

13 March 2024		ITEM: 21 Decision: 110716
Cabinet		
Teviot Avenue Nos – 158 – 228 (evens) – Demolition and Redevelopment		
Wards and communities affected: Aveley and Uplands Ward	Key Decision: Key	
Report of: Councillor Barry Johnson - Cabinet Member for Children’s Services and Housing		
Accountable Assistant Director: Accountable Assistant Director: Ewelina Sorbjan – Assistant Director of Housing and Development		
Accountable Director: Claire Demmel – Executive Director of Place		
This report is Public		
Version: Final / Cabinet		

Executive Summary

This report advises Cabinet on a proposed redevelopment of numbers 158 - 228 (evens only) Teviot Avenue and seeks approvals related to the redevelopment of the dwellings. The report proposes a site area for redevelopment and seeks authority for the vacation of the dwellings and the making of appropriate payments to displaced residents.

The report identifies the structural defects and repair liability for these flats. It describes the options appraisal that concludes that demolition of the existing buildings and development of an increased number of homes on the site is the option presenting the greatest value-for-money.

The proposed route is for the Council to deliver the scheme itself and to progress this by procuring a main contractor and seeks approval to procure a contractor to demolish the existing dwellings and construct the new homes.

The table below demonstrates the financial viability of the proposed project overall.

30-year summary	£,000
The repair liability for the existing stock avoided	(9.628)
The cost of vacating the existing home through decant of tenants and buyout of leaseholders	1.320
The financial feasibility of the proposed redevelopment	3.365
Total 30-year position	(4.943)
Note: Figures in brackets are positive numbers in the appraisal	

Commissioner Comment:

The Commissioner endorses the recommendations as outlined. Whilst there is a shortfall in the direct costs of the scheme as outlined in 3.36 of £3.365m, given the avoided liability of the repair cost of £9.628m (3.25) that would have been incurred on maintaining the Teviot stock over the 30-year period, there is a positive position from doing the scheme which represents Best Value. Borrowing from PWLB will be necessary to finance the Teviot Scheme.

1. Recommendation(s)

Cabinet is asked to approve the following:

- 1.1 The proposed site area for the redevelopment of numbers 158 – 228 (evens) Teviot Avenue.**
- 1.2 Commencement of decanting residents from these properties and the treatment of these residents in line with the Council's allocations policy**
- 1.3 Payment of home loss and disturbance payments as appropriate**
- 1.4 Commencement of negotiation with leaseholders for the repurchase of properties and completing the purchases with such actions delegated to the Executive Director Adults Housing and Health in consultation with the Chief Financial Officer and the Portfolio Holder for Finance, Human Resources and Payroll, and the Portfolio Holder for Children's Services and Housing.**
- 1.5 Subject to further Cabinet approval the use of Compulsory Purchase Powers under s226 Town and Country Planning Act 1990 should this become necessary.**
- 1.6 Service of a demolition notice under Section 138B and Schedule 5A of the Housing Act 1985 that will confirm the Council's intention to demolish the buildings and suspend the obligation on the Council to complete right to buy applications on the dwellings within the agreed site boundary.**
- 1.7 Approval to negotiate and settle any statutory compensation claims made by residents as a result of the service of the Initial Demolition Notice with such actions delegated as at Paragraph 1.4 above.**
- 1.8 Approval to establish a budget of £1.0m to meet the costs of purchase of leasehold interests.**
- 1.9 Subject to Government agreement to borrowing, approval is given to launch a procurement process to obtain a main contractor for detailed design and**

construction and to delegate to the Corporate Director for Adults Housing and Health in consultation with the Leader, Cabinet Member for Children’s Services and Housing, Commissioners and Section 151 Officer, the decision to make the necessary contract awards

2. Introduction and Background

- 2.1 This report concerns the proposed redevelopment of 36 Housing Revenue Account flats constructed of pre-cast reinforced concrete of the ‘Cornish’ type situated in Teviot Avenue, Aveley. These dwellings were of a type designated as defective initially under the 1984 Housing Defects Act, (consolidated into the 1985 Housing Act), due to their construction material and manufacture. There are currently 36 units (of which 4 are leaseholders) being considered under this proposed redevelopment. All existing units are 2 bed 4 person. An existing plan is shown in the Appendix A. The units in question are even numbers only 158 – 228 inclusive.
- 2.2 In September 2020 the Council commissioned Michael Dyson Associates to undertake a survey of these units as part of a series of surveys on the Council’s non-traditional Cornish Unit Blocks
- 2.3 A refurbishment was already scheduled for Teviot Avenue in the next five to ten years, so the survey was originally instructed to assess the then present condition of the structures, record the location of defects, and also to provide commentary on the remedial works and improvements required to maintain the blocks in the medium term.
- 2.4 The survey identified several issues with the flats at Teviot Avenue, including inherent structural defects due to the method used to construct these flats. These structural defects can only be remedied by substantial reconfiguration of the overall structure. Therefore, this required officers to reconsider the options for the estate and long-term sustainability. The structural problems relate to the pre-cast reinforced concrete elements including balconies and fixtures externally, requiring installation of new concrete wall panels, plinths and columns, together with ad hoc door and window replacement, enhanced roof insulation and support and new internal fit out. To repair, the balconies would require decoupling and replacement taking support from the new walls and footings. The building foundations would also require underpinning and enhancement to take the additional weight.
- 2.5 To summarise, these dwellings are currently in poor condition and suffer from significant damp and mould growth due to thermal bridging related to the existing method of construction. The blocks in their current form require significant investment to undertake major repairs internally and externally and to bring them up to an acceptable standard and for modern day living.
- 2.6 The survey also highlighted that some works were planned to be undertaken as part of scheduled refurbishment in the next five to ten years that would need to be brought forward given Health and Safety issues, such as the balconies which are in a poor condition.

3. Issues, Options and Analysis of Options

3.1 A Green Book' options appraisal/outline business case was initially completed in October 2021 to review options for retention or replacement of the flats. This resulted in a business case in line with HM Treasury's Green Book guidance and other key government guidance documents including Business Case Project Guidance. The appraisal reviewed options in relation to the Strategic Case, Economic Case, Commercial Case, Financial Case and the Management Case for a range of five options, as below:

3.2 Option 1 – Status Quo – remain in occupation, i.e., do nothing other than implementing an ongoing maintenance as programmed

Option 2 – Structural Refurbishment – undertake a comprehensive structural refurbishment of Teviot Avenue including Decent Homes Standard for residents

Option 3 - Structural Refurbishment and Replace Mansard Roof – undertake a comprehensive structural refurbishment of Teviot Avenue including Decent Homes Standard and replacement of the mansard roof.

Option 4 – Demolish and Rebuild – demolish the existing accommodation at Teviot Avenue and build a similar number of new dwellings to accommodate existing residents.

Option 5 – Demolish and Rebuild more units – demolish the existing accommodation at Teviot Avenue and build a higher number of new dwellings to accommodate existing and new residents.

3.3 Initial designs and cost plans were developed and used for the new build options appraisal.

3.4 Housing officers were keen to engage with residents at Teviot Avenue at the earliest opportunity to gather their views on redevelopment options. A consultation exercise was undertaken by the Council in 2021 with all 36 tenants and leaseholders.

3.5 These explained the issues with Teviot Avenue and the poor condition they are in, highlighting the requirement for major repairs in the short-term, and the continued ongoing maintenance and repairs required in the long-term if a better solution for Teviot Avenue is not found.

3.6 Some of the issues highlighted by residents during engagement included:

- Current condition of the properties such as damp, mould, and condition of the balconies
- Worries about a big upheaval with redevelopment, particularly with vulnerable tenants.

- Concerns that some residents would not be able to get a property they wanted in the area.
- Children's schooling possibly being disrupted due to a move to another area should redevelopment proceed.
- Leaseholders unsure on how a redevelopment would affect them and their dwellings.

3.7 Taking into consideration the council's landlord obligations, housing and place making aspirations, preferred outcomes from any works or development programme were identified through senior officer engagement as part of the green book exercise, and together with the results from the engagement with residents, the following statements were used to assess the effectiveness of each option to achieve them. These statements are set out below:

- Teviot Avenue will be a sustainable building to live in for residents.
- Teviot Avenue provides residents with modern living conditions.
- Teviot Avenue makes efficient use of the Council's land ownership.
- Teviot Avenue helps the regeneration and place making of Thurrock.
- The preferred option for Teviot Avenue limits resident disruption.
- The preferred option for Teviot Avenue has the ability to increase the number of housing stock.
- The preferred option increases the lifespan of Teviot Avenue.
- The preferred option enhances and/or creates a community feel.
- The preferred option provides a mix of property types which Teviot Avenue currently lacks.

3.8. Alongside these criteria to evaluate options a number of financial criteria were agreed by officers including future day-to-day repair costs and capital expenditure over a 30-year period.

3.9 The Green Book option appraisal process subjects each option to a value for money (VFM) assessment that recognises both the financial and non-financial implications of the options. The VFM assessment is therefore two-fold via the development of a financial and qualitative model.

3.10 In order to appraise the options from a financial perspective, Discounted Cashflow (DCF) Models, were constructed setting out projected costs and income associated with each particular option over a 30-year period.

3.11 Where benefits are not quantifiable but are clearly material to the decision process, then these qualitative costs, benefits, and risks are also assessed and taken into consideration in identifying the preferred option by the use of a qualitative matrix. The qualitative criteria mentioned at 3.7 was used to score the options against these objectives. This involved the creation of a matrix that enabled the criteria, their weightings, and then individual scoring of the options above to be considered as part of this business case.

3.12 The resultant financial scores for each option and the qualitative scoring derived from officer and resident engagement was then combined to achieve an overall value-for-money outcome, as shown in the table below.

Option	Financial Score (50% weighting)	Qualitative Score (50% weighting)	Total Combined VfM Score (100%)	Value for Money Ranking
1. Status Quo	66.38	32.03	49.20	5
2. Structural Refurbishment	75.72	47.28	61.50	4
3. Structural Refurbishment & Replace Mansard Roof	70.02	51.20	60.61	3
4. Demolish and Rebuild	68.48	88.02	78.25	2
5. Demolish and Rebuild More	100.00	100.00	100.00	1

3.13 The option to demolish and rebuild more homes (Option 5 – demolish and rebuild more) was assessed as providing best course of action when considering the qualitative and financial impact. Whilst the Green Book options appraisal advises that both option four and five should be further assessed, option five remains the preferred option. This report focuses on the progression of option five given its clear superiority in the appraisal.

3.14 The outline business case was further updated in September 2023 specifically in relation to Option 5 ‘demolish and rebuild more’ given its superiority in preferred outcome.

3.15 It concluded that the project remains viable financially and also examined in detail the Benefit-Cost Ratio (BCR) and Value for Money using a Green Book compliant approach.

3.16 The BCR is calculated as the Net Present Value of Benefits generated by the proposal divided by the costs.

3.17 The value includes the rental income generated from the new homes but is also supplemented by the health and wellbeing value of delivering the project using a range of green book compliant methods to value that benefit in cash terms.

3.18 As an example, the calculations of health and wellbeing benefits generated by the delivery of additional affordable housing units follows the Department for Levelling Up, Housing and Communities (DLUHC) Appraisal Guidance approach and uses the recommended £125 worth of benefits per annum per additional affordable housing unit.

3.19 The total health and wellbeing benefit generated by the provision of additional affordable housing is estimated to be £24,883 (2023, discounted prices).

3.20 The total equivalent health and well-being benefits excluding the rental income can be assessed as below:

Total Benefits	Option 5
Affordable Housing	£24,883
Wheelchair Improvement	£10,702
Bike Store	£381,361
Amenity benefits - green space	£198,231
PV CO2 Savings	£259,741
New Built CO2 Savings	£1,149,056
EV charging points	£462,589
Trees CO2 Capture	£21,318
TOTAL BENEFITS	£2,507,881

3.21 The BCR generated by the division of benefits by costs is positive and demonstrates acceptable 'value for money'.

3.22 In order to further demonstrate the financial viability of this preferred option development financial appraisals have been carried out to ensure it would be deliverable as a new housing development project within the HRA.

Financial Appraisal of Redevelopment of Blocks

3.23 There are three components to considering the overall financial evaluation of the proposal to redevelop the existing stock. These are:

- The repair liability for the existing stock over the next 30 years.
- The cost of vacating the existing home through decant of tenants and buyout of leaseholders.
- The financial feasibility of the proposed redevelopment.

The repair liability for the existing stock

3.24 As noted, the existing stock is in poor repair and requires significant capital works. Set out below is the summary 30-year cost forecast plan for Teviot Avenue. The costs shown below are without inflation and exclude planned servicing and grounds maintenance costs.

	Summary	£,000
Years 1-5		5,309,533
Years 6-10		330,778
Years 11-15		269,128
Years 16-20		528,719
Years 21-25		335,611
Years 26-30		756,116
Total		7,529,886

3.25 If works costs are inflated over 30 years at a modest average of 3% per annum this would rise to £9,628,330 to put and retain the blocks in good condition. This is shown in the table within the executive summary.

The cost of vacating the properties

3.26 The cost of vacating the blocks at Teviot is calculated by considering both Home Loss payments and disturbance payments to the tenants and the cost of repurchasing the leasehold interests.

3.27 This will mean that for qualifying tenants Home Loss Payments under s30 Land Compensation Act 1973 will be due. This is currently set at £8,100 and amended by the government each year.

3.28 Disturbance payments will also be available. These are to meet 'reasonable expenses and are paid after the tenant has moved. It is estimated that the cost to the council of relocating each tenant will be £10,000 which is inclusive of the Home Loss Payments, resulting in a total cost of £320,000 for the tenants.

3.29 Our approach assumes all leaseholders are entitled to secure the Home Loss Payment. If it is the case that there are non-resident leaseholder properties present within the estate, then these may be subject to a reduced compensation reflecting Basic Loss Payment within the same Compensation Code. A further sum is assumed to provide additional compensation for relocation costs. Our cost allowance totals £1,000,000 against the four existing leasehold properties. Actual costs will be determined by individual property valuations.

3.30 The total forecast cost of vacating the blocks is therefore £1,320,000.

Development appraisal

3.31 The order of cost for option five to demolish and build 48 new homes is shown in the table below. This is a forecast at December 2023 reflecting designs at RIBA stage 2. This order of cost is based on a proposal of six two-bedroom flats, twenty-one two bed houses, seven three-bed houses, two four-bed houses, nine one-bedroom flats and three two-bed wheelchair access flats as shown in Appendix B.

Item	£,000
Building Works Estimate (incl demolition)	9,394
Main Contractor Preliminaries (15%)	1,409
Main Contractors Overheads & Profits (6%)	648
Main Contractors Design fee (5%)	573
Risk allowance (5%)	601
Tender and Construction Inflation (6.27%)	804
Total	13,429
Cost £/m2 GIA)	3,400
Cost (£/unit)	£279,771
Council costs of pre-contract design, surveys, planning and fees (in addition)	£550,000

Financial Considerations

3.32 The financial case for the Teviot Redevelopment is being produced in the context of the wider financial challenges faced by the council and its continued operation under a s114 notice and the requirement to work alongside Commissioners.

HRA Route

- 3.33 Within option 5 discussed above it is proposed to use HRA debt finance to fund the development cost. This assumes a Public Works Loan Board rate of 4.5% . The calculations assume that the council can use Right to Buy receipts on 40% of eligible expenditure against net additional stock only in line with current regulations.
- 3.34 Rent levels are assumed at current Local Housing Allowance rates. Future increases in Local Housing Allowances have not yet been confirmed however Government has announced that these rates will rise from April 2024. This increase will benefit scheme finances and will be considered in future viability reviews.
- 3.35 Build costs have been subject to some volatility in recent years. In the model used the costs are based on prudent market based assumptions. They are based on a RIBA stage 2 cost plan produced by Airey Miller which forecasts projected build cost inflation and takes into account a likely start on site in 2025
- 3.36 A 30-year high level cash flow analysis of the development proposal has been undertaken as shown below which is the rental income less operating expenditure and the servicing of debt interest. The analysis excludes the residual debt at the end of the 30- year HRA Business plan period which it is assumed as under current HRA

regulations will remain. Assumptions around maintenance, major repairs and rental income and inflation are in line with the HRA Business Plan.

Long Term Cash Flow Summary (Excl Finance)

	30 Year Total
CPI + 1%	
Gross Rental Income	
- Social Rent	(0)
Rents @ Local Housing Allowance level	(17,810,126)
Void & Bad Debts @ 2.5%	445,253
Rent (Net Voids)	(17,364,873)
Maintenance per property	1,903,943
Major Repairs	1,275,707
Total Costs (excl Finance)	3,179,651
Pre-Financing Surplus/Deficit	(14,185,223)
Total Net Borrowing Interest @ 4.5%	17,550,317
Surplus/Deficit	3,365,094

3.37 The shortfall of £3.365m reflected above is set against the avoided repair liability cost (circa. £9.628m) as highlighted in (3.25) that would have been incurred on maintaining the existing (undeveloped)Teviot stock over the 30-year period leaving a net positive position. The overall financial elements are outlined in (3.43).

3.38 The total net borrowing charges is the cost of the prudential borrowing element of the scheme. This is on the following cost basis:

Indicative total Development Cost	£13,979m
Less RTB receipts contribution	(£ 1,398m)
Capital Borrowing Requirement	£12,581m

3.39 The 30-year analysis of the scheme shows a negative financial outcome, or a loss over that period of time.

3.40 It should be noted that the use of Right to Buy (RTB) receipts is limited to the additional properties to be constructed in excess of the 36 dwellings being demolished. As a result, the maximum RTB contribution is limited to £1.398m of RTB receipts rather than the £5.591m that would have been applicable to a scheme that did not replace existing stock.

3.41 Whilst Homes England amended their policy in June 2023 to allow the use of grant from their Approved Development Programme across all dwellings constructed as part

of a stock renewal project the Council is unable to apply for grant through that programme as we remain under a S15 direction.

- 3.42 As a result, the development finance shows a net scheme deficit over 30 years of £3.365m as set out in the table above although further work is continuing on the financial modelling to attempt to reduce this deficit further. In addition, recent announcements on uplifting the Local Housing Allowance (LHA) from April 2024 will permit an increase in rental income thereby further reducing the deficit. Details of the new LHA are yet to be confirmed.
- 3.43 Drawing together the three strands of the overall financial appraisal shows the following over a 30-year period as shown below:

	£,000
The repair liability for the existing stock averted ¹	(9.628)
The cost of vacating the existing home through decant of tenants and buyout of leaseholders	1.320
The financial feasibility of the proposed redevelopment	3.365
Total 30-year position	(4.943)
<small>¹ Repairs to new properties are incorporated within the development appraisal</small>	

- 3.44 This demonstrates that despite the deficit on the construction of new homes alone, by considering the position alongside the significant repair costs averted, the proposal overall does achieve the best value-for-money outcome over a 30-year period. There are a number of variables to the financial parameters that could change the outcome. The most important are changes to the Public Works Loan Board borrowing rate and inflationary increases to the repair costs if the buildings are not demolished.
- 3.45 Sensitivity testing has been carried out on interest changes to variances of 3.7% and 5.6% for borrowing. With no other changes these rates would produce revised forecasts showing the HRA positively benefiting as a result of a rebuild from between £8.1m using the lower figure of 3.7%, to £653,000 using 5.6%, showing how the project can accommodate interest rates changes including a potential 1% in excess of modelled rate, which the Government may require due to the Councils current position under s114.
- 3.46 At present the HM Treasury provides a concessionary Public Works Loan Board (PWLB) borrowing rate reduction of 0.60% for new housing delivery within the Housing Revenue Account which if remains available at the time of borrowing will improve viability.
- 3.47 Any inflationary increase to repair costs incurred should the buildings not be demolished but repaired would show greater benefit of a redevelopment approach. An increase in repair cost inflation from 3% to 5% would mean the repair liability would be £2.2 more. An increase to 7% would show £5.5m higher repair cost. Both scenarios would further strengthen the case to redevelop.

3.48 Whilst this proposal does require borrowing from the PWLB to part finance the project, overall borrowing has been significantly reduced by other HRA development projects being halted and where appropriate assets prepared for disposal.

Further Resident Consultation and Proposed Programme.

3.49 In order to keep residents informed of progress a resident engagement programme has been put in place to ensure residents of the flats and surrounding neighbours are kept informed and able to influence the design.

3.50 A consultation event was carried out in March 2023 at the Aveley Hub where residents of the existing homes were invited to view redevelopment proposals. The council's Housing Team was also on hand to answer questions about repairs and housing management issues. Follow up home visits to those residents requesting were carried out in April 2023.

3.51 A further event was held in Summer 2023 to seek further feedback on proposals in advance of final design and submission of the planning application. Planning was submitted in January 2024 and residents informed of updates through distribution of a flyer to residents.

Programme and Next Steps

3.52 The table below shows the current indicative programme.

Item	Proposed Dates
Procurement of Consultant Team	Completed
Resident Consultation	Commenced
RIBA Stage 1-3 Design complete	Completed
Planning Submission	Completed
Cabinet Decision to progress with project	March 24
Decanting of properties commenced	Spring 24
Leaseholder negotiations commenced	Spring 24
Procurement for Main Contractor and award	Autumn 24
Demolition & Project Construction Commences	Summer 25

3.53 This indicative programme is subject to necessary approvals and achieving vacant possession in a timely fashion.

4. Reasons for Recommendation

4.1 This report is made to seek Cabinet's authorisation to progress the Scheme for the redevelopment of 158 – 228 (evens) Teviot Avenue.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The Housing development team has consulted widely with residents throughout the design development process.

5.2 A version of this report will be considered by Housing Overview and Scrutiny Committee on 5th March 2024

6. Impact on corporate policies, priorities, performance and community impact

6.1 The development of housing aligns closely with the Council's Vision and Priorities adopted in 2018. In particular it resonates with the "Place" theme which focuses on houses, places and environments in which residents can take pride. As the Council's new plans and priorities emerge it is likely that the provision or facilitation of good quality accommodation for residents with the benefits that provides will continue to be a key priority.

6.2 In terms of the 'prosperity' theme the Council is seeking to deliver opportunities for businesses and skills and job opportunities for all. During the construction phase of any development there

will be opportunities for education, training and employment. Contractors social value offer will be considered during the procurement process.

6.3 The redevelopment of these properties also supports or has regard to the following policy documents which are particularly relevant to the Council's efforts to meet housing need in the Borough and to improve health and well-being.

- Thurrock Council Housing Strategy 2022-2027
- South Essex Strategic Housing Market Assessment June 2022
- Thurrock Joint Health and Well-Being Strategy 2022- 2026

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Strategic Lead - Corporate Finance
29 January 2024

There are direct financial implications arising from the report.

Given the level of investment needed in the units to ensure that they meet long term legislative requirements, refurbishment of the existing units appears not to represent the best value for money based on the financial modelling, when set against a demolition and new build option.

The total indicative development cost is circa. £13.979m and the intention is for £12.581m of these to be funded from borrowing with the balance of £1.398m to be funded from 1-4-1 RtB Retained Receipts. The 1-4-1 RtB retained receipts only applies to the additional units above the existing units.

The total borrowing cost over the 30-year period is estimated at £17.55m and this is to be funded predominantly from the net rental cashflow (14.185m) from the development over the same period. The shortfall of £3.365m will be funded from the avoided repair liability costs (circa. £9.628m) that would have been incurred on maintaining the existing (undeveloped) Teviot stock over the 30-year period.

The budget for the disturbance costs is to be funded and contained within the HRA General Reserve. This has an estimated opening balance of £7.881m and is detailed within the Housing Revenue Account – Rent Setting and Budgets 2024/25 Cabinet report 14 February 2024. The current estimated cost for these works is £320,000.

A further budget requirement of £1.0m is required for the cost of leaseholder buy backs, as detailed in para 3.29. This can also be funded, initially directly from the HRA General Reserves. The HRA 30-year Business Plan captures the development costs of this project, and the Council recently provided all the required assurances to the Secretary of State to obtain permission to borrow to fund the development. For costs (disturbance costs and leaseholder buy back costs) as detailed in the report, there is no borrowing

requirement at this time, as this can be fully funded from existing resources within the Housing Revenue Account.

The works pertaining to tenants' disturbance and leaseholder buy backs represents the first stages of ensuring a long-term solution for the affected properties on Teviot Avenue.

The demolition of the blocks, without a replacement will lead to lost revenue, from the rents and service charges of the existing Teviot Avenue dwellings.

The investment required in the redevelopment of the Teviot Avenue units is contained within the HRA 30-year business plan. There will be no direct financial implications outside of the HRA ring-fence.

7.2 Legal

Implications verified by: **Jayne Middleton - Albooye**
Assistant Director - Legal and Governance

29 January 2024

Repairing Obligations

The Council has a responsibility under the Landlord and Tenant Act 1985 as amended by the Housing (Fitness for Human Habitation) Act 2018 to maintain the structure and essential services of their properties and ensure that they are fit for human habitation for the duration of the tenancy; and where the Council fails to do so, it is at risk as to compensation and abatement claims from its tenants.

Ordinarily to address this duty the council needs to have a planned maintenance programme with periodic inspections and an effective responsive repairs service. In this instance the Council should take appropriate responsive maintenance action prior to tenant decant.

Obligations under the Building Safety Act 2022

The Council also faces additional regulatory obligations under the Building Safety Act 2022, and it is prudent to formulate plans for the satisfactory discharge of such obligations in respect of the proposed redevelopment of number 158-228 (evens only) Teviot Avenue.

Human Rights

Human Rights issues arise in respect of the proposed arrangements. Article 1 the First Protocol of the Human Rights Act 1998 stipulates that: "Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. The preceding provisions shall not,

however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties”.

The Council should be sure that the purposes for which the demolition and redevelopment are to occur, and for which rights are to be overridden, sufficiently justify interfering with the human rights of those with interests in the land affected.

In the present case it is considered that the public interest in demolishing and redevelopment of Teviot Avenue, which suffers from the difficulties outlined in this report outweighs the rights of the individuals to peaceful enjoyment of their possessions and their right for private and family life and home, and that the proposed use of the Council's powers amounts to a proportionate interference in all the circumstances

Decant

The Council will have an obligation to ensure compliance with its Decant Policy following the demolishing and redevelopment of Teviot Avenue. The Council will also have to ensure that through the operation of its Decant Policy, that it meets its legal, regulatory, and contractual obligations to the tenants. This includes consultation, compensation, and assistance with all aspects of the decant.

To ensure there is good value for money, the Council will have an obligation to comply with the Accounts and Audit (England) Regulations 2015 section 4 (2) which stipulates that: “The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes the arrangements for the management of risk.”

The Council is required to have regard to the Public Sector Equality Duty (PSED) when making decisions. The PSED is set out in Section 149 of the Equality Act 2010 to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010.
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that ‘marriage and civil partnership’ is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The section below refers to the Council having undertaken a Community Equality Impact Assessment, and this indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

7.3 Diversity and Equality

Implications verified by: **Becky Lee**
Team Manager - Community Development and Equalities
19 January 2024

All information regarding Community Equality Impact Assessments can be found here:
<https://intranet.thurrock.gov.uk/services/diversity-and-equality/ceia/>

A consultation and engagement exercise has been undertaken with residents of 158 – 228 (evens) Teviot Avenue. An initial analysis of feedback received highlights the redevelopment of the estate is expected to have a positive impact for the health and wellbeing of residents. A full Community Equality Impact Assessment has been completed to account for the proposed redevelopment and will be the subject of an ongoing cycle of monitoring, review and refreshing by the project team.

Any contractor or consultant appointed by the council to fulfil works associated with the proposals will be directed to the council's CEIA and will be required to fulfil legislative requirements arising from the Equality Act 2010 and Public Sector Equality Duty as standard. Contracts for services and works will include social value measures to be delivered by the provider/contractor and will be directed in line with the council's social value framework and supporting priorities for communities.

A full Community Equality Impact Assessment is attached as Appendix C.

7.4 Risks

There are several operational and financial risks to note. These include:

Risk	Mitigation	Risk Rating
Impact of Right to Buy (RTB) sales on newly constructed homes.	Discount under the Right to Buy cannot reduce the sale price below the cost of construction for the first 15 years after the building is completed	Low
Successfully achieving planning permission	Pre-application planning discussions have been undertaken and all matters raised have been addressed with relevant reports provided as part of the full planning application.	Medium
Accelerating building construction industry inflation	Sensitivity of 10% increase in cost was modelled with all other variables in the base case remaining the same and this still indicated significant surplus. Current projections do not indicate significant rises in construction inflation.	Low

Risk of changes that reduce Local Housing Allowances (LHA) thereby reducing income	LHA rates have recently been increased which would increase viability which are not yet factored into the business plan.	Low
Increasing borrowing rates from the Public Works Loan Board	Sensitivity testing has been undertaken which demonstrates that the project remains viable as a whole where long term borrowing is no more than 1.25% in excess of projected rates	Medium
Government permission to borrow not achieved.	This project is reliant on the Secretary of State granting the council the permission to borrow as borrowing represents a significant part of the funding. The council has submitted a request to the Secretary of State (DLUCH) for special dispensation to borrow from the PWLB to fund development schemes.	High

7.5 **Other implications** (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

The demolition and redevelopment of the blocks and the development of new housing will provide a significantly healthier environment for residents and will be in accordance with the recommendations of the Council's emerging public health and wellbeing strategy. Public health specialists will be consulted on the design of the redevelopment to ensure the provision of healthy housing and associated space.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

9. **Appendices to the report**

Appendix A – Proposed site boundary

Appendix B – Proposed Redevelopment at RIBA stage 2

Appendix C – Teviot Avenue Community Equality Impact Assessment

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