

LONDON BOROUGH OF CROYDON

REPORT:	CABINET		
DATE OF DECISION	15 July 2024		
REPORT TITLE:	REGINA ROAD PROJECT – PROJECT UPDATE AND NEXT STEPS		
CORPORATE DIRECTOR / DIRECTOR:	Susmita Sen – Corporate Director of Housing		
LEAD OFFICER:	Kelly Harris – Interim Regina Road Project Director Email: kelly.harris@croydon.gov.uk		
LEAD MEMBER:	Councillor Lynne Hale, Deputy Executive Mayor and Cabinet Member for Homes		
KEY DECISION	No		N/A
CONTAINS EXEMPT INFORMATION	No		N/A
WARDS AFFECTED:	South Norwood		

1. SUMMARY OF REPORT

- 1.1. This report follows a report approved by Cabinet on 25 October 2023. The report seeks to update and replace the approved phasing strategy with a new phasing strategy. The new phasing strategy achieves greater alignment of demolition and construction activities at Regina Road with the GLA's Affordable Housing Grant Funding requirements and to deliver more Council homes sooner than previously intended.

2. RECOMMENDATION

For the reasons set out in the report and its appendices, Cabinet is recommended:

2.1. To agree an updated approach to phasing to ensure the delivery of 225 grant funded new Council homes in respect of planning, demolition, and construction. The redevelopment will only include 2 phases being:

2.1.1. Phase 1, comprising 225 new Council homes (minimum 200 social rented and up to 25 leaseholder/freeholder products) and kindergarten/community facility (previously phases 1 & 2).

2.1.2. Phase 2, comprising a minimum 155 private homes.

2.2. To note that the procurement of a demolition contractor is being progressed in line with delegations set out in the Annual Procurement Plan

3. REASONS FOR RECOMMENDATIONS

3.1. Following the decision of Cabinet on 25 October approving the direct delivery of 225 new homes at Regina Road by the Council, the Council was successfully awarded affordable housing grant funding by the Greater London Authority (GLA). In order to achieve grant milestones a re-ordering of phasing has been considered which has informed a new planning and construction strategy.

3.2. The recommendation for rephasing ensures a more streamlined approach to the delivery of 225 new Council homes (minimum 200 social rented and up to 25 leaseholder/freeholder products). A masterplan planning approach, covering the entirety of the site also supports this updated approach.

3.3. The Council is currently engaged in the procurement of a demolition contract for part of Phase 1. The procurement of the demolition contractor is being progressed in line with the Annual Procurement Plan. The northern half of the estate will be cleared through demolition works over a period of approximately a year. The last remaining households will either be rehoused by the Council or remaining existing leaseholder's properties will be purchased during this period. The sub-phasing of Phase 1 which relate specifically to the forthcoming Demolition Construction Contract are:

3.3.1. Phase 1a - The first Tower no.s 1 to 87 Regina Road and;

3.3.2. Phase 1b - 89 to 99 and 101 to 123 Regina Road.

3.4. A phasing plan for Demolition Construction Phases 1a and 1b is included in Appendix 1, outlined in red.

4. BACKGROUND AND DETAILS

4.1. This report follows on from the statutory consultation undertaken with residents over the period 13 December 2022 to 26 January 2023, as authorised by Cabinet on 16

November 2022 (Key Decision ref 5122EM) in accordance with Section 105 of the Housing Act 1985 and, to the extent relevant, under section 137 of the Housing Act 1996 on proposals to refurbish or demolish and redevelop the three tower blocks and certain other properties within the Regina Road estate.

- 4.2.** Cabinet subsequently agreed on 22 March 2023 (Key decision ref 8622EM), based on the outcome of the statutory and other consultations, that a Landlord Offer be put to a Ballot of residents eligible to vote under the rules of the GLA.
- 4.3.** The approval that is now being sought relates only to the rephrasing of the Regina Road Estate redevelopment. The rephrasing does not result in a material change to the existing £103m redevelopment budget (demolition, construction and property purchases) authorised by Cabinet on 22 March 2023 and 26 July 2023 (key decisions 8622EM and 3823EM respectively). If any material changes to costs arise in the future, they will be brought back to Cabinet in line with the Council's constitution.
- 4.4.** As has been previously reported, the 191 home Regina Road Estate was developed as social housing by the Borough in the mid-1960s. The area includes three 11 storey tower blocks (each containing 44 flats), 5 medium rise blocks (containing 50 flats) and 9 two-storey properties, all of which are included in the scope of this report. The towers were built using the Wates Large Panel System (LPS), firstly nos 1-87 in 1964 and then the other two towers to a modified structural design.
- 4.5.** Residents living on the estate have experienced unacceptable living conditions with many issues in their homes, including water penetration, condensation, and mould. In response to these failures, the Council launched its Residents' Charter and its Housing Transformation Programme. The council's Transformation Programme, Resident's Charter and Housing Strategy, all include commitments to resolve the issues tenants faced at Regina Road.
- 4.6.** The Council consulted residents over the period 13 December 2022 to 26 January 2023, as authorised by Cabinet on 16 November 2022 (Key Decision ref 5122EM) in accordance with Section 105 of the Housing Act 1985 and, to the extent relevant, under section 137 of the Housing Act 1996 on proposals to refurbish or demolish and redevelop the three tower blocks and other properties within the Regina Road Estate. A Landlord Offer as approved by Cabinet on 22 March 2023 (key decision 8622EM), proposed the demolition of the three ageing towers and other blocks on the Regina Road estate as the Council's preferred way forward for rebuilding the area.
- 4.7.** The Landlord Offer was put to Ballot, in accordance with GLA funding guidelines, between 26 April and 22 May 2023. 81.7% of eligible voters voted 88.1% in favour of the Council's Landlord offer to redevelop their homes. The background to this matter is set out in previous reports to members on 16 November 2022, 22 March 2023 and 26 July 2023.

- 4.8. All tenants in the first tower block (1-87 Regina Road) have been rehoused into either existing Council voids or into the new build properties at Trellis Mews. This will enable the Council to hand-over an empty building to the demolition contractor for demolition related activities to commence as soon as the contract has been awarded. The building has been fully secured in the lead-in to the demolition contract award.
- 4.9. The Council is actively rehousing residents across the estate who have expressed an interest in an 'early move'. Additionally, the Council has agreed a prioritisation process for early moves, specifically assigning residents in properties in disrepair/poor quality at the highest prioritisation.
- 4.10. Negotiations are taking place with leaseholders (resident and investor) with a number of leasehold 'buy-back' purchases in progress.

GLA Affordable Housing Grant

- 4.11. The Council applied for Affordable Housing Grant to deliver social rented homes and affordable home ownership homes on the estate in November 2023. We received confirmation of the success of our bid and were awarded a grant allocation of £53.8m by the GLA in March 2024.
- 4.12. A requirement of the grant allocation is to deliver all grant funded affordable homes under 1 New Build Construction Contract. The Council reviewed the approved phasing strategy, and the previous Phase 2 has now been brought into the first phase of housing delivery. This approach is considered beneficial to the Council and our residents as it will enable the delivery of more Council homes, faster than envisioned by the previous phasing strategy.
- 4.13. We are currently reviewing the delivery plans for Malton House, the former Brick by Brick site, as a grant allocation for new homes on this site was also awarded by the GLA in March 2024.

Resident Engagement

- 4.14. The Council continues to engage with residents in line with the Residents Charter. Resident engagement has been extensive and ongoing since July 2022, as detailed in previous reports. A key element of the 2023 Landlord Offer is the emphasis on resident engagement throughout the design and development process.
- 4.15. A series of 'block' meetings have taken place with residents between February and April 2024. Officers presented and obtained resident's views on the updating phasing strategy described in this report. Residents were supportive and were largely concerned with understanding sub-phasing to greater detail.

- 4.16.** Regular monthly meetings with residents via the Residents Working Group have been ongoing since July 2023. Various consultants, designers and sub-consultants have attended the Residents Working Group this year to discuss a range of topics, including design approach, open space and landscape design, demolition, transport and accessibility. Future topics will include heating and hot water systems and a trip to a completed estate regeneration scheme.
- 4.17.** A public consultation to present the emerging pre-planning application proposals will be taking place on the weekend of 6th July and during the following week. A possible outcome of the public consultation is the recruitment of new Resident Working Group members as opportunities for recruitment will be publicised at the event.

Redevelopment Proposals

- 4.18.** A key element of the rephrasing of demolition and construction of new homes at Regina Road is the approach to planning. The former approach advocated the submission of a planning application in 2024 for 86 new homes. These new homes were located on the part of the site that was identified as Phase 1. A subsequent planning application would follow for Phase 2 in 2025 which would include the balance of 139 Council homes. Another planning application for private sale homes would be submitted in 2026.
- 4.19.** In light of GLA affordable housing grant requirements and taking feedback from the Local Planning Authority and GLA planning officers into consideration, the former 3 phases are proposed to be consolidated into 2 phases. Additionally, affordable housing re-provision for regeneration schemes is set out in the London Plan planning policy and a piecemeal approach to planning was not in keeping with the London Plan.
- 4.20.** This new approach to phasing streamlines the planning, demolition and construction process. The 2 phases will be submitted in the form of 1 hybrid planning application. The 225 Council Homes will be included in the detailed element of the planning submission and the Private Sale will be captured in outline. This approach to redevelopment is a more effective planning approach and is more in-keeping with regeneration projects of this type.
- 4.21.** As set out in the October 2023 cabinet paper, the Landlord Offer indicated a range of approximately 380-450 new homes as an appropriate density to be achieved on the estate.
- 4.22.** There has been significant testing of the capacities that the estate can deliver, and the Council appointed design team are prioritising green open space and predominantly mid-density housing blocks with larger homes for residents to move into. Residential quality is a key driver for the scheme, whilst keeping construction costs at a manageable level.

- 4.23.** The housing mix continues to align with the tenant bedroom need set out in the October 2023 Cabinet report.

Demolition and Construction Phasing

- 4.24.** In line with the approach to expedite the delivery of new Council housing at Regina Road, there is still a drive to commence demolition by way of a standalone demolition contract this year. At the time of writing this report, the procurement of a Demolition Construction Contract is underway.
- 4.25.** The Demolition Construction Contract will cover Phases 1a and 1b only. The demolition for the remaining Tower Blocks and Low-Rise Blocks in Phase 1 will be included within a forthcoming New Build Construction Contract. The order of on-site rehousing (one-move), demolition and construction of existing and new blocks is under assessment with support from the appointed Quantity Surveyor (Pellings) and the design team. We anticipate that we will have developed this strategy over the upcoming summer months and will consult with residents once an approach has been established.
- 4.26.** The approach to demolition, as set out in the October 2023 Cabinet Paper, envisioned the demolition and construction of the part of the site that is now identified as Phase 1a. The intention was to enable residents (tenants and leaseholders) in 89-99 and 101-123 Regina Road and the remaining blocks across the site, to move directly into new homes. The current Demolition Programme indicates that the forthcoming demolition contractor will commence demolition of Phase 1b in the spring of 2025. The Council acknowledge that the proposed rephasing affects residents located in Phase 1b (89-99 and 101-123 Regina Road). Officers have engaged with these residents directly through a series of 1-2-1 meetings, drop-in sessions, presentations and individual follow-up-sessions. Most residents have expressed a willingness to work with the council and officers are working to rehouse tenants by the end of 2023 into refurbished voids. Several leaseholders are also actively engaged in the buyback process to facilitate moves to take place by early 2024. The Council acknowledge that it may not be possible for all leaseholders to easily purchase new homes on the open market and are looking at options such as shared equity purchased to minimise resident disturbance as much as is feasibly possible.
- 4.27.** The Regina Road Demolition Construction Contract is the first of its kind that the Council has undertaken. A significant level of work has been carried out by officers in Housing, Procurement, Legal and Finance to ensure that Invitation to Tender (ITT) is robust and will obtain best Value for Money for the Council. External advice and input from Demolition Consultants, Michael Barclay Associates and Pellings have been fundamental in ensuring that the Demolition Construction Contract ITT aligns with market expectations.

- 4.28.** The Council is anticipating awarding a New Build Construction Contract for the construction of 225 Council Homes in the summer of 2025.

Risks

- 4.29.** The highest risks relate to:

4.29.1. GLA grant risk

The GLA grant bid included project milestone dates. The Council is required to meet these dates to enable the release of grant at New Build Construction start on site and at practical completion. Excessive delays that exceed agreed milestone dates or exceed the GLA grant programme will render the Council unable to claim the grant. The critical path for the Regina Road Redevelopment programme is driven by the grant dates to ensure that the aforementioned risk does not materialise.

4.29.2. Governance, financial and legal risk

The Council has put in place a series of measures to avoid previous failings in governance, financial and legal arrangements as indicated in the 2022 Report in Public Interest Fairfield Halls. A Regina Road Project Board has been established to monitor said risks and will escalate corporate risks to the Council's Corporate Management Team or Cabinet. Financial management is a key feature of the project. Expenditure forecasting and expenditure tracking is reported to the Project Board. All financial matters are overseen by the Head of Strategic Finance ahead of Project Board. The project also receives constant procurement, commercial and legal officer input in all procurement and contract management matters. Project Board is also sighted on all legal and procurement decisions.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1.** An initial alternative option considered by officers, was to pursue a planning permission for the 225 Council homes only. The delivery of grant funded homes within one New Build Construction Contract could still be achieved under this route. The main disbenefit of this approach was its inability to capture those parts of the site where private sale housing would be delivered. This is not considered to be an approach that would be considered attractive to a private sale developer. The responsibility to demolish existing homes, obtaining a planning permission, and constructing new homes would rest solely with a third party. This would limit disposal options for the Council both in terms of timescales, receipt of funds from disposal and limit potential third party interest.

- 5.2.** Another alternative option considered was to maintain the phasing approach as approved. For the reasons set out in this report, this is no longer considered to be a tenable option.

6. CONSULTATION

- 6.1.** Resident consultation continues to sit at the heart of this process. Individual meetings with residents have been held to discuss the direct impact of the proposed rephasing will have on their housing tenure where residents are affected. The proposed rephasing has also been presented and/or discussed at block meetings, monthly resident working group meetings and in ad-hoc engagement with residents.
- 6.2.** The GLA are being kept informed of progress through quarterly updates that the Corporate Director of Housing, the Regeneration Lead, and the Interim Regina Road Project Director attend. The GLA's primary concern is that the Council is supported by the necessary expertise in-house and through consultants to ensure the successful delivery of this project.
- 6.3.** The Improvement & Assurance Panel (IAP) has been consulted on the approach in this report. IAP welcomed the appointment of the Interim Regina Road Project Director and the clear approach being taken to ensure that the Council meets GLA grant requirements and the overall focus on delivering much needed new homes on the estate.

7. CONTRIBUTION TO EXECUTIVE MAYOR BUSINESS PLAN

- 7.1.** The Regina Road Redevelopment contributes to the Executive Mayor's Priority 3 by demonstrating significant investment into new Council housing stock by providing new high standard affordable homes.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

- 8.1.1** The project is working to a gross cost of £103m, approved by Cabinet in July 2023 and included in the current HRA Business Plan. As at the end of the 2023-24 financial year the project costs of £4.57m have been incurred, this includes £2m in respect of the land acquisitions.
- 8.1.2** The budget costs are based on the appraisals carried out by Savills and included provisional sums for demolition, construction and rehousing costs. It is acknowledged that there has been a degree of market volatility and increasing construction costs and rising inflation in the period since the initial modelling was carried out that has informed

the projects budget. A rephrasing of the costs and cashflows will be carried out with in the coming months with the quantity surveyor to allow for effective monitoring of the project financials. Any changes will be brought back to Cabinet. Is.

- 8.1.3** As set out in the paper the GLA grant funding is dependent on the achievement of key milestones by agreed dates, namely the ability to obtain planning permission to facilitate a New Build Construction start on site next year. Failure to achieve these milestones could result in the Council being at risk of losing the GLA grant funding.

Comments approved by Orlagh Guarnori on behalf of the Director of Finance. (Date 25/06/2024)

8.2 LEGAL IMPLICATIONS

- 8.2.1** The Landlord Offer was approved by the Executive Mayor in Cabinet on 26th July 2023. The Council must continue to adhere to the approved Landlord Offer, which was subject to the planning process, and must continue consultation with tenants/ residents. This report confirms that recommended phasing proposals have been informed by guidance from the Local Planning Authority as part of the pre-application process and driven by the GLA grant milestones.
- 8.2.2** In relation to the procurement of project consultants and contractors, as mentioned in the report, these will need to be conducted in line with the Council's Tenders & Contracts Regulations and the Public Contracts Regulations 2015.
- 8.2.3** In relation to details in the report regarding the Local Planning Authority, it is important to note that the role and functions of the Local Planning Authority are distinct from the role of the Council. In the circumstances, the Council will be the applicant and, as such, it is important to maintain a clear separation of duties. The Council, as an applicant, will follow the usual planning procedure, which any developer would, and take into consideration the views/ recommendations of the Local Planning Authority through the pre-application process.
- 8.2.4** The Council have the power to do anything that individuals generally may do pursuant to section 1 of the Localism Act 2011 and the Executive Mayor has the power to exercise executive functions pursuant to s9E of the Local Government Act 2000.

Approved by the Head of Commercial, Housing and Litigation Law on behalf of the Director of Legal Services and Monitoring Officer. Date 23/06/2024

8.3 EQUALITIES IMPLICATIONS

- 8.3.1** The Council has a statutory duty to comply with the provisions set out in Section 149 of the Equality Act 2010. The Council must therefore have due regard to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is

prohibited by or under this Act.

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.3.2 The department have sought to collate some data on protected characteristics at Regina Road and hold data on ethnicity, sex, sexual orientation and religion. During all consultation to date, efforts have been made to pay due regard to all equality characteristics by ensuring that the consultation was accessible to all residents in particular those who may not have English as a first language and residents who are non-neurotypical.

8.3.3 An equality analysis has been carried out in respect of resident consultation at Regina Road. The data collected via the consultation at Regina Road indicates that the proposal will have a positive impact on age, disability, sex, race and religion and belief. This is a live document and will be updated with further data when available. An Equalities Analysis Form is included at Appendix 2.

8.3.4 The department will continue to consider equality implications throughout the duration of the project including the needs of disabled residents affected through any transitions.

Comments approved by Ken Orlukwu, Senior Equalities Officer, on behalf of Helen Reeves, Head of Strategy & Policy 04/07/2024

9 APPENDICES

Appendix 1 - Demolition Construction Phasing Plan

Appendix 2 – Equalities Impact Assessment

10 BACKGROUND DOCUMENTS

Cabinet, 22 March 2023 – Regina Road Estate, Norwood, Outcome of Statutory Consultation and arrangements for a Ballot of residents on the Landlord Offer, Key Decision: 8622 EM

Cabinet, 26 July 2023 – Regina Road Project – Outcome of Ballot and Next Steps, Key Decision: 3823EM

Cabinet, 25 October 2023 – Regina Road Project – Selection of Delivery Model Part A & Selection of Delivery Model Part B report.