle Housing Board to proceed.
 2. Approves six weeks of public consultation on the Draft Estates Local Plan (including proposals to include opportunities of development around St Marks Academy set out in Appendix A of this report) and Sustainability Appraisal and associated revisions to the Policies Map from February 2016 – March 2016, noting that the consultation will provide residents input into setting the parameters which the council would require any submitted regeneration proposals for the three estates to adhere to.
 3. Approve the associated update to the project plan (Merton's Local Development Scheme) to reflect preparation of the proposed draft Estates Regeneration Local Plan and the revised timetable for preparation of this Plan as set out in this report.
 4. Delegate approval to Director of Environment and Regeneration in consultation with relevant Cabinet members to approve changes to the consultation documents and the start of consultation and the timetable option to proceed with following this current consultation stage.
 5. Delegate conclusion of negotiation with CHMP on financial viability matters to the Director of Corporate Services and Director of Environment and Regeneration in consultation with relevant Cabinet members; with any subsequent amendments to the Stock Transfer Agreement to be brought back to Cabinet & Full Council.
 6. Delegate approval to the Director of Community & Housing in consultation with the relevant Cabinet Member, to finalise a revised delivery timetable for the implementation of the decent homes programme on the High Path, Eastfields and Ravensbury Estates.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to recommend that Members approve public consultation on the draft Estates Local Plan. The consultation would take place for six weeks between February 2016 and March 2016.
- 1.2 This consultation is part of the council's on-going commitment to ensure that residents are at the heart of any regeneration proposals and an opportunity for their input into the parameters that will be used by the council to guide any regeneration proposals that may come forward. The council's consultation is completely separate from that which has been conducted by CHMP. The council is aware that residents have heard from CHMP already via a number of CHMP's workshops on how the estates could look in the future including details on how the buildings and landscaping could look. The council's consultation, gives residents the opportunity to tell the council directly their ideas and concerns.
- 1.3 Once adopted, the Estates Local Plan will be part of Merton's Local Plan, which collectively will guide any regeneration proposals for the three estates of Eastfields, High Path and Ravensbury. Any final decision on planning applications will rest with the council's Planning Applications Committee. It is envisaged that the delivery programme for regeneration of the three estates will cover a period of 10 to 15 years and will occur over several phases.
- 1.4 This current report sets out a revised timetable for the preparation of the Estates Local Plan, from that previously approved by Council in July 2014. The report also recommends that Members approve this timetable and update the project plan (Merton's Local Development Scheme in lieu of this).
- 1.5 The report also updates Cabinet on the on-going discussions with CHMP and the Circle Group regarding the financial viability of the project and the potential impact on the delivery of the decent homes programme.

2 DETAILS

Background

- 2.1 On 09 July 2014 Merton Council approved the preparation of a statutory Estate Regeneration Local Plan as a way of exploring estates regeneration. Merton's Local Plan and the Mayor's London Plan make up the statutory development plan, containing the planning policies that guide development in Merton. The Estates Local Plan, once adopted will sit alongside these documents and form part of Merton's Local Plan. Any final decision on planning applications proposing regeneration will rest with the council's Planning Applications Committee which is made up of democratically elected local councillors.

Standing up for residents – Merton's 10 Commitments

- 2.2 Circle Housing Merton Priory (CHMP) is the majority landowner, owning c60% of the three estates following Stock Transfer from the council in 2010. CHMP

would deliver any regeneration proposals as part of their requirement to achieve better housing standards on the three estates, known as Decent Homes.

- 2.3 The council has always determined that residents should be at the heart of this project and resolves to work on their behalf. While the council has always recognised that this could be an opportunity to replace older housing with energy efficient homes built to modern specifications, many residents understandably have questions and concerns.
- 2.4 In September 2014, near the start of the project, the council jointly signed up to the following list of 10 commitments with Circle Housing Merton Priory to ensure residents get the best out of any regeneration proposals for the three estates:
1. Circle Housing Merton Priory will consult with residents, consider their interests at all times, and address concerns fairly.
 2. Current homeowners will be entitled to at least the market value of their home should they wish to take the option to sell their home to Circle Housing Merton Priory.
 3. Current tenants will be entitled to be rehoused in a new home of appropriate size considering the number of people in the household.
 4. Existing Circle Housing Merton Priory tenants will keep all their rights and have the same tenancy agreement, including rent levels, in the new neighbourhood as they do now.
 5. All new properties will be more energy efficient and easier to heat than existing properties, helping to keep down residents' fuel bills.
 6. Circle Housing Merton Priory will keep disruption to a minimum, and will do all it can to ensure residents only move once if it is necessary to house them temporarily while their new home is being built.
 7. Circle Housing Merton Priory will offer extra help and support for older people and/or disabled residents throughout the regeneration works.
 8. Circle Housing Merton Priory will continue to maintain the homes of residents across the three neighbourhoods throughout the planning process until regeneration starts, including ensuring a high quality responsive repairs service.
 9. Any growth in the number of homes will be in accordance with the Council's Development Plan so that it is considered, responsible and suitable for the area.
 10. As a not for profit organisation, Circle Housing Merton Priory will not profit from any regeneration and will use any surplus to provide more housing or improve existing neighbourhoods.
- 2.5 The council undertook the first consultation stage between September and November 2014 known as "Issues and Options". The purpose of this consultation was to ascertain the extent to which residents and stakeholders wanted the estates to change and to identify what the important issues, opportunities and concerns were. A total of 283 responses were received. Further details are online at www.merton.gov.uk/estatesplan

Merton's draft Estates Local Plan

- 2.6 Having considered the feedback from the 2014 consultation, and also guided by research, national guidance, and planning policies, officers have prepared a Draft Estates Local Plan which sets out detailed planning policies to guide any redevelopment proposals that may come forward for the three estates.
- 2.7 The Estates Local Plan is design led and pitched at a strategic level to guide development proposals. The council's proposed consultation seeks input from residents of the three estates on these parameters to ensure that any submitted planning applications set out proposals that are attractive to residents.
- 2.8 Merton's statutory Policies Map has also been reviewed to illustrate the location of each estate (the areas covered by the Plan) and the land use designations associated with the Draft Estates Local Plan.
- 2.9 A sustainability appraisal (SA) which incorporates a Strategic Environmental Assessment (SEA) has been undertaken in the preparation of the Draft Estates Local Plan and has assisted in the shaping of it. The purpose of the SA/SEA is to promote sustainable development by integrating social, environmental and economic considerations into plan preparation. It is also an important tool for developing sound policies which are consistent with the government's sustainable development agenda and achieving the aspirations of the local communities.

Proposals to include opportunities of development around St Marks Academy

- 2.10 Unlike High Path and Ravensbury, there is no available land (for example garage sites) within Eastfields Estate to allow new homes to be built for the first phase without demolishing existing homes. Building new homes for existing residents to move into while their home is being built is very important for keeping existing communities together as far as is possible to create the foundations for a sustainable community long-term. This therefore represents a challenge to demonstrating the Estates Local Plan's deliverability.
- 2.11 To try and find a potential site suitable for the initial phase of new homes, officers reviewed several sites in the vicinity of Eastfields estate. An option to provide a site for new homes is land on the edge of the boundary of St Mark's Academy. Homes could be built along the boundary of land within St Marks Academy, between Eastfields Estate and Eastfields train station, preserving playing space while providing new homes that create better access between the station and the estate. Members are asked to consider this option for inclusion in the Draft Estates Local Plan. Should members approve this inclusion, officers will need to undertake due diligence with St Marks Academy and any other relevant interests to see if this option is deliverable. This will include discussion with the school governors and Academy Trust on whether a scheme could be established that was of benefit to the school and council, how this could impact on expansion intentions for the school, and further work on the risks to the proposal including planning application risks and legislation that provides an assumption against the disposal of any part of a school playing field.
- 2.12 Members are asked to consider the Draft Estates Local Plan (including proposals to include opportunities of development around St Marks Academy as

set out in Appendix A) and Sustainability Appraisal and accompanying proposed revisions to the Policies Map and proceed with the second consultation stage which is proposed for six weeks between February 2016 and March 2016.

Role of Circle Housing Merton Priory

- 2.13 From May 2015 until August 2015 and again in January 2016, Circle Housing Merton Priory consulted residents on the estates on the offer that they could receive, should regeneration go ahead, the types of homes CHMP might build and other matters associated with their proposals, should regeneration go ahead.
- 2.14 Circle Housing is the main landowner and would deliver any regeneration proposals as part of their requirement to achieve better housing standards (known as Decent Homes) on the three estates. During August 2015 CHMP considered all of their options and as a result made recommendations to the CHMP Board meeting on 10th September 2015 and were approved.
- 2.15 Circle Housing's Board, the parent company of CHMP, met on 6th October 2015 to consider the recommendations of the CHMP board and following this letters were sent out to by CHMP to their residents informing them of the decision that :
- "Circle Housing's Board has given its approval for the submission of initial planning applications for the regeneration of High Path / Eastfields / Ravensbury subject to reaching agreement with Merton Council."*
- 2.16 Following on from the Circle Board decision in October 2015 and work undertaken by the council, it is recommended that Cabinet make a decision to approve consultation on stage 2 of the council's draft Estates Local Plan.
- 2.17 The Borough Plan Advisory Committee will consider the draft Estates Local Plan at their meeting on Wednesday 20 January 2016. Therefore it is also recommended that the Director of Environment and Regeneration, Chris Lee, in consultation with four Cabinet members (Councillors Stephen Alambritis, Andrew Judge, Mark Allison and Nick Draper) are delegated to consider the advice of the Borough Plan Advisory Committee and approve any final changes to the consultation documents.
- 2.18 In order to facilitate this and with the understanding that the method by which decent homes works will be delivered is proposed through a mix of refurbishment and demolition and new build, the Council will work with CHMP to conclude a revised timetable for the delivery of the decent homes programme.
- 2.19 It is understood that CHMP will continue to address needs for repairs etc. as per their current customer service obligations.
- 2.20 It is recommended that the Director of Community & Housing in consultation with the relevant Cabinet Member, is delegated to finalise a revised delivery timetable for the implementation of the decent homes programme on the High Path, Eastfields and Ravensbury Estates.

3. ALTERNATIVE OPTIONS

- 3.1 The public consultation on the Draft Plan provides opportunity to propose alternative options such as changing or removing any of the proposed policies.
- 3.2 The alternative option of not proceeding with the consultation on the draft Estates Local Plan is not recommended at this stage given Circle Housing's Board decision.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 As set out earlier in the report, the council conducted its first consultation stage between September-November 2014. The consultation and its findings are available via: www.merton.gov.uk/estatesplan
- 4.2 At the first consultation stage, a relatively high proportion of the residents' feedback (especially from homeowners) indicated that they did not feel able to respond to the council's consultation as they did not feel fully informed as to how the project might affect them. At this stage (late 2014) residents had not received their residents offer from Circle Housing Merton Priory (CHMP) which was published by Circle Housing Merton Priory in May 2015.
- 4.3 Feedback from the council's first consultation also illustrated that residents felt confused and somewhat overwhelmed by aspects of the consultation conducted simultaneously but separately by CHMP and the council in winter 2014. This included the roles of CHMP and the council, the large number of meetings (organised separately by CHMP, the independent representatives Newman Francis, the council and local residents), who to respond to, etc.
- 4.4 Therefore the council's consultation will now follow on from rather than coincide with CHMP's consultations.

5. TIMETABLE

- 5.1 If the Plan moves ahead after this current consultation this presents two options.
 - (i) If there are no significant changes proposed to the draft Plan following this current consultation then it could move to full council for sign off followed by six weeks consultation (option A).
 - (ii) Alternatively, if there are significant changes then another round of consultation would precede the Plan moving to full council for sign off (option B).
- 5.2 Irrespective of the option that the Council proceeds with, the next opportunity for engagement on the Plan, will be in summer 2016.

5.3 The two timetable options are:

Plan Making Stages	Option A	Option B
Issues and Options consultation (completed)	Autumn /Winter2014	Autumn/ Winter 2014
Second consultation stage (First Draft Plan)	Winter 2016 (Feb)/Spring 2016	Winter 2016 (Feb)/ Spring 2016
3 rd consultation stage (Second Draft Plan)	n/a	Summer 2016
Council Sign Off – Submission stage plan	Summer 2016	Autumn 2016
Pre-Submission publication	Summer 2016	Winter 2016
Submission to Inspector	Winter 2017(Feb)	Spring 2017

- 5.4 Cabinet are requested to approve both timetable options and once approved will be used to update the project plan (known as Merton's Local Development Scheme) to reflect preparation of the proposed Estates Regeneration Local Plan and associated Policies Map. All other elements of Merton's Local Development Scheme will remain unchanged.
- 5.5 As it is presently unknown, which timetable option will be the most appropriate to proceed with, approval is sought from Cabinet to delegate approval to the Director of Environment and Regeneration in consultation with relevant Cabinet members (Councillors Stephen Alambritis, Andrew Judge, Mark Allison and Nick Draper) to make this decision after the current consultation closes.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 The cost of the Council's local plan consultation will be funded from existing resources within the futureMerton team.
- 6.2 Treasury changes to the financial arrangements for Registered Providers have had a negative impact on the financial model for Circle MPH and the wider Circle Group on this programme. The financial negotiations seek to achieve mutually acceptable arrangements which will allow delivery of the improved and additional housing whilst seeking to honour the financial commitments in the original transfer agreement as far as possible. These will be brought back to Cabinet in due course as appropriate to determine appropriate courses of action.
- 6.3 The starting point for negotiations on the overall financial viability is that the Council should be no worse off financially as a result of the estate regeneration.
- 6.4 The key area of negotiation is the clawback that the Council receives in relation to the disposal of residential properties arising estate regeneration project.
- 6.5 CHMP have made it clear that if the Council seeks to receive these monies then the overall financial business model will not be viable, as it will result in a deficit and the project would not go ahead.
- 6.6 To this end Council officers have commenced discussions with CHMP to determine if:
- (1) the financial business model is sound;

- (2) if there are other ways of the Council receiving the monies if the financial performance of the project improves over the estimated twelve years of delivery.
- 6.7 Council officers are negotiating to ensure that LBM will be the beneficiary of any financial improvement in the project based on a phased approach to reviewing the financial return and having first call on agreed proportion of surplus funds whilst at the same time ensuring there is sufficient funding of the remainder of the project.
- 6.8 The Council is working with our external advisors, BPP Regeneration, to conclude a model that will, if financial performance improves over the baseline financial business model, return monies to the Council on a phased basis over the 12 years of the project.
- 6.9 The other key points of negotiation include:
- The Financial Model*
- Overall current performance /returns
 - Treatment of contingencies
 - Discount rates a measure of the risk and the benchmarking against other Registered Providers
 - Key inputs – values and costs
 - Buy back costs
 - Decent Homes savings and VAT shelter
 - Circle development management costs
 - Cost of replacement homes offer
 - CIL clarification
 - Council resourcing
 - Clarification of the clawback amount on private house sales that is due to LBM as per the terms of the stock transfer agreement and a proposed restructuring of the receipt of these monies.
- 6.10 The Council will also ensure that robust monitoring of the project is in place.
- 6.11 This report recommends that concluding of the negotiations in relation to the financial viability is delegated to the Director of Corporate Services and Director of Environment & Regeneration in consultation with the relevant Cabinet Member with any subsequent amendments to the Stock Transfer Agreement to be agreed via Cabinet and Full Council in due course.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The Town and Country Planning (Local Development)(England) Regulations 2004 and the Town and Country Planning (Local Planning) (England) Regulations 2012 have both set out the statutory procedure to be followed before a Local Plan is submitted to the Secretary of State for independent examination. The proposed Estates Regeneration Local Plan is being prepared in accordance with both sets of regulations as and when they apply.

- 7.2 Failure to adhere to the statutory procedure or a lack of robust evidence to support the plan may result in legal proceedings to challenge the validity of the plan.
- 7.3 Any subsequent amendments to the Stock Transfer Agreement to be agreed via Cabinet and Full Council in due course as appropriate.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 An Equalities Impact Assessment informs the Estates Local Plan.
- 8.2 Merton's Local Plan preparation is being informed by an on-going Strategic Environmental Assessment and Sustainability Appraisal, prepared in parallel with each stage of this Plan and used to ensure that the Plan delivers social, economic and environmental benefits. Some of the objectives that the proposed Local Plan will be appraised against relate to improving community cohesion.
- 8.3 The Council is bound by the provisions of the Human Rights Act 1998 and Article 9 in the First Schedule to this Act is relevant to these proposals. Article 9, inter alia, gives individuals the right to respect their homes and provides that there shall be no interference therewith unless necessary in the interests of public safety, the economic well-being of the country and the protection of health. These proposals would deprive individuals of their current properties, which they rent or own, but it is considered that the overall economic and other benefits of the regeneration of these estates, coupled with the provisions that will ensure individuals will have continuous housing provided on an initial temporary and later permanent basis justify the Council's action in the light of Article 9.

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 None for the purposes of this report

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 Officers will continue to investigate the housing, financial, legal and planning implications of Circle Housing's Board decision and its impact on residents and the council and bring any arising issues back to cabinet in due course as appropriate to determine courses of action.

11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- 11.1 Appendix A – Options for keeping communities together at Eastfields Estate – Phase 1 sites
- 11.2 Estates Local Plan - First Draft Plan - Stage 2 consultation
- 11.3 Sustainability Appraisal – Available on request (long document)

12. BACKGROUND PAPERS

- 12.1 Council Report 9th July 2014 on Circle Housing Merton Priory Homes Estate Regeneration Project

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