

Title of meeting: Housing Cabinet

Date of meeting: 18th September 2012

Subject: Somerstown Regeneration Phase 1

Report by: Head of Housing Management

Wards affected: Charles Dickens and St Thomas Wards

Key decision: Yes

Full Council decision: No

1. Purpose of report

- 1.1 To provide the Cabinet Member for Housing with an update of the progress to date on the group of capital schemes known as Somerstown Phase 1, note the way forward and changes to the funding and financial appraisal since the last cabinet report in November 2010.

2. Recommendations

- 2.1 It is recommended that the Cabinet Member for Housing:
- Approves the changes contained in the revised financial appraisal shown in Appendix A
 - Delegates authority to the Head of Housing Management and Head of Asset Management to investigate an optimum solution for the future use of the existing vacant 3 retail units at Wellington Street and enter into any necessary lease(s) agreement(s).
 - Approves the investigation of the implementation of additional environmental/energy saving improvements to be made to the Hub after the construction is complete. Any such proposal to be made in accordance with the corporate priorities and in tandem with other work the council is undertaking.

3. Reasons for recommendations

- 3.1 Approve the revised financial appraisal. To ensure the best use of the vacant retail units at Wellington Street. To investigate the future possibilities of additional environmental and energy saving improvements for the city.

4. Background

- 4.1 Somerstown was first identified as an area in need of regeneration in 1999 when the Council made a successful Heart of Portsmouth bid for Single Regeneration Budget round five funding.
- 4.2 A Community Board, made up of Somerstown residents, stakeholders and Council Members, appointed architects to develop a masterplan for regeneration in the area in 2002. Extensive consultation on the masterplan was undertaken in 2003.
- 4.3 In 2004, a Somerstown and North Southsea Regeneration Project Board was established to oversee a regeneration plan.
- 4.4 A Planning For Real exercise was launched in 2004 to ascertain residents' regeneration priorities for the area. A Planning for Real report was submitted in 2005. This highlighted the demand for quality housing, community, youth and health facilities.
- 4.5 Design and financial consultants were appointed to produce a plan for regeneration from residents' aspirations in 2005 and in 2006 the Council launched a major public consultation exercise looking at three regeneration options, ranging from high levels to low levels of change. The results of the consultation were published in 2007 and the report showed that 72% of residents wanted high levels of change.
- 4.6 In September 2008 Council approved a feasibility report to be prepared for the first phase of the Somerstown regeneration project and the Somerstown and North Southsea Area Action Plan (AAP) to be developed in light of the results of the extensive consultation outlined above and in response to the need to replace facilities coming to the end of their usable lives at Southsea Community Centre, the Brook Club and Somerstown Health Centre.

- 4.7 Council approved the plans for phase one at a full council meeting in June 2010 and revised funding for the Community Hub building was given council approval in November 2010.

5. Progress to date:

Warwick Crescent:

- 5.1 Four 3 bedroom and three 4 bedroom social rented family homes were completed in October 2011. All of the dwellings were constructed to level 4 of the code for sustainable homes and funded by the Homes and Communities Agency (HCA) and the Partnership for Urban South Hampshire (PUSH). These dwellings are now occupied by PCC tenants.

Tipton House Extension

- 5.2 An extension to the Community lounge and improvements to the external space was completed in December 2011.

Edgbaston House Buggy Store

- 5.3 A new buggy store was completed in March 2012, relieving pressure on internal storage.

Wellington Street Housing

- 5.4 The ten 4 bedroom family homes, twelve 2 bedroom flats and three retail units are currently part way through their construction and are due for completion in December 2012. Once again the Housing units are constructed to code 4 of the sustainable homes standard and funded by the HCA and PUSH.

The Somerstown Community Hub

- 5.5 BAM Construction have been working under a pre-contract service agreement requiring them to develop the design in cooperation with the PCC team, obtain planning permission and agree a cost plan.
- 5.6 Planning Permission was awarded in Nov 2011, and the contract sum of £10.8m was agreed in July 2012.

- 5.7 It is anticipated that the PCT will enter into the agreement for a lease in the Hub in September 2012. This means that they will be contractually obliged to take a lease of the Hub once construction has completed and thereby guarantees the rental income on which part of the borrowing is predicated.
- 5.8 Highways stopping up notices were made in July 2012, Footpath diversion notices were made in July 2012. The challenge period for both will expire in Sept 2012 whereupon the site will be available.
- 5.9 Statutory services diversions (Gas and Electricity) were completed in July 2012.
- 5.10 Commencement of the main contract is anticipated in Sept 2012 with a contract period of 78 weeks concluding in early 2014.

Wellington Street Retail Units

- 5.11 Demand from the local retail market has remained depressed and private sector acquisition funding is severely restricted. In the short term there appears little opportunity that PCC will achieve best value in the current market by selling the properties.
- 5.12 AMS have remarketed the properties as a rental opportunity and have received good interest from a number of national retailers. These leads will be developed to achieve the best position for PCC. In the longer term it is likely that the rental returns will exceed the funding which was based on construction cost only without profit.

6. Equality impact assessment (EIA)

- 6.1 A full equality impact assessment was completed for the Somerstown and North Southsea Area Action Plan, as part of the feasibility phase. For the individual sites for phase one:
- Warwick Crescent – preliminary EIA completed, full EIA not required.
 - Community Hub – preliminary EIA completed, full EIA not required.
 - Wellington Street incl. new junction – preliminary EIA completed, full EIA not required.

7. Head of Legal comments

- 7.1 Under Section 123 of the Local Government Act 1972 there is a general power for local authorities to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements. The only restriction is that it must be for the best consideration obtainable.
- 7.2 The Secretary of State's consent is needed if the Council receive less than the "best consideration that can reasonably be obtained" unless certain circumstances exist in which case Council is able to dispose of land for less than best consideration if it considers that this will achieve the promotion or improvement of economic, social or environmental well-being of its area.
- 7.3 In this instance the council is seeking to obtain the best consideration that can reasonably be obtained and the council will be acting within Section 123 without need of recourse to the exceptions.

8. Head of Finance comments

- 8.1 The Section 151 Officer's Financial Appraisal is attached. This scheme is fully funded, taking into account recent movements in funding sources due to a £1.4m reduction in Corporate contribution with a reciprocating increase in revenue contributions from the HRA.
- 8.2 Further investigations into the potential implementation of additional environmental/energy saving improvements to be made to the Hub after the construction is complete, is recommended and any necessary future spend will be the subject of an additional financial appraisal.
- 8.3 It is proposed that the Head of Housing Management and Head of Asset Management investigates the optimum solution for the future use of the existing vacant 3 retail units at Wellington Street, in the event that the current process fails to secure tenants. Such alternative solutions on this site would also need to be subject to full financial appraisal.

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Signed by:

Appendices:

Appendix 1. Somerstown Financial Appraisal

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: