



DERBY CITY COUNCIL

**HOUSING AND ENVIRONMENT
CABINET MEMBER MEETING
20 October 2009**

ITEM 4

Report of the Corporate Director for
Corporate and Adult Services

Exeter House

SUMMARY

- 1.1 In January 2005, Derby Cityscape published its first Masterplan outlining its vision for the future of Derby city centre. In February 2005, Cabinet resolved to approve this Masterplan as a guide to the City Council's regeneration plans for the City Centre.
- 1.2 In October 2006 Derby Cityscape published, for consultation, revised proposals, which took account of changing circumstances. The revised Masterplan proposals were approved by Cabinet at its 3 July 2007 meeting.
- 1.3 The Cityscape proposals for the North Riverside area at that time contained proposals that would have involved the redevelopment of the land currently occupied by Exeter House.
- 1.4 At its 31 July 2007 meeting, Council Cabinet resolved to authorise the issue of an Initial Demolition Notice to enable the decanting of tenants and residents from the block in preparation for its demolition and the redevelopment of the site. The Initial Demolition Notice was issued on 20 September 2007, and 17 households have vacated Exeter House since the Initial Demolition Notice was issued.
- 1.5 Since September 2007, there have been significant developments that have impacted on the North Riverside Masterplan proposals and Exeter House. The Environment Agency revealed its draft strategy in relation to flooding issues within the City, which required a re-appraisal of the North Riverside Masterplan proposals.
- 1.6 At the same time, housing need within the City particularly for one bedroom flats remained high, and the Cabinet Member for Housing and Environment requested that previous plans to demolish Exeter House be reviewed.
- 1.7 As part of the review, refurbishment proposals were developed to enable all the 17 vacant units to be brought back into use and which included a basic level of defence against flooding and general improvements throughout the scheme.
- 1.8 At its 17 March 2009 meeting, Council Cabinet resolved to issue the Revocation Notice rescinding the previous Initial Demolition Notice.
- 1.9 The refurbishment proposals drawn up by Derby Homes were originally costed at £350,000.

- 1.10 After discussing the proposals with the Fire Service, concerns have been raised by the Fire Safety Officer regarding the internal layout of some of the flats, and exit points in the event of a fire.
- 1.11 In order to comply with recommendations by the Fire Service Officer the original proposals have had to be altered substantially, and this has increased costs from £350,000 to £450,000.
- 1.12 As a result of these works the number of the Council's affordable rented flats on the second floor will reduce from 12 to 9, and overall the total units available at Exeter House will reduce from 41 to 38. This reduction in the number of flats at Exeter House will impact on rental income and the number of affordable units in the City. The average cost per flat will rise from £8,536 as originally proposed to £10,975.

RECOMMENDATION

- 2.1 To authorise that the Revocation Notice is served.
- 2.2 To authorise the refurbishment of Exeter House as outlined in paragraph 4.9 and 4.16.
- 2.3 To refer the report to the Community Commission and to report any comments to the November Cabinet meeting.

REASON FOR RECOMMENDATIONS

- 3.1 To provide tenants and residents with certainty relating to the future of their homes.
- 3.2 To enable those units currently vacant in Exeter House to be brought back into use, to ensure all of the Council's rented flats within the block meet the Decent Homes standard and comply with Fire Safety regulations and the Fire Service recommendations.
- 3.3 To enable the Community Commission to consider the report and to enable any subsequent comments to be reported back to Cabinet.

SUPPORTING INFORMATION

- 4.1 The original Cityscape Masterplan was published in January 2005. It set out Cityscape's broad vision for the future of the city centre for implementation over the next 15 Years.
- 4.2 In October 2006, proposed revisions to the Masterplan were published and public consultation on these continued until February 2007. A number of amendments to the original proposals were proposed as a result of updated economic analysis and having regard to progress on schemes, changing economic circumstances and comments from the public. These amendments were approved by Council Cabinet on 3 July 2007.

- 4.3 At its 31 July 2007 meeting, Council Cabinet resolved to authorise the issue of an Initial Demolition Notice to enable the decanting of tenants and residents from Exeter House in preparation for its demolition and the redevelopment of the site. The Initial Demolition Notice was issued on 20 September 2007. Within the block, tenants from 17 of the flats have moved out. The majority of these vacant flats have been 'stripped out' by the Council in order to reduce the likelihood of them being broken into and becoming the consequent focus of other anti-social behaviour.
- 4.4 Council Cabinet have resolved to support the principle of a new flood defence strategy being drawn up by the Environment Agency along the Derwent. This strategy includes the building of new flood defences set back further from the river than the existing ones. This will in effect create a wider river corridor known as the 'Blue Corridor' and it is likely that Exeter House will be included within it.
- 4.5 The Lower Derwent Flood Risk Management Strategy, including the 'Blue Corridor' approach, has not yet been approved by the Environment Agency. If it is, construction could begin in 2011/12, but should be complete by 2019. The Environment Agency has indicated that it will maintain existing defences for about ten years after completion of the new defences, but after that, land within the Blue corridor will become more at risk from flooding. However, that would mean defences would be maintained until 2025 at the earliest and 2029 at the latest.
- 4.6 These proposals have necessitated a re-appraisal of the Cityscape North Riverside master plan. The need for this re-appraisal, combined with the current economic downturn, has significantly reduced the likelihood of a redevelopment scheme being secured on this site in the short to medium term.
- 4.7 At the same time, the City continues to experience high levels of unmet need for affordable housing. There are currently some 10,242 households actively seeking accommodation on the Council's housing waiting list.
- 4.8 In view of the uncertainty relating to redevelopment proposals for this site and the timescales involved in a review of the Cityscape North Riverside Masterplan, Council Cabinet on 17 March 2009 authorised the issue of a Revocation Order rescinding the previous demolition order.
- 4.9 The original refurbishment proposals for Exeter House included the following works at a cost of £350,000:
- The refurbishment of all previously vacated flats
 - The installation of new kitchens to all of the Council flats to ensure that they continue to meet the decent homes standard
 - General redecorating to Communal areas
 - The installation of flood defence barriers to the Car Park
 - The installation of Individual slot barriers to the ground floor flat entrances.
- 4.10 The Fire and Rescue Service have been consulted with over the proposals, and have opposed the initial design due to the layout of the flats, and expressed serious concerns over escape routes in the event of a fire. Currently the only door out of each flat is through the kitchen, which is the most likely source of fire and could lead to an occupier being trapped inside. In addition to this in the majority of flats the only way out of the bedroom is through the living room. The living room is another likely source of fire and this would mean that the occupier could be trapped in the

bedroom. This causes a particular risk for residents on the second floor who cannot safely escape through the bedroom window

- 4.11 Members will be aware of the fire at Lakanal House in Camberwell, London where 6 people lost their lives as a result of a fire. Letters were issued by Communities and Local Government (CLG) to all Local Authorities in July 2009 reminding them of their existing legal obligations in respect of the fire safety procedures for their housing stock.
- 4.12 If the advice of the Fire and Rescue Service is not taken into account with regard to Exeter House it has the power to serve a Prohibition Notice under Section 31 of The Regulatory Reform (Fire Safety) Order 2005. It has indicated that if the current design proposals to the flats were to remain, it would be minded to do so.
- 4.13 Members should also be aware that if a fire related incident took place at the flats and it was shown that the strong recommendation of the Fire and Rescue Service had been ignored, the Council would have no defence against any legal prosecution or civil claim. It is also likely that any insurance would be invalid.
- 4.14 To resolve the design issues to the Fire Service's satisfaction fire escape windows and an alarm system will be fitted on the ground and first floor flats. However due to the height of the second floor flats fire escape windows are not an option.
- 4.15 There are 12 Derby City Council flats on the second floor and 3 leaseholders.
- 4.16 The proposal which has been agreed in principle with the Fire and Rescue Service is to substantially remodel the 12 flats on the second floor and reduce to 9 flats as outlined below:
- 5 flats are the larger 1 bed type and these will be retained, but internal layout substantially altered at a cost of £15,000 each.
 - 3 pairs of smaller flats/bedsit knocked together and converted 2-into-1 to form a two bed roomed flat at a cost of £25,000 each pair.
 - 1 larger one bed flat requires no alteration.
- 4.17 In the original costing of £350,000 the remodelling of the 12 flats had been costed at £65,000. The total cost of the second floor alterations/conversions has been revised to approximately £150,000, an additional cost of approximately £85,000.
- 4.18 A £15,000 contingency fund has been allowed for in the budget to allow for relocation costs and architect and structural engineer time.
- 4.19 The reduction in units from 12 to 9 will mean an average total rent loss of £7566 per annum for the total 3 units. However, there will be a small rent increase for the 3 flats which will be converted from 1 bed roomed to 2 bed roomed flats of approximately £1092 per annum. Therefore the average total loss of income from reducing the units from 12 to 9 will be £6474 per annum.

OTHER OPTIONS CONSIDERED

- 5.1 The Council could reverse the decision to serve the Revocation Notice and continue with the original decision to demolish Exeter House due to the increase in costs.

However, in view of the Environment Agency proposals and the increased risk of flooding in the longer term, it is not clear whether redevelopment proposals would be approved on this site. Also, in view of the current economic downturn, even if a redevelopment scheme were to be approved, it is unclear whether a development partner would choose to develop such a scheme within the current economic climate. Either way, the Council could be left to manage a cleared site in a prominent position and the City would lose 41 affordable units at a time when unmet housing need within the City is extremely high.

- 5.2 The Council could continue with the original plan to refurbish the 17 vacant units and ignore the advice of the Fire and Rescue Service regarding the 12 units on the second floor. However if their advice is not taken into account with regard to the flats they now have the power to serve a Prohibition Notice under Section 31 of the Regulatory Reform (Fire Safety) Order 2005 which would lead to rent loss and potential legal costs.

For more information contact: Sharon Hancock Tel 255189

Background papers: 31 July 2007 Council Cabinet report
<http://cmis.derby.gov.uk/CMISWebPublic/Binary.ashx?Document=9501>
17 March 2009 Council Cabinet report
<http://cmis.derby.gov.uk/CMISWebPublic/Binary.ashx?Document=13052>

List of appendices: Appendix 1 – Implications.

IMPLICATIONS

Financial

- 1.1 As set out in the report. The capital cost of the additional £ 100,000 for the refurbishment of Exeter House and the elementary flood defence works will be funded from HRA reserves. This will not have a significant impact on the HRA Business Plan.

Legal

- 2.1 Under Section 138A and Schedule 5A of the Housing Act 1985 as inserted by Section 182 of the Housing Act 2004 the Council served notice of its intention to demolish Exeter House on the 20 September 2007. This notice is valid until 19 September 2012 unless it is revoked or terminated. If the notice is revoked or terminated a further notice cannot be served until the expiration of 5 years.
- 2.2 Possession would be sought under Ground 8 Schedule 2 of the Housing Act 1988 Section 8 as amended by the Housing Act 1996 of any tenant refusing to move out of their property to allow for redevelopment.

Personnel

3. None directly arising from this report.

Equalities impact

4. None directly arising from this report.

Corporate priorities

- 5.1 The proposal promotes the Council's objectives of **making us proud of our neighbourhoods and Creating a 21st Century City centre.**