

London Borough of Enfield

Cabinet
15th September 2021

Subject: Joyce Avenue and Snell's Park
Cabinet Member: Councillor Nesil Caliskan
Executive Director: Sarah Cary

Key Decision: 5343

Purpose of Report

1. This report brings forward proposals for the redevelopment of Joyce Avenue and Snell's Park ("Joyce and Snell's") following the Cabinet decision to progress the scheme in November 2019 (KD4590) setting out how the comprehensive development will benefit the existing community and Enfield residents more broadly over the longer term. The provision of new homes and wider improvements will transform the existing residential setting and Fore Street creating more open and greener spaces in Edmonton. This report also provides the details of the financial model and business case for the development, together with assumptions, risks and mitigations.
2. This report seeks Cabinet approval for the ballot proposals, the Landlord Offer that will be made to residents and progressing the masterplan design and strategy for Phases 0-3 (c.550 homes) to commence construction from 2023 onwards.
3. The report also notes the approved allocation of GLA grant funding to the value of £54.5m, to secure delivery of affordable housing in the early years. We await confirmation of further additional funding requested through the Mayor's Land Fund. Any funding is subject to approval of the ballot proposals.

Proposals

Cabinet is recommended to:

4. Approve the financial model on the basis of the assumptions in the base case for Joyce and Snell's over the period 2023-2038/39 and note the capital requirements.
5. Approve, for recommendation to Council, an addition to the Capital programme of £42m made up of an increase in HRA £124.7m and a reduction in General Fund £82.7m reflecting a revised mix of units against that of the original scheme included in the approved budget. Addition is made up of a reduction of £196.5m for 2021/22 to 2030/31 offset by an increase of £238.5m for 2031/32 to 2037/38 and these will be reflected in the Budget and MTFP updates to Cabinet 9 February 2022.
6. Note a reduction in the overall borrowing requirement for the scheme, against the approved budget approved by Council 2 March 2021 (KD5210 & KD5211) all phases, as a result of increased grant and capital receipts assumed in the financial base case and Council's overall borrowing remains under £2bn cap, everything else

remaining constant although the position will be kept under review as part of the HRA Business Plan update.

7. Authorise capital expenditure for leaseholder buyback for Phases 0-3 Joyce and Snell's, for programme years 2022/23 to 2026/27 up to £55m, which is assumed within the overall financial base case.
8. Approve the extension of appointments and additional expenditure for design and professional services up to a total budget (£10m) including project management, preparation of a masterplan and planning application, legal advisors and procurement support, to be committed in years 2021 to 2023.
9. Subject to any resident feedback during the ongoing consultation period, approve the draft Landlord Offer for rehousing tenants and leaseholders as appended to this report and commencement of the S105 consultation; and delegate to Director of Housing and Regeneration in consultation Leader and Cabinet Member for Social Housing the approval of any changes which are not material to the financial case.
10. Subject to a test of opinion, approve the commencement of ballot for the redevelopment of Joyce and Snell's to secure the resident mandate for new and better homes and a safer neighbourhood.
11. Approve the submission of ballot proposals to the Greater London Authority (GLA) as required to draw down grant funding.
12. Approve the submission of the masterplan and Council delivery of Phases 0-3 to support the construction of new homes for decant of existing residents.
13. Note that officers will commence procurement of the contractor for construction of the homes in Phases 0-3 and that award will be subject to a further Cabinet decision in 2022, including at that stage any proposals for use of Compulsory Purchase Order powers, if appropriate and deemed necessary after consultation with residents.
14. Approve acceptance of the grant funding approved under the Affordable Homes Programme 2021/26, or in the event that GLA grant funding is not committed, use unspent Right to Buy receipts or reserves, to reduce the borrowing requirement for the regeneration programme and keeping within the agreed financial parameters of the model and scheme, noting that any ballot will be subject to confirmation of this funding and satisfactory review of financial impacts on Council.
15. Delegate to the Director of Housing and Regeneration and Executive Director of Resources in consultation with Leader and Cabinet Members (Finance and Social Housing) to make changes to the programme, landlord offer, tenure mix and phasing of the masterplan, where those changes are in line with the approved base case financial model agreed by virtue of this Cabinet decision.

Reason for Proposals

16. The opportunity area of the proposed redevelopment for Joyce Avenue and Snell's Park totals c.27.5 acres and consists of 795 existing dwellings. The Council is developing a masterplan to deliver up to 1900 homes, including an additional 1100 net new on the estate through a whole estate regeneration. It is proposed that the scheme will cater for all Enfield residents through a mixture of affordable homes at council rents, affordable home ownership, private sale and Build to Rent at market and discount market rents for Enfield key workers. Additionally, the redevelopment will offer homes for Enfield's aging population, with opportunities to downsize for

existing residents on the estate as well as potentially in future phases, developing an approach to affordable purpose-built homes with extra care, from Phase 6 onwards.

17. For a number of years residents have expressed a desire for transformation of the estate to design out crime and anti-social behaviour and to enhance the look and feel for residents including children. Despite Covid-19 limiting face-to-face engagement, overall, there remains a strong mandate through the Give My View polls, for the regeneration to commence. Following re-commencement of face to face engagement, the current test of opinion indicates, of the 76% of households who responded as at 3 Sept 2021, 71% would support the ballot positively if taken at this time. Recognising that until August, consultation has mostly been online, this provides a strong baseline for tenants and residents in favour of the development proposals. We will continue to develop the offer in line with the engagement process outlined in this report.
18. With the community's help, we are developing our plans to ensure the masterplan best reflects the needs of residents and provides opportunities for future generations. The estate is severely lacking the social infrastructure necessary with Boundary Hall being the only community facility available. The principles for the project have been formed on the basis of residents' feedback to ensure at the heart of this regeneration is a community that is supporting Enfield homes for Enfield people. As well as the specific offer for residents outlined later in this report, the scheme benefits from:
 - Sustainable and energy efficient homes replacing the existing poor-quality accommodation and helping residents to address fuel poverty
 - Over 50% genuinely affordable homes, including low cost home ownership for existing and new residents looking to buy their home
 - Improved security and tackling anti-social behaviour
 - Improved green spaces and better play facilities around the estate
 - Digital inclusion and smart homes for existing residents to tackle digital poverty, which became more acute during the pandemic, and supports people to live independently in their homes for longer, for generations to come
 - Improved community facilities such as a new multi-use library building
 - Transforming some of the worst homes in Enfield into high quality homes that are genuinely affordable and a vibrant neighbourhood to be proud of
 - Making sure the council tenants and leaseholders housing needs are met (around 75% need 1 & 2 beds); whilst providing more council owned family homes to reduce overcrowding
 - Mixed and sustainable community by building more three and four bedroom homes (up to 45% of new social rent) for families on the housing registers and around 60 family sized intermediate homes for key workers
19. The Joyce Avenue and Snell's Park estates were built in the late 1950s and 1960s and provide housing for a diverse community and older demographic. Most residents have lived on the estate for many years and are proud of their neighbourhood. However, there has been a gradual rise in antisocial behaviour, prostitution and other crime such as drug dealing. The layout of the existing estate has many unseen areas with the blocks offering little or no security on stairwells. The ageing estate and design has contributed to the rise in crime and the outdoor spaces are underused and offering very little safe doorstep play for children on the estate. The outdated

design also means that Joyce Avenue and Snell's Park sides of the estate are poorly connected and have limited points of access between each area. This has separated the communities and made it challenging for residents to interact and develop the community spirit that we know could exist across the whole estate. The masterplan proposes additional facilities delivered on the new estate which caters for the diverse needs of the residents to create a sense of place.

20. To ensure the best outcomes for existing council tenants and leaseholders, the intention is for the Council to act as master developer, promoting the masterplan through to planning approval and managing the appointment of contractors to build the new homes in the initial phases. The Council will lead on the decant and rehousing of existing residents and have stewardship over how the new homes and redevelopment of Fore Street come forward, the timing and quality. In later phases, and driven by the financial model, the Council will consider releasing opportunities on the estate for development through partnerships or development agreements. By taking a phased approach to the masterplan, the Council can manage overall risk and reward within the approved financial base case.
21. The Council's vision for the delivery of Joyce and Snell's is that those tenants and resident leaseholders, who want to stay on the estate will be supported to do so. The financial model has been designed to enable a block decant and demolition cash flowed over a 40 year period. For Phases 0-6, this means that council housing tenants will be rehoused in new accommodation and not expected to move off the estate, unless they choose to take up the opportunity for rehousing into new accommodation for example the Council homes being delivered at Meridian Water or neighbouring schemes in Edmonton. Additionally, the scheme will provide key worker accommodation in future phases as part of a Built to Rent block.
22. To support good growth, the council will continue to work with HTA architects to further develop proposals. HTA were appointed (KD5146) through a competitive framework tender process to design the masterplan and proposals which will form the basis of a housing offer to existing tenants and leaseholders for the ballot. These proposals have been informed by feedback and supported by a specialist community engagement organisation, BECG. Source, the Independent Tenant and Leaseholder Advisors continue with their longstanding involvement in this project, having established good relationships with existing residents. This report seeks to extend HTA's appointment and commission a range of consultants to support the design development and hybrid planning application. To support the programme for Phases 0-3, the budget allocation up to £10m is necessary to establish a full multidisciplinary team to deliver a project of this scale. Any additional services required will be procured through an OJEU compliant framework and awarded under existing delegations within the HRA Business Plan (KD5219). It should be noted; these costs will only be incurred if and once a ballot has been undertaken and returned as a positive result.
23. The Landlord Offer to residents provides flexibility over the lifetime of the project for both residents and the Council. The engagement process feedback has informed the document presented to Cabinet It should be noted that the Landlord offer is underpinned by the base case financial model, and will be continuously reviewed as the phasing strategy develops. Alongside the offer to existing residents, the financial modelling will consider increasing private sales and potentially earlier involvement of a development partner if needed to derisk project delivery. The scheme will be kept under review and authority from Cabinet will be sought on changes affecting the Joyce and Snell's programme beyond Phases 0-3 or if there are material changes to the current base case.

24. To improve affordability in early years, the Council has successfully bid for £54.4m to the GLA Affordable Homes Programme 2021-2026 which, subject to contract, will require the Council to start on site in 2023/2024 and deliver 338 homes by 2028/2029. This grant drawdown will need to be supported by a set of ballot proposals that define the Council's intention over the whole scheme and how residents will be affected. If Cabinet does not approve the scheme or ballot proposals, then the GLA will not commit to funding the affordable housing which will make delivering Joyce and Snell's significantly more challenging.
25. Further, to reduce the call on capital resources, the Council has submitted a business case to the GLA for upfront land assembly funding to unlock the additional new homes on the estate. This is seeking grant from the Mayor's Land Fund which, if secured, will improve the financial model and derisk the early years of development which have upfront capital costs associated with decants and buybacks of existing tenants and leaseholders the Land Fund is not included in the financial base case
26. Up to 50% of the estate is freehold or leaseholder owned which will require a dedicated resource to acquire all interests, especially in early phases. If agreement cannot be reached by negotiation for all third-party interests, the Council will require Compulsory Purchase powers to enable it to progress the scheme for the benefits of residents. A further report will be brought back to Cabinet if any use of these powers becomes necessary.
27. Ballots are required by the GLA and to take place prior to the procurement of a development partner and/or prior to finalising the precise specification of works. To support the submission of the masterplan which has been developed in consultation with residents, the Council intends to ballot residents prior to planning submission and as set out below. This is anticipated to commence after a period of consultation following the Cabinet decision and run for 3 weeks (voting period). A positive ballot is one where there is a simple majority of those eligible residents voting that choose "yes", in favour of the Landlord Offer to regenerate the estate. There is no minimum threshold for turnout in a ballot
28. The indicative ballot milestones are as follows:

Month	Activity
July- August	795 properties door knock One to one Boundary Hall
Sept - October	Pre-ballot consultation on the Landlord Offer
To December	Formal ballot period

29. Subject to the outcome of the ballot and once the planning application has been submitted, the Contractor procurement will commence in Spring 2022 for the development of homes in Phases 0-3. Due to the likely value of the award it is intended to return to Cabinet for approval to commit budget and delegate appointment for up to 600 homes at that stage.
30. The proposals create opportunities for new supply on an urban brownfield site and over the emerging Local Plan period, will deliver a significant housebuilding programme which will benefit existing council tenants, new council tenants and more Enfield residents with better and more homes.

Relevance to the Council Plan

Good Homes in Well-Connected Neighbourhoods

31. This project provides a rare opportunity to not only transform two estates but Edmonton as a whole. Contributing to the wider place making of Angel Edmonton, Joyce Avenue and Snell's Park, will offer high-quality mixed tenure neighbourhoods. They regeneration will act as exemplars of sustainability and place making.
32. The improved accommodation and environment for our existing residents will have wider health benefits and the increase in new affordable housing provided by the Council, will support more people in Enfield. The new masterplan will create greener routes from east to west of the ward and enhance the existing connections. The masterplan proposes a high percentage of affordable homes, including those for existing residents on council rents. The intermediate homes will be provided in the full range of affordable products, from Build to Rent units at discount market rents as accommodation for Enfield key workers and affordable home ownership for existing leaseholders and new first-time buyers. The shared ownership or shared equity will support the rehousing of resident leaseholders and assist those who wish to stay on the estate. A shared equity product for resident leaseholders is where the equity for the new home is determined according to the market value of the existing home, with no less than 25% purchased.
33. The item elsewhere on the Cabinet agenda explains how we will be establishing a platform to promote new intermediate housing opportunities to Enfield residents. The focus of this is prioritise intermediate housing to support recruitment and retention for key services in the health, police and education sectors by providing discount market rented accommodation and low-cost shared ownership options.
34. By leading on delivery, the Council can ensure that long-term ownership of the current council housing remains with the borough, increasing the overall housing stock and rebalancing the currently ageing stock profile and retaining rental streams into the future.
35. Renewal of part of the high street will introduce modern retail units with services reflecting the diverse needs of the community, and where possible will be connected to new open space to allow outdoor seating and space to dwell while shopping.
36. The scheme will also provide wider benefits to the community with improvement to the high street, better links to the community to the west of the site and a clearer route to Silver Street Station.



Safe, Healthy and Confident Communities

37. The overall design of the new estate will encompass all aspects of best practice in designing out crime by eliminating unseen spaces, providing secure off-street parking, high standards of lighting, CCTV and maximising natural surveillance.
38. By fully redesigning the estate, high quality public and private open space will be integral to the layout. Much of the existing green space has low amenity value and is mostly unused. Play facilities for all ages will be incorporated into the landscape design. As far as possible all dwellings will have either private gardens, balconies or access to private open space with options such as roof-top gardens being explored.
39. Homes will be designed to be adaptable in response to the requirements of elderly or people with disabilities so that they can continue to live independently on the estates.
40. The new community will ultimately link into Enfield's pioneering borough-wide network of cycle routes, helping residents reduce their reliance on private cars and bringing positive environmental improvements. The new accommodation will have safe and secure cycle parking facilities that are private to each block.



An economy that works for everyone

41. Located at the south end of Fore Street, the new development and upgrades to the high street will set the scene for the journey along the linear town centre of Angel Edmonton. Building on current plans to upgrade and redevelop parts of Fore Street. As part of the estate renewal, it is proposed to make comprehensive improvements to Fore Street and secure the high street as a destination of choice for local people.
42. The estate renewal will create a much stronger east-west link between the High Street and the footbridge over the railway line. This will encourage more residents and visitors of the community to the west of the estate to walk across to the high street, including people visiting North Middlesex Hospital.
43. It is envisaged that by improving access to the High Street, increased footfall and environmental improvements will help to ensure the viability of local businesses and help to secure existing and new employment opportunities.
44. The redevelopment of the estate will take place over several phases, and the size and scale of the scheme will generate a significant number of employment and training opportunities for local people in the construction sector. Where deliverable this would be supported through the Enfield Skills Academy initiated from the Meridian Water programme.
45. Widening the tenure mix in the new development will help to ensure a housing offer that supports the needs of the community. Enfield as a borough is very diverse with its character and heritage varying widely from inner city to rural within just a few miles, and this differentiates it from other London boroughs. It is important therefore that there is a feeling of connection with the rest of the borough, not just physically but also in a sense of place where equality of opportunity and aspiration is intrinsic to living in Enfield.



Background

46. The predominant building type across both estates is non-traditionally built high rise and medium rise flats. Flats sit above retail units fronting Fore Street along the site's eastern boundary. There are some infill opportunities including a car park to the north of the site and a garage block by the railway, which will come forward in Phases 0-3 and provide the less disruption to existing residents.
47. Analysis has been undertaken of both the historic stock condition information that we hold, as well as the life expectancy of the renewable components (such as windows, bathrooms, kitchens, etc.) and also the structural integrity of the blocks. On Joyce Avenue and Snell's Park, the investment required to keep the blocks in reasonable order, far outweighs the rental stream that could be achieved. The condition at present, the potential life cycle costs of renewal, plus the potential incidence of structural failure in the future means that demolition and newbuild of Joyce and Snell's is key to creating better living standards for existing residents.
48. In November 2019, Cabinet approved a report (KD4590) which recommended that the Council proceeds to work towards a residents' ballot and subsequent planning application to replace the 795 existing homes and plan for up to 1900 homes in total for existing and local people. That report sought budget approval from Cabinet to progress the development proposals with existing residents on the two estates. The intention was to commence a ballot in June 2020 and enable planning to be submitted within 12 months.
49. The Council commenced formal engagement with stakeholders of Joyce Avenue and Snell's Park estate at the beginning of January 2020. The aim was to communicate with stakeholders so we could understand the long-term issues they were experiencing on their estate and wider area, explore possible solutions and ultimately agree on a master plan and set of principles that would help shape a Landlord Offer ahead of the formal ballot process.
50. The engagement strategy included a range of channels that allow us to reach as many members of the community as possible, at a time and location that is convenient with them. As many residents work during the day or on shift patterns, attend college or school, it was important that they could access information in a variety of ways that ensured we had an 'inclusive' approach. Given the diverse community and predominantly Turkish residents, the Council provided translators at the public exhibitions in January to ensure language was not a barrier.
51. A micro website was set up "Give my View" which provides an overview of the masterplan, gathers views on the current estate and polls what residents would like the estate renewal to improve. To support residents in the transitional period, a fast-track repairs and maintenance was set up to ensure tenants felt heard. Concerns about anti-social behaviour and feeling unsafe, resulted in a Council led taskforce with community safety to increase presence on the estate.
52. However, in March the COVID-19 pandemic impacted on the Council's ability to continue face-to-face engagement regarding the proposals and as a result the Council changed focus from regeneration engagement to wellbeing engagement. This centred around the ongoing wellbeing of residents and implementing support including personal calls and a letter to all residents outlining the help available through the Council's Covid relief services.
53. Residents were still able to contact officers to discuss the proposed development via other methods; telephone, email and digitally. Information was also updated on the

scheme website. Polls via Give my View continued to be undertaken since June 2020, with face to face engagement through to September 2021. The overarching themes from that included, safety, affordability and maintenance and management with an average 307 residents participating during the lockdown period, rising now to over 70% positive response rate. Based on the GLA eligibility criteria, there are currently 700 eligible voters for the ballot.

54. Noting there is a 'digital divide' on the estate which means that there are households who can't or won't engage digitally, work will continue to support face to face conversations to enable residents to understand the Council's proposals.
55. Source Partnerships, acting as the Independent Tenant and Landlord Adviser, engaged residents of the existing steering group, which is made up of 31 residents, to develop a Resident Charter. Based on their engagement with residents over past 18 months their view is that the majority of residents are in favour of redevelopment and want the Council to "get on with it!".

Good Growth Project

56. Whilst we develop the plans for regeneration we continue to work to make life better now for existing residents. In March 2020, the council secured £1.1m from the Mayor of London's Good Growth Fund which, matched with borough funding, will deliver a range of temporary initiatives which will boost the activation and diversity of Angel Edmonton's high street and workspace offer. These include:
 - The Urban Room – broadening and expanding the range of activities in the Fore Street Library, to include performance, an evening offer, and exhibitions, as well as community services and training.
 - Maker Spaces – converting underused garages into affordable workspace for creative practitioners, alongside co-working space
 - Public Realm improvements – connecting the estate to the high street and celebrating the area, whilst addressing the air quality issues
 - Employment & Skills – a programme of business support and Meridian Water employment recruitment

Current proposals

57. The current estate has 795 homes split approximately 50:50 social rent and leasehold. In line with policy the masterplan will commit to deliver up to 950 affordable homes, of which 430 will be replacement homes for existing tenants and uplift of 150 3 and 4 bed family homes for people on the Council's housing register. The proposed shared ownership will be for existing leaseholders and residents seeking new affordable home ownership. In later phases, provision will be available for key workers and people in temporary accommodation with the offer of Discounted or intermediate rent. Where there are private renters on the estate, the Council's Housing Advisory Team will provide information and guidance and alternative accommodation through Enfield Lets.

Decant guiding principles.

58. In determining the appropriate phasing strategy to inform design development, the following principles will be used to define the housing mix:
 - a. Mix to meet decant requirements for existing residents housing need (priority to resolve overcrowding and under occupying)
 - b. Planning policy requirements
 - c. Allocation policy requirements; priority for council tenants who may

choose to move off the estate

59. By adopting these principles, the Council retains much needed flexibility in the early stages to ensure the scheme can evolve based on the decant programme and financial performance in any year or phase whilst addressing its core objectives of meeting existing secure council tenants' needs.

Creating a new Fore street

60. Commercial space in the regeneration proposal is likely to represent less than 1% of the whole scheme value, but it's worth to the community and impact on the place is arguably amplified well beyond a narrow commercial valuation. The non-residential aspects of regeneration plans for the Joyce and Snell's estate include redevelopment of 21 existing retail units on Fore Street and the provision of 13 additional commercial units.
61. The current masterplan proposes a total of 34 commercial units across the regeneration scheme, replacing existing shops which are narrow and have limited useable floor space and improving the overall offer for commercial tenants. The non-residential offer includes provision of a new community hub and a nursery. Dedicated resources will be deployed to ensure that the reprovision meets the needs of existing commercial tenants that are valued by the community, whilst working through the Good Growth initiatives to build the capacity of local residents to create new offers that meet the aspirations of residents for a diverse high street offer.
62. Fore Street is a vibrant place, with a broad mix of outlets, and where there appears to be strong demand for retail premises when they become available to let. However, its Fore Street shops are an ageing segment of Enfield's commercial portfolio and a 2018 'Health of the High Street' report assessed Angel Edmonton as the 4th least healthy high street in London. Borough lettings data and that of the recent new commercial units across the road at Silverpoint, evidence that demand is high for rentals.
63. The continued improvement of Fore Street is of strategic importance not only to Joyce and Snell's, but to South and East Enfield. It also offers a pivotal chance to help build business strength and identity within the borough. The council will take an active role in shaping, curating and managing the offer.
64. The council will retain control of commercial assets, initially at least, curating and managing them with place based and social returns as the prevailing mindset and strategic objective which is something that has come through the resident and stakeholder consultation so far. This should help underpin the wider value of the place, promote health and social objectives and may increase commercial asset values over the longer term if managed well.
65. The commercial strategy for Fore Street and Meridian Water will be developed in a symbiotic way, ensuring each is distinct but mutually supportive. We are also engaging with Haringey on their schemes and town centre developments that, from a resident perspective are part of their local experience.

Making movement a priority

66. Improving permeability on the estate is a priority within the masterplan with pedestrian activity with combination of dedicated routes and shared spaces. Cyclists are separated from primary pedestrian routes onto shared surface areas. Vehicles

moved to periphery of the site, creating pedestrian and cyclist priority, with emergency only access through the central part of site.

67. Key movement routes are proposed through central heart of the site activating key open spaces. The masterplan better links existing pedestrian crossings and desire lines (transport- buses and stations); with clear connections from Fore Street and new level crossing to Pymmes Park.

Florence Hayes

68. The regeneration initially included the land at Florence Hayes which is currently a corporate asset designated as a nursery and open space. The intended use in the concept design was to create additional homes for residents to move earlier and accelerate the construction phase. We have heard the views of the community about the inclusion of the site and, as a result, the current proposed masterplan removes this site. It will not be part of this development. We will work to bring the open space and facility back into use for local residents.

Main Considerations for the Council

69. As a landlord, the Council needs to support residents who may need to be rehoused as part of any proposals, and as part of the Ballot process is required to publish a Landlord Offer.

70. The Landlord Offer (Appendix 5) to existing residents on the estate can be summarised as:

- Council tenants will be offered a single move within the estate where viable. Double decants will be on an exception basis and agreed with the tenant which may suit their needs short term to address overcrowding.
- Existing council secure tenants on the estate will be offered equivalent tenancies at council rent levels.
- A home loss payment (uprated annually and recently uprated to £7,1k plus) and disturbance payments to cover the cost of moving.
- Prioritisation and help to move off the estate for those that wish to live in other newbuild schemes. This may be especially beneficial to older residents with enduring housing needs who may benefit from new extra care homes at Reardon Court or wheelchair adapted homes.
- Resident leaseholders will get market value for their home plus a 10% home loss payment.
- Non-resident leaseholders will get market value for their property plus a statutory basic loss payment of 7.5%.
- Private renters will be given housing information, advice and guidance including access to discount market rent products through our Intermediate Housing platform.

Financial assistance for resident leaseholders

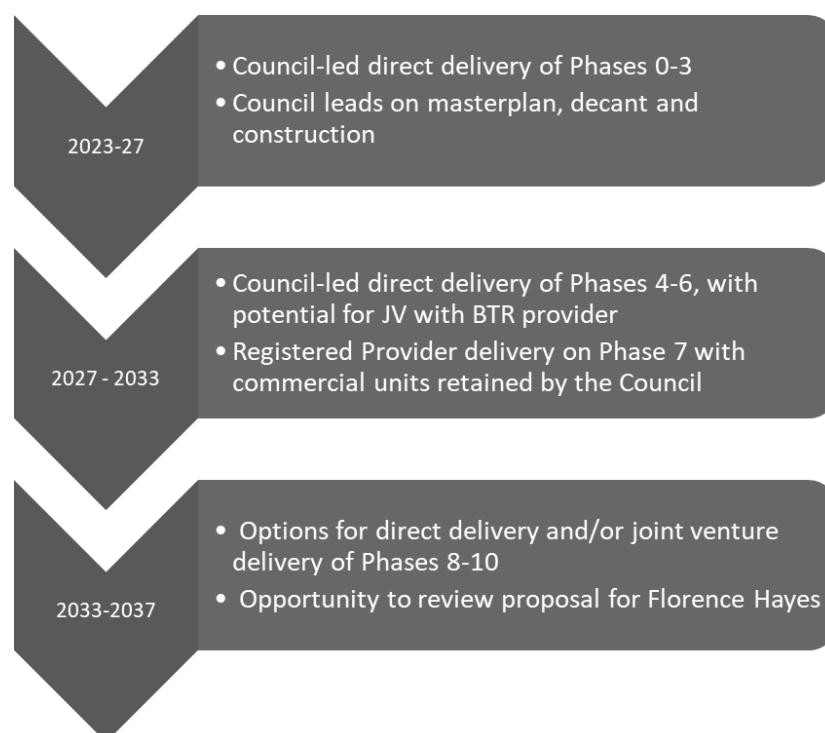
71. It is expected that most resident leaseholders will be able to find new accommodation that meets their needs in the new development. To enable this outcome, the Council will consider offering shared equity as a means of assisting the resident leaseholder to stay in the area. In the very rare occasions that a leaseholder's financial circumstances mean that they are not able to buy a new home even with financial help from the Council, the Council may by discretion offer them a secure council tenancy to enable them to remain in stable accommodation in the borough.

Help to Move

72. While the Council is committed to tenants and resident leaseholders who want to stay on the estate and supported to be able to do so, it also recognises that some residents may wish to move out of the area.
73. Where a resident expresses an interest in this, the Council will work with the resident to provide practical assistance to help them move. Any financial assistance will be given by discretion on a case by case basis depending on a tenant or resident leaseholder's specific circumstances.

Delivery strategy

74. The Council has committed to deliver nearly 3,500 homes by 2031, around 75% of which will be affordable in the HRA (subject to grant rates, cost pressures and other business plan assumptions). The majority of these homes will be delivered by the Council and on Joyce and Snell's so that more high quality, new homes can be built and retained as social rent by the Council. The report sets out the Council's intention to deliver Phases 0-3 as per the approved financial base case. The model provides flexibility around the delivery strategy for the masterplan, for example, a three-staged build.
75. The delivery routes have been considered within the approved financial base case by Phase and the masterplan is currently proposed to be built out as follows:



76. For Phases 0-3 Direct delivery, the Council will commit funding for the design and build by acting as master developer, securing planning, and procuring a contractor to build the homes to required standards.
77. From Phase 4 onwards, the council will explore other options in line with the approved financial base case which includes direct delivery, joint ventures with Registered Providers and land release via the Affordable Housing Developer's

Framework. The Framework is a separate procurement being established by the Council in 2022, to attract private sector investment to the Borough and act as delivery partners for council-led strategic developments.

78. To ensure the interests of existing housing association tenants and leaseholders are met, to improve the financial viability of the scheme and diversify the delivery structure, in future phases the Council is proposing to involve a Registered Provider. The role and timing of any partnerships will be informed by the financial review on a phase by phase basis, existing residents needs and how best to optimise the value of Council assets.
79. Within the estate boundary, there are currently 44 properties owned by 8 Housing Associations. Although the Landlord Offer can only relate to the housing offer being made by the Council, all existing residents will have an opportunity to vote and therefore it is important that proposals consider the housing needs of the housing association residents. Initial discussions have commenced with the Housing Associations and there is a general commitment to work with the Council including establishing a steering group which represents the interests of their tenants as well as utilising their experience of estate regeneration of this scale. Where possible the Council will seek to agree buybacks by private treaty and offer secure housing tenancy to those currently on the estate as either retained housing association or council tenants.
80. The redevelopment also presents opportunities for collaborative working through land disposals via the Affordable Housing Developer Framework, which will be established in early 2022. This will support the early delivery of mixed tenure housing, de-risk more complex and costly aspects of the scheme and reduce the capital requirements of the HRA. Based on the phasing of decants, it is intended to release Phase 7 (2031) to a Registered Provider. However, this is subject to viability and the Council will continue to explore the deliverability of phases 4 onwards as potential partnership schemes.

Section 105 consultation

81. As a landlord of secure council tenants, the Council has a statutory duty to make and maintain such arrangements as it considers appropriate to consult with its secure tenants who are “likely to be substantially affected by a matter of housing management”. A matter is one of housing management if, in the Council’s opinion, it relates to “the management, maintenance, improvement or demolition of dwelling-houses” let by it under secure tenancies. Clearly, therefore, proposals that involve the demolition of existing homes on secure tenancies triggers the section 105 duty. As a piece of formal consultation, the section 105 process also needs to follow the general principles for fair consultation, i.e.
 - Consultation must be at a time when proposals are still at a formative stage
 - Sufficient reasons must be given for any proposal to permit intelligent consideration and response
 - Adequate time must be given for consideration and response
 - The results of consultation must be taken into account before final decisions are made
82. Following this Cabinet decision, consultation materials will be sent to tenants affected which explains what the Council is proposing and why. While leaseholders are not covered by section 105, it is proposed that they are included as non-statutory consultees.

Steps towards gaining vacant possession and demolition

83. One of the aims of the rehousing offer is to rehouse all residents and buyback all land interests voluntarily, without the need to resort to any of the Council's legal powers for securing vacant possession. If this does become necessary, there are two main mechanisms the Council may need to use.
84. The Council can seek possession of a secure tenant's property under Section 84 of the Housing Act 1985 and using Ground 10 of Schedule 2 of the Housing Act 1985 (where "the landlord intends, within a reasonable time of obtaining possession of the dwelling-house, to demolish or reconstruct the building or part of the building"). Ground 10 requires that alternative accommodation is offered to the secure tenant.
85. If any leaseholders refuse to sell voluntarily, the Council may need to consider using its compulsory purchase powers. The Council considers compulsory purchase a last resort to protect its position to deliver the scheme and to be implemented, following concerted efforts to buy back leaseholders by negotiation over a reasonable period.

Safeguarding Implications

86. Residents are being supported by the regeneration team and any high vulnerabilities are identified through the engagement process and signposted to relevant adult social care services. There are no specific safeguarding issues which arise from these proposals.

Public Health Implications

87. The proposed redevelopment of the Joyce & Snell's estate is likely to have implications for public health.
88. Good quality, affordable housing is essential for human health. Housing demand currently exceeds supply in Enfield. The Building Research Establishment Trust recently estimated that poor housing costs the NHS at least £1.4 billion per year. The delivery of better-quality housing, and a greater number of dwellings on the Joyce and Snells estate, particularly if the number of affordable units is maximised, is therefore likely to have positive public health implications.
89. The proposed Landlord Offer, which commits the Council to rehousing all tenants and the vast majority of leaseholders on the redeveloped estate, with only a single move required in most cases, would help mitigate any negative health effects associated with the stress of moving and concerns about the break-up of the existing community on the estate.
90. The provision of new and improved green space, alongside links to cycling routes, will help improve the environment in and around the estate, through reducing pollution and traffic, which is also likely to have positive public health implications for Enfield residents.

Equalities Impact of the Proposal

91. Under the Public Sector Equality Duty under the Equality Act 2010 Enfield has duty to have due regard to the need to :
 1. To eliminate unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act – this includes elimination of the following:

- Direct discrimination, which occurs when an authority or organisation treats another less favourably than they treat or would treat other because of a protected characteristic.
 - Indirect discrimination, which may occur when a service provider applies an apparently neutral provision, criterion or practice which puts persons sharing a protected characteristic at a particular disadvantage.
2. To advance equality of opportunity between people who share a protected characteristic and those who do not – this involves having due regard to the need to:
- Remove or minimise disadvantages suffered by people due to their protected characteristics.
 - Take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people.
 - Encourage people with certain protected characteristics to participate in public life where their participation is disproportionately low.
- In the context of the estate rebuilding programme, this can include accessibility of homes and community buildings, maximising the availability and quality of community assets, and allowing new space and amenities for religious, cultural and other community activities.
3. To foster or encourage good relations between people who share protected characteristic and those who don't – this involves recognising the need to tackle prejudice, promote understanding, and taking active steps to create a discrimination-free society. In the context of the estate rebuilding programme, this can include:
- Consulting with a range of groups in order to understand perspectives, including those in a combination of protected groups.
 - Creating environments which are both accessible and appropriate for all protected characteristic groups to use and enjoy.

92. An initial EQIA was completed when we started to develop this proposal, which identified many positive impacts and some potentially negative impacts for some groups that will be mitigated in the design of the programme. EQIA is an iterative process and this will be refined and added to as the programme develops and we gather more information and feedback from residents affected by the scheme.

93. This report seeks approval to ballot residents. Whilst the decision to grant approval to ballot residents is not relevant to the PSE, the way we consult and carry out the ballot is and we will complete an EQIA on consultation process and final ballot arrangements before any approach is agreed

Environmental and Climate Change Considerations

94. Housing makes up around 38% of Enfield's borough-wide consumption emissions so new developments should be low carbon and avoid the need for future retrofit. It is proposed to connect to the heat network in Edmonton, provided by Energetik. A priority is to minimise fuel costs to residents and connecting to the heat network will ensure energy costs and overheating are achieved through solutions such as energy demand reduction and renewable energy provision.

95. How the development is responding to the Council's Climate Action Plan, mitigating carbon emissions and adapting to climate change considerations. The expectation is that any new developments will be net zero operational carbon as stipulated by the London Plan 2021 and that steps have been taken to reduce carbon as far as possible onsite, rather than minimum exceedance. New developments should make a consideration for emerging council guidance for sustainable development of council homes.

96. To ensure carbon emissions are minimised, the development proposal should follow the energy hierarchy set out by the London Plan to reduce energy demand through measures such as passive design and highly efficient fabric, adopt a low carbon heating strategy and maximise provision of onsite renewables with a provision for in use performance assessment. Any remaining carbon balance should be offset only when no further reductions and feasible onsite to net zero carbon.
97. Climate adaption and health & wellbeing of residents should be improved including air quality, daylight and robust resilience to climate change, particularly overheating
98. As set out in the London Plan and the Council's Climate Action Plan, Council new developments should measure and take steps to reduce embodied carbon as part of whole life carbon, through the production of a Lifecycle Carbon Analysis and circular economy statement of steps taken to reduce impact and emissions.

Retrofit

99. Enfield Council has declared a climate change emergency and has pledged to reduce its carbon footprint to become a carbon neutral organisation by 2030 and a carbon neutral borough by 2040. This recognises the fact that we all have a part to play in reducing our carbon footprint and working to eliminate our individual and collective contributions to climate change.
100. This includes undertaking housing development in a sustainable way that minimises the carbon footprint of each development, both in terms of embedded carbon and carbon in use. There is also a requirement to maximise the recycling potential of any buildings that are demolished
101. A further consideration is the wider sustainability impact of development such as SUDS, urban greening and upgrading of landscaping, reduced car use (and increased modes of sustainable transport), quality of life, air quality and comfort. The Council has considered a number of different development options for the Joyce and Snell's estate:
 - Do nothing
 - Infill development (existing buildings retained and upgraded, and new homes built on vacant land)
 - Partial regeneration (some existing buildings demolished, and new homes built on vacant land)
 - Full regeneration (all existing buildings are demolished)
102. The Cabinet report from November 2019 (KD 4590) discussed the merits of do nothing, infill and partial regeneration and concluded that none of these options met the expectations of either the residents or the Council and were not taken forward.
103. A further option for the Council to consider is to retrofit the existing dwellings and bring their environmental performance up to modern standards. This involves making improvements to the building fabric and heating systems to improve standards of insulation (u-value) to reduce the overall energy consumption of each dwelling. This is an expensive, complex and disruptive strategy for existing residents as illustrated by the high-rise pilots currently underway. The retrofit proposals will also not address the fundamental concerns raised by residents which is that the estate is not permeable and fosters anti-social activity as a result.

104. There are also currently no grant streams available to fund a significant refurbishment of the estate and the Council – along with leaseholders – would have to shoulder the cost; although it may be possible to obtain a relatively small amount of green funding for elements of the retrofit. The final point to consider is that while a retrofit project (excluding a wider refurbishment) would reduce the Council's carbon footprint at Joyce and Snell's and assist in alleviating fuel poverty for residents, no new homes would result.
105. For the reasons set out above, retrofitting the existing blocks as part of more limited regeneration of the estate with infill development would be unviable for the Council.

Sustainability

106. Sustainability is at the heart of the Joyce and Snell's regeneration and is a central part of our offer to residents to create a better future for them, the estate and their neighbourhood.
107. As has been previously reported, the current estate is dated and suffers from elevated levels of crime and ASB with many of these problems related to the design of the blocks and external areas. A number of the blocks for example don't have any secure common parts and active surveillance at street level is poor due to the limited number of ground floor dwellings. Risk of the area's regeneration aims not being met through a refurb only and errors of the place will not be fully solved, which might ultimately only push the full regen further down the line.
108. Through regeneration, we are seeking to implement a wide range of improvements to make the both the buildings more sustainable and, just as importantly, the lives of the residents more sustainable too.
109. The scheme positively addresses climate change through a broader spectrum of measures by:
- a. creating a sustainable place to live and design out the failures of the existing estate
 - b. puts homes in a sustainable location near excellent public transport, keep parking low and improve air quality
 - c. Build in features holistically from the outset and plan in for SUDS, biodiversity net gain and urban greening factor

Sustainability Analysis

110. Replacing the existing estate with new, better designed buildings has some costs, both environmental and human, which need to be understood when making the case for the development to take place. HTA has developed an evaluation tool to assess the existing situation and compare it to the proposals to highlight the many opportunities, human, social and economic, to making this change.
111. The sustainability vision is thus based on three strategic areas which account for the key sustainability areas of environmental, social and economic but also accounting for the wider principles which ensure high quality design and implementation.

Reducing carbon emissions

112. We are committed to reducing carbon emissions and to making the site as sustainable as possible. The RIBA Climate Challenge sets targets for 2020, 2025 and 2030 for energy use, embodied carbon, and water. Other metrics include daylight, overheating and other factors related to the health and wellbeing of people. These metrics have to be factored into design proposals as they emerge in order to be effective. The design team has set the RIBA 2030 targets as the ambition for this scheme.

113. Recognising that some targets are more challenging than others and carry different weights, they should be adopted as a guide to motivate the project to be as sustainable as possible. Measures will include materials specification and services strategy but also user information and support for residents and contract arrangements that drive high quality design solutions through to use.

114. In summary, this approach is a quantitative and qualitative approach to sustainability whose purpose is to inform the design and management the estate while delivering true sustainability for the life of the scheme. The strategy will continue to be developed over the planning process and beyond to the implementation stage.

Risks that may arise if the proposed decision and related work is not taken

115. The Council has invested up to £2m in the preparation of design proposals for Joyce and Snell's. If the decision is not taken, the Council will not be able to secure GLA funding which is only available for the next 5 years and therefore the window of opportunity will be lost. If the decision is not taken then the properties will fall into disrepair and will need significant investment to be refurbished to bring up to decent standard. The Council will not see a return on this investment as no new homes will be achieved from a refurbishment. Additionally, although the fabric of the estate could be improved through a retrofit programme, that will take time and will not in itself resolve the anti-social behaviour and crime currently suffered by residents because of the existing layout and open stairwells. A full regeneration programme enables opportunities to design out crime and introduce natural surveillance during the construction period, activating the estate and making it less desirable for non-estate residents anti-social behaviour. properties need to be refurbished to be liveable? If so mention this here.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

RISK	MITIGATION
Grant availability and level required is reduced. Changes in grant programmes could impact the future development programme.	For Phases 0-3, GLA grant allocation confirmed in September, subject to contract. This will help reduce call on debt in early years and additional funding for land assembly. Financial base case is based on grant at similar levels and if this grant is not secured, subsidy will include borrowing, unspent right to buy receipts and reserves.
Negative ballot outcome. Scheme can't proceed, abortive costs are incurred, and housing remains in poor condition.	Our Engagement strategy and offer documents detailing housing options will be key to winning further support for our plans. This requires balancing our offer to compensate residents sufficiently without becoming onerous to the project. The Council will listen and engage with residents to refine

	the scheme and the Landlord Offer, carry out tests of opinion and ensure support is there before going to ballot.
That the density proposed in the capacity study cannot be achieved. This will serve to reduce the number of additional affordable and intermediate housing units that can be delivered.	The capacity study was undertaken in consultation with LBE Planners. Enfield are required to make the best use of their assets to deliver affordable housing and the urban setting of the site would allow for higher densities to be achieved. The focus of the development will be high quality apartments that achieve modern space standards, and there are a number of established block typologies that deliver this as well as the public and private open space requirements. Initial master plan work is showing that the number of properties suggested in the capacity is easily achievable within a within a developing design for the estate.
The borrowing requirements for the scheme cannot be met from existing resources to deliver the approved financial case.	Lifting of the HRA borrowing cap gives the Council flexibility to vary the amount of investment it puts into the scheme. The HRA Business plan will continuously be reviewed to assess variables and strategies available to mitigate this risk. General Fund Budget and MTFP will be revised to ensure rental income is sufficient to repay debt, the next update will be for Cabinet 9 February 2022.
Council undertakes planning and development risk as Lead Developer. The project suffers from delays, increased costs or resource issues.	The Council is taking on additional risk by leading on development in exchange for increased numbers of affordable units, reduced borrowing costs and savings on a development partner's profit. There will be a requirement that the Council employ delivery staff with the right skills. The Council has developed a resourcing plan and will recruit the staff required prior to the development commencing and the phase-by-phase approach effectively breaks down the project into a number of smaller, more manageable projects. It is further proposed that the Council procures the construction works on a design and build basis, whereby it places contracts at a fixed price with a construction company.
Compulsory purchase costs rise through the life of the scheme. The cost of the buy-backs exceeds the budgeted amount.	It is expected that buy-back costs will rise in line with property inflation in the local market. Any lift in the property market should also benefit rents in the long term. Where capital values do rise, this tends to reduce affordability and more households may turn to renting as an alternative option. Where it occurs, rent inflation will benefit this development model. For those leaseholders and freeholders buying back on the new development, the increased equity realised by the returning leaseholders on the sale of their existing properties would be returned back to

	<p>the project through higher initial sales tranches. The effect of buyback inflation will form part of the future stress-testing of the financial model.</p>
<p>One or more of the variants identified in scenario testing result in breaches of hurdle criteria causing the scheme to become unviable, and are listed below, full details in appendix 3:</p> <p>Scenario 21: Construction costs increasing by 5% over base case combined with a grant of £150k and £30k</p> <p>Scenario 28: As scenario 21, borrowing costs increase from 3.5% to 4.5%</p> <p>Scenario 35: Nil capital receipt received for phase 7 and Construction costs increasing by 5% over base case combined with a grant of £150k and £30k</p> <p>Scenario 49: As above, and grants reduced from £200k and £50k to £150k and £30k per unit, affordable and shared ownership respectively</p> <p>Scenario 42: As scenario 35, and borrowing costs increases from 3.5% to 4.5%</p> <p>Scenario 56: As scenario 49, and borrowing costs increases from 3.5% to 4.5%</p> <p>Further scenarios are shows in appendix 3 for different rent products</p>	<p>Mitigations:</p> <p>Financial modelling will have to be reperformed upon receipt of cost estimates and finalised grant settlements on a phase by phase basis to ensure continued viability.</p> <p>Specific contingency plans required to mitigate combinations of adverse variants.</p> <p>Consideration to substituting RTB receipts in place of grant for discreet phases (avoiding combining the two) where grant support is lower than expected.</p> <p>Revision of HRA Business Plan to ensure sufficient resources in place to continue funding of scheme where grant becomes insufficient.</p> <p>Continual review of costs and industry trends to ensure impact of cost increases can be planned for and mitigated by negotiating forward contracts or considering MMC (modern methods of construction).</p> <p>Continuous scrutiny of cost consultants and Quantity Surveyor intelligence to secure optimal process for materials and labour</p>

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Financial Implications

Summary

116. The scheme comprises ten phases and spans 2021/22 to 2037/38, with all phases delivered by the Council, with the exception of phase 7 which would be delivered by a Registered Provider in return for a capital receipt. Unit mixes have been reconfigured in both General Fund and HRA to reduce reliance on borrowing by increasing capital receipts and external grant support from GLA.

117. The Financial model, which relies on external grant funding for all eligible units provided by the Council, has been constructed as a Base Case and generates financial results for both Funds which meet all hurdle criteria.

118. The modelling has been conducted within the framework of the HRA Business Plan which reviews the overall resources of the HRA and estimates the level of these resources over a forty-year time horizon with due regard to affordability, asset values, debt repayment and key performance metrics.

119. The impact of changing key assumptions through scenario testing has been set out so Cabinet can better assess financial risk associated with the scheme and deploy appropriate mitigations.

120. Capital expenditure for the whole scheme, to financial year 2037/38, is estimated to increase by £42m due mainly to the original approved programme (Council 2nd March 2021, KD5210) reflecting only the first ten years of the scheme to 2030/31. Details are provided in appendix 1.

121. Estimated borrowing has reduced significantly mainly due to the increased assumptions around external grant and capital receipts from private for sale units. The impact of this, together with when borrowing will peak, has been assessed against the Council's borrowing (approved Council 2nd March 2021, KD5211) although this will have to be revised as part of the updated Capital and Treasury Management Strategies to be submitted to Cabinet 9th February 2022.

122. On the assumption the financial resourcing requirements of all other schemes remain constant the estimated borrowing under the base case is within the approved operational boundary and does not result in a breach of the Council overall £2bn debt cap. As stated above this will be reviewed in the context of the whole Council's capital programme and borrowing requirement as part of the update to Cabinet.

123. Phases 0 to 3, which are exclusively HRA, is estimated at £240m and approval is required to proceed on the assumption the ballot produces a favorable result and GLA grant application is successful.

124. In setting rents for Council tenants, three options were considered, each with the core assumption of GLA grant for all eligible units across all phases at £200k and £50k per unit for social rented and shared ownership respectively.

Option 1 (recommended)

- Current tenants: return at their existing rents.
- New tenants: rents increased to reflect valuation of the new dwellings: Current valuations are deflated to their equivalent valuations as at January 1999 and rent set accordingly. Termed "rebasings to Jan 1999 valuations" this is permitted under the Rent Standard issued by the Regulator of Social Housing.

Option 2

- Current tenants rent increased to formula rent (the maximum the rent can increase to under current regulations without rebasing to January 1999 valuation).
- New tenants', as option 1, rebased to January 1999 valuations

Option 3

- All tenants' rents rebase to January 1999 valuations

125. Option 1 is recommended as this represents the conventional offer for estate regeneration schemes within current rent regulations.

126. Financial implications will consider first the whole scheme, phases 0 to 10, then phases 0 to 3 only, for which approval to commence is being requested.

Budget impact, all phases (0 to 10) – Capital

127. Capital expenditure is estimated to increase by £42m across all phases compared to the approved budget made up of a reduction against the approved programme in the first ten years of £196.5m offset by an increase of £238.5m in the subsequent seven years reflecting the completion of all phases.

128. The overall increase is made up of HRA £124.7m increase partially offset by General Fund £82.7m reductions reflecting a revised mix of units against that of the original scheme included in the approved budget.

129. The table below shows the change in estimated capital expenditure for all phases against approved budget by Fund and time horizons. Details are provided in Appendix 1.

Financial Year	APPROVED BUDGET			BASE CASE			Increase/(Decrease)		
	General Fund	HRA	Total	General Fund	HRA	Total	General Fund	HRA	Total
2021/22 to 2030/31	£135.1m	£510.8m	£645.8m	£33.3m	£416.0m	£449.3m	(£101.8m)	(£94.7m)	(£196.5m)
2031/32 to 2037/38	£0.0m	£0.0m	£0.0m	£19.1m	£219.4m	£238.5m	£19.1m	£219.4m	£238.5m
All phases 0 to 10	£135.1m	£510.8m	£645.8m	£52.4m	£635.4m	£687.8m	(£82.7m)	£124.7m	£42.0m

Budget impact, all phases (0 to 10) - Revenue

130. Net income generated for HRA and General Fund over 40 years across all phases is estimated to be £320.1m comprising HRA £178.5m net income and General Fund £141.6m net income.

131. Revenue expenditure and income are analysed across all phases over a 40-year operational period. Overall there is a surplus to both the General Fund and HRA, but there will be deficits in some of the earlier years before all phases become operational. The General Fund and HRA revenue budgets will be required to fund these deficits and these will be included in the Budget and MTFP reports for General Fund and HRA for Cabinet 9th February 2022.

132. This assumes the base case and across all phases, summarised in table below:

ALL PHASES (0 TO 10)	General Fund	HRA	Total
Expenditure	£18.4m	£180.1m	£198.5m
Income	(£205.7m)	(£464.5m)	(£670.3m)
Net Expenditure/(Income) before interest	(£187.4m)	(£284.4m)	(£471.7m)
Interest Payable	£45.7m	£105.9m	£151.6m
Net Expenditure/(Income)	(£141.6m)	(£178.5m)	(£320.1m)

Unit Numbers	General Fund	HRA	Total
Residential Properties	128	1,569	1,697
Commercial Properties	-	34	34
All phases 0 to 10	128	1,603	1,731

Borrowing on both General Fund and HRA will be reduced compared to that approved by Council 2nd March 2021 (KD5210) as a consequence of re-configuration of unit numbers and mix combined with higher grant and capital expectations. Appendix shows, under base case, borrowing for both funds is lower in most years which will have a favourable impact on interest costs. The Budget and MTFP update to Cabinet for 9th February 2022 will include the revised revenue impacts for General Fund and HRA, assuming the base case, as well as the HRA Business Plan update for Cabinet 10th November 2021.

This will be updated once new information and market intelligence becomes available.

Debt impact, all phases (0 to 10)

133. The approved budget in the current 10 years programme to 2030/31 assumes a net borrowing requirement of £421m for both General Fund and HRA (after taking into account MRP for General Fund and debt repayments in HRA), with an indicative gross borrowing requirement of £616m for the full life, all phases.

134. Estimated net borrowing for the Base case for the equivalent time horizon to 2030/31 is now £244m, a reduction of £177m, and gross borrowing for the full life, all phases, of £337m, a reduction of £279m against the original full life gross borrowing requirement of £616m.

135. The main reasons for these reductions are increased capital receipts from the reconfigured scheme of £134m supplemented by additional GLA grant and reduced development costs totalling £202m.

Impact on Council borrowing	2021/22	2022/23	2023/24	2024/25	2025/26 to 2030/31	Full life gross debt excl MRP	Peak debt	
£'000s								
Approved borrowing [note 1]	1,328,300	1,503,110	1,630,710	1,644,200	1,985,100	<i>No approvals beyond 2031</i>		
J&S - original estimate	1,364	12,287	39,236	56,785	421,158	616,340	599,834	2035/36
J&S - revised, base case [note 2]	0	33,480	48,694	53,561	244,430	337,293	322,447	2034/35

(Decrease) Increase	-1,364	21,193	9,458	-3,224	-176,728	-279,047	-277,387	N/A
Council - revised estimate	1,326,936	1,524,303	1,640,168	1,640,976	1,808,372	<i>No approvals beyond 2031</i>		

136. Based on the borrowing profile of the whole Council, as set out in the Treasury Management Strategy Statement (TMSS) approved by Council 2nd March 2021 (KD5211), the Council's overall debt will remain within the Operational boundary assuming the scheme proceeds in line with base case parameters.

137. The table below shows the impact on the Council's debt position as compared against published thresholds although this assumes all other factors remain constant. The position will change once the capital programme and financing are refreshed.

138. Appendix 2 provides further details of how the borrowing requirement is expected to change over the life of the scheme.

Viability, all phases (0 to 10) - approach

139. Overall viability of the scheme including all phases and its full life (including years beyond the current approved capital programme and MTFP) has been assessed against the Councils published hurdle criteria for the HRA, as approved by Cabinet 3rd February 2021.

140. Although there are no approved hurdle criteria for General Fund it is reasonable to expect the scheme to have a positive Net Present Value and an internal rate of at least 8%. These will ensure the scheme contributes financial resources to the General Fund and is resistant to adverse interest rate fluctuations.

141. Under these criteria the Base Case version, both the HRA and General Fund elements of the scheme meet all hurdle criteria with the exception of IRR on General Fund which is below the 8% threshold at 6.84%. Although below threshold the IRR indicates the scheme shows a reasonable level of resistance to increases in financing costs which, based on latest data, are less than 3.5%. The metric will be kept under review as development costs and sales values are clarified and reported back to Cabinet as required.

Viability has been assessed using financial modelling which is fundamentally based on a set of assumptions, the most significant of which are listed below:

- **GLA grant support – to be confirmed**

For all phases: £200k and £50k per unit for affordable rented and shared ownership respectively based on optimum grant assumptions.

Base case assumes grant of £121m for all phases. Proposals for £36m phases 0 to 3 submitted, with remaining £85m phases 4 to 10 in progress. Higher grants will improve viability.

- **Rents**

Current tenants will stay at their existing rent levels. New tenants would be charged rents based on rebased Jan 1999 valuations resulting in a higher rent. This is expected to result in a positive ballot outcome with residents, a requirement for accessing GLA funding.

- **Construction costs**
£3,034 per square metre inflated at 2.12% per annum and contingency of £36.3m equating to 5.27% x total scheme costs
- **Delivery method**
Combination of Council led delivery with Registered Provider involvement, mixed tenure HRA and General Fund. A Registered Provider will purchase phase 7 from the Council for estimated £7m to develop the site taking ownership of all units in that phase.
- **Interest on borrowing**
3.5% with MRP for General Fund, no MRP in HRA as not a statutory requirement. HRA debt instead assumed to be repaid based on affordability within the overall HRA Business Plan (see below)

142. Appendix 4 gives details of the full set of assumptions used.

143. Variation in one or more assumptions, or any combination thereof, will have an impact on financial results of the scheme and therefore can affect its viability. To ensure the recommendation to Cabinet is complete the results of scenario testing have been included which show the impact on the scheme if one or more key variables are changed. These are shown after the viability results for the base case.

Viability, all phases (0 to 10) – results for base case

144. All hurdles criteria for HRA and General Fund are met under the base case financial model. Explanations of the hurdle criteria are provided below:

- Internal Rate of Return (IRR) – measure of the scheme’s resilience to adverse fluctuations in cost of borrowing. Higher rate indicates the scheme will still be able pay interest costs even if costs of borrowing increase. Minimum required IRR is 3.5% for HRA which is the current *average* rate of interest Council pays after including old debt which was taken at higher rates. That for General Fund set at 8% reflecting the higher rents which can be charged. Current base rate is 0.1% with the next review due 23rd September (source: Bank of England, Monetary Policy Committee) and is set by reference to the yield on Government Bonds or “Gilts”.
- Net Present Value (NPV) – measure of how much scheme contributes by way of financial resources to the Council where a positive is a contribution and a negative is a depletion. HRA hurdle is -£50k per unit in recognition of sub market rents being generated although this has been reversed mainly because of grant support assumptions. NPV is expressed at current prices as it acknowledges cashflows in the future are worth less when converted to current prices using discounted cashflows.
- Build cost per unit – expressed in cash terms and includes construction, land assembly, applicable taxes which are not recoverable and all overheads and professional fees. Market intelligence in this area indicates *significant increases for the cost of materials* and labour impacting contracts entered in financial year 2021/22 and possibly later.
- Pay back – number of the years the scheme will earn its cost back
- Peak debt – estimate of the amount and timing of then debt will be at it’s highest before repayments start to diminish the amount owing. Overall Council peak debt may not be the sum of the funds due to the timing of MRP (see below). This will

have to be considered alongside the impact of peak debt of other Council schemes and included in both the Capital and Treasury Management Strategy reports to be submitted to Cabinet 9th February 2022.

General Fund – statutory Minimum Revenue Provision (MRP) is applied which requires Council's to set aside an amount every year for the repayment of debt. This set aside starts the financial year after the assets become operational and continue over the useful economic lives of the assets to ensure the debt can be repaid when the asset's life comes to an end. Amount of MRP is not necessarily the same as the amount owing is reduced by as the Council must honour the terms of the loan agreement and avoid penalties for any breaches.

HRA – no concept of MRP, instead debt repayments are made when sufficient resources become available; debt for HRA scheme is consolidated and repayments are set aside for the HRA as a whole as opposed to individual schemes. These repayments are actioned in line with conditions of the loans to ensure penalties are avoided or kept to a minimum.

Appendix 2 shows the debt position for both General Fund and HRA as the scheme progresses. Key points to note are as follows:

General Fund borrowing starts 2022/23 and is repaid 2107/08 after seventy-eight years in line with current MRP policy of seventy-five years for housing assets. The time for repayment is slightly higher reflecting the phasing of unit completions.

HRA borrowing starts 2022/23 and is repaid 2060/61 after thirty-nine years reflecting phased completions and is based on the affordability of the wider HRA Business Plan.

Peak debt is £322.447m at 2034/35 divided General Fund £52.052m and HRA £270.395m both stated net of MRP and debt repayments respectively.

These are based on the base case and will be revised as new information emerges.

145. Table below summarises the financial results of the base case.

ALL PHASES, Base case	General Fund	HRA	Total	HRA hurdle
Internal Rate of Return (IRR)	6.84%	3.73%	4.31%	3.50%
Net Present Value (NPV)	£27.2m	£7.7m	£34.9m	n/a
NPV Per unit	£213k	£5k	£21k	(£50k)
Build cost per unit	£409k	£405k	£405k	£450k
Payback Period (Years)	33	33	33	40
Peak Debt	£52.1m	£270.4m	£322.5m	n/a
Peak Debt Year	2034/35	2034/35	2034/35	n/a

Viability, all phases (0 to 10) – scenario testing

146. Results above relate to the base case scenario which is anchored in a set of assumptions. To ensure visibility of how changes in key assumptions could impact the scheme, and therefore the Council, scenario tests were carried out as set out below.

Assumption tested	Justification
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GLA Grant	Grant awards not yet agreed: New Affordable Housing Programme does not guarantee grants wards as did predecessor programme.
Construction costs	Market intelligence (Avison Young) suggests significant cost increases in materials and labour impacting schemes commencing 2021/22 due mainly to Brexit and Covid 19
Rent increases after 2025	Councils can increase rents by up to CPI + 1% (based on previous September index) until 2025; Government have not indicated this policy will continue thereafter.
Interest borrowing	Consolidated rate of interest, which includes historic long term borrowing at higher rates, is 3.5%; although TMSS indicates this will continue increase of 1% included given potential for inflation in economy.
Registered Provider (RP) involvement	Estimated receipts from selling off phase 7 to RP., This will be tested downwards to Council receiving a nil receipt.

147. A total of 168 scenarios were generated (including the base case) which are considered too many to assimilate therefore a reduced selection of 48 scenarios have been presented in appendix 3.

148. This has been achieved by suppressing intermediate scenarios for construction inflation with the focus on stretching this variant to the highest level of 7.12% p.a. This has for presentation purposes in appendix 3, reduced the number of scenarios by some 120 to 48.

149. This is considered reasonable given recent market intelligence received from Avison Young 5th May 2021 suggesting increases in construction costs impacting residential contracts entered into in financial year 2021/22. Estimated maximum increases in materials costs include:

<u>Material</u>	<u>Increase up to</u>
Aggregates	+20%
Plywood	+24%
Steel	+40%

Source: Avison Young, Q2 Current & Forecast trends, May 2021

150. The main reasons for these increases, which also extend to some labour, are constraints in the supply chain caused by Brexit and Covid-19 although it is not clear at present how long these conditions will persist.

151. It should be noted however that it is the combinations of two or more variants, as demonstrated in appendix 3 using colour coding for convenience, which are designed to reflect the impact of changes in market and macro-economic conditions.

152. A key objective in mitigating the risks presented in this scheme will be to ensure construction costs are minimised and market conditions and macro-economic factors are continually reviewed.

Construction costs

153. HRA - An overall increase of 5% from 2.12% to 7.12% would render the HRA element of the scheme unviable under all scenarios

154. General Fund – a similar increase would worsen the IRR to a minimum of 4.44%, above the Council's borrowing rate but below the 8% target. NPV per unit would be eroded to a minimum of £788k but would remain positive under all scenarios.

Interest on borrowing

155. In isolation a 1% increase in the cost of borrowing over 3.5% will not significantly impact the results for HRA or General Fund elements.

156. When combined with increased construction costs of 5% the HRA position is made unviable, even with all tenants paying the highest rents (rebased to January 1999 values).

Grants

157. Reduction in GLA grant from £200k to £150k and £50k to £30k per unit, for affordable rented and shared ownership tenures respectively, would reduce the HRA IRR indicator below the hurdle criteria which means the scheme would be unable to service interest costs.

158. If combined with a 5% increase in construction costs all HRA indicators fail hurdle criteria. This situation continues even where all tenants are paying the highest rents (rebased to January 1999 levels).

159. HRA IRR fails only marginally, with all other indicators meeting hurdle criteria however, where grants are reduced as above but construction and interest costs are unchanged and tenants pay the maximum rents.

Phases 0 to 3 - financial implications

160. This section sets out the financial results of the first part of the scheme, phases 0 to 3, which is exclusively HRA and consists mainly of affordable and private for sale homes to cross subsidise, attracting GLA grant of some £36m as set out in table below. Although there is no direct impact on the General Fund the additional borrowing will affect the overall average interest payable as a result of new loans being taken at lower rates. It is likely there will be a minor indirect benefit to General Fund as a result of marginally lower costs of borrowing.

161.

Phases 0 - 3 units and grant £'000	Non-grant funded social reprovion	Additional (newbuild) social	Leasehold reprovion	Total residential	Private sale	Commercial Units
Phase 0	64	22	26	112	45	0
Phase 1	25	29	11	65	12	1
Phase 2	54	47	28	129	40	3
Phase 3	56	59	22	137	38	0
Total	199	157	87	443	135	4
Grant per unit	£0	£200	£50	n/a	n/a	n/a
Grant funding	£0	£31,400	£4,350	£35,750	n/a	n/a

Although the base case financial model assumes £35.8m grant support for phases 0-3 an additional £8.2m will be received in recognition of the re-configured scheme resulting in an additional 41 affordable rented units.

A further £10.4m for 52 affordable rented units for future phases has been included in bringing the total bid to £54.4m.

In recognition of the iterative nature of the scheme and pending confirmation of the grant award it is considered reasonable and prudent to set the base case at the lower grant assumption of £35.8m.

The financial model will be revised as new information is received with reports to Cabinet as appropriate and through the annual HRA Business Plan refresh.

162. All units, except those sold to private residents and purchased through shared ownership, will remain in Council ownership with estimated net rental income of £80m over the 40 years before interest costs.

163. Capital expenditure, which includes land assembly, infrastructure and construction costs, is estimated at £240m funded £36m GLA grant and £108m capital receipt mainly from private sales with the remaining £95.8m funded from borrowing.

164. All estimates are based on the base case financial model therefore external grant has yet to be confirmed. It has been assumed private for sale units will be held in HRA to support affordable housing development as permitted under s9 Housing Act 1985.

165. Table below sets out the estimated revenue and capital account positions for phases 0 to 3 only in the HRA extracted from the base case scenario. These, including borrowing requirement, is included within the financial model used to assess viability of the whole scheme.

Revenue account	HRA
Expenditure	£79.1m
Income	(£158.7m)
Net Expenditure/(Income) before interest	(£79.6m)

Capital account	HRA
Expenditure	£239.6m
Funded:	
GLA Grant	-£35.8m
Capital receipts	-£108m
Borrowing	£95.8m

Taxation – Residential units

166. VAT – as a mixed development some construction costs exempt; rental income is zero rated

167. Stamp Duty Land Tax (SDLT) - payable at higher rate where more than one property acquired

Taxation - Commercial units

168. Construction costs subject to standard rated VAT; rental income exempt. Authority unable to recover VAT incurred in cost of construction unless Option to Tax exercised before development commences in accordance with HMRC regulation 742A.

169. Exercising **Option to Tax** has the effect of adding VAT at applicable rates on rents and enabling Authority to recover VAT incurred in construction of the related units.

VAT advice will be required once the unit mix, costs and grant assumptions have been finalised.

Legal Implications

170. The Council has the statutory powers to undertake the regeneration of Joyce and Snell's. The Council has a wide general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals generally may do. The existence of this general power of competence is not limited by the existence of any other power of the Council which (to any extent) overlaps it. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. Furthermore, pursuant to section 8 of the Housing Act 1985 (as amended) ("the 1985 Act"), the Council is required to consider the housing conditions and needs of their area with respect to the provision of further housing accommodation. The Council has the power under section 9 of the 1985 Act to provide housing accommodation and under section of the 1985 Act to acquire land for housing purposes.

171. Any disposals of HRA property out of the Council's ownership, whether on a freehold or leasehold basis, require consent under section 32 of the Housing Act 1985. The Secretary of State has issued some general consents to disposal. Further analysis and legal advice will be required as details of the project are developed further and set out in subsequent reports.

172. As noted above, section 105 of the 1985 Act states that the Council must consult with all secure tenants who are likely to be substantially affected by a matter of 'Housing Management', which is defined as including a new programme of maintenance, improvement or demolition or a matter which affects services or amenities provided to secure tenants and that such consultation must inform secure tenants of the proposals and provide them with an opportunity to make their views known to the Council within a specified period. Section 105 further specifies that before making any decisions on the matter the Council must consider any representations from secure tenants arising from the consultation. Such consultation must therefore be up to date and relate to the development proposals in question.

173. If progressing the scheme, the Council is under a duty to attempt to acquire third party interests by agreement. Where this cannot be done the Council will have to consider exercising its powers to compulsory purchase leasehold/freehold interests. For this the Council will have to demonstrate there is a compelling case in the public interest to do so, and that there are no financial or planning impediments to the regeneration scheme. The appropriate powers and justification for any compulsory purchase order will have to be considered in any applicable subsequent report.

174. Initial searches of the land and various interests have commenced, with a view to ensuring the scheme can progress as proposed without any impediment. The making of any compulsory purchase order and all acquisitions and disposals must comply with the Council's Property Procedure Rules.

175. Where a secure tenant refuses to move or has refused the offer of other suitable alternative accommodation, the Council has the legal right to gain possession of the property for decanting/redevelopment purposes. The two grounds for possession relevant to regeneration are Grounds 10 and 10A under Schedule 2 of the 1985 Act. Notices may be served on these grounds to ensure vacant possession of the properties. The Court has discretion on whether to order possession, and needs to be satisfied that suitable alternative accommodation is available at the date of the hearing. The Council can serve an 'initial demolition notice', specifying the demolition date, which should prevent any right to buy claims arising.

176. It may also be necessary to appropriate parts of, or all the land for planning purposes (following the grant of planning permission but before final disposal). This enables the Council to take advantage of section 203 Housing and Planning Act 2016 to override third party rights, such as easements. This effectively 'cleans the title' by converting such rights to a right to compensation, as opposed to a risk of injunction.

177. The public sector equality duty under section 149 of the Equality Act 2010 requires the Council to have due regard to; (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a protected characteristic and persons who do not share it. This is dealt with in the above section, and any equality impact assessment prepared should be revisited as the scheme develops.

178. All works and services associated with the proposals must be procured in accordance with the Council's Constitution, in particular its Contract Procedure Rules, Procurement Manual and the Public Contracts Regulations 2015 and all contracts will need to be in a form approved by Legal Services on behalf of the Director of Law and Governance. Analysis any procurement and subsidy control issues arising in relation to the proposals will need to be conducted when further details are known and on an ongoing basis throughout the lifetime of the scheme.

179. As noted above, GLA funding is conditional upon providing evidence of a positive vote in a resident ballot in favour of regeneration. The Mayor of London's residential ballot requirements are detailed in section eight of the GLA Capital Funding Guide. The Council should also adhere to the principles set out in "Better homes for local people: The Mayor's good practice guide to estate regeneration." To comply with the GLA's requirements the Council must identify residents that are eligible to vote in the ballot; appoint an independent body to undertake the ballot; ensure the principles of resident ballots set out in the guidance are adhered to; produce and publish a Landlord Offer document for residents; prior to claiming grant, complete the GLA Resident Ballot Compliance Checklist in a form satisfactory to the GLA; and provide residents and the GLA with regular reports detailing progress they are making. The ballot period should last for at least 21 days and must end within 6 months following the publication of the Landlord's Offer document.

180. As noted above a planning application is intended to be submitted to the Local Planning Authority. Further legal advice on this will be required, particularly in terms of agreeing and negotiating heads of terms for planning conditions and how any planning obligations are framed, and any liability for community infrastructure levy.

181. Public law principles will also apply to the decisions made by the Council in relation to the scheme, including the Council's duty to take account of its fiduciary duty and to act prudently with public monies. The Council is also under a general duty to act reasonably and show that its decisions in relation to the delivery of the project are made after having given due and proper consideration to all relevant factors (disregarding irrelevant factors). The Council must conscientiously consider the results of any public consultation undertaken in relation to the proposals.

BB July 2021

Workforce Implications

182. The Council has established experience through existing regeneration projects and created a strong professional services team for the masterplan. As

the proposals move into an implementation stage, there is a need for a range of skills and experience to build the capacity of internal resources, particularly to deliver Phases 0-3. The range of design and technical specialists needed will be a mix of procurement and recruitment with proposals developed in line with agreed budgets.

Property Implications

183. These property implications are written largely from the perspective of corporate property (i.e. General Fund), given that the HRA property implications are found throughout the report.

184. The proposals have only a limited amount of interaction with corporate property assets, largely because this report is only seeking approvals relating to the early phases of the project i.e. phases 0-3. This interaction arises primarily with the re-provision of community facilities which could see a new multi-use library building. The nature and specification of re-provided corporate assets will need to be determined and agreed following an area-wide review of, and strategy for, social/community assets.

185. As such strategy and re-provision proposals come forward, they will be subject to their own reports and approvals at that time.

186. For the avoidance of doubt, despite the mention in this report of the corporate asset of land at Florence Hayes, it is specifically excluded from the scope of the report proposals.

187. In relation to the commercial units that are within scope of the project, any new leases that are agreed going forward will need to include flexibility for LBE as landlord to break the lease to enable the future development. Should there be any existing lease interests which do not have flexibility and have an expiry date beyond the time when vacant possession is needed for development and agreement cannot be reached by negotiation with the tenant for early surrender, the Council will require Compulsory Purchase powers to enable it to progress the scheme for the benefits of residents.

188. In relation to whether new commercial units are opted to tax, consideration will be needed of the effect of VAT on rent to new tenants. This is relevant should a more holistic, place-making design and intent on the nature and type of retail offer in the local area be part of the masterplan (such as that intended at Meridian Water).

Other Implications

189. Any procurement will be undertaken in line with the Corporate Property Procedure Rules. A schedule of resources needed and timeframes is being progressed in line with the overarching programme requirements.

Options Considered

190. The Council has explored various delivery and financing routes, including non-demolition and newbuild. The condition of the current blocks and the known anti-social behaviour on the estate is a matter of concern that only a redevelopment will help to address.

Conclusions

191. The housing challenge locally is significant. Enfield has too few affordable rented homes and a growing number of people on low incomes living in the private rented sector. The population is rising, with increasing numbers of households on low incomes. At the same time, private sector rents and the number of private rented homes in the borough is rapidly rising. This means that increasing numbers of people on low incomes are living with unsecure tenancies, and in many cases, experiencing housing standards which are not acceptable.

192. People hoping to own their own home face challenges too. Local people aspiring to buy a home close to their family are finding local market sale prices prohibitive. Homes for outright sale are often unaffordable and out of reach for many residents. This means people working in essential local services, such as teachers, social workers, occupational therapists, nurses, police officers or utility workers, and particularly those with families, are having to make difficult decisions. This often means choosing whether to stay locally, in overcrowded accommodation, or move out of the borough, away from local support networks and local employment. With Joyce and Snell's we are aiming to improve the condition of poor quality Council housing and re-balance the market by setting and supporting delivery of good standards, delivering a wider variety of housing products and creating sustainable communities with mixed income levels, where everyone can benefit from the opportunities that growth can bring.

193. The opportunity to redevelop Joyce and Snell's achieves a number of objectives for existing residents and for future residents. It provides larger, modern and well-built social housing addressing housing needs and contributing towards the Climate Change agenda. The homes will be more energy efficient, connecting to the heat network will help decarbonisation of existing stock and green routes will increase biodiversity in the area. Residents are keen to see change and have been engaged as part of this process which means that if and when delivered, Joyce and Snell's will be a landmark scheme, stewarded by the Council to secure the best outcome for Enfield residents.

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Background Papers

The following documents have been relied on in the preparation of this report:
KD4590