



DERBY CITY COUNCIL

COUNCIL CABINET
14 JUNE 2005

Report of the Director of Policy

Britannia Court Redevelopment

RECOMMENDATIONS

- 1.1 To consult formally with Derby Homes Board and with tenants about the proposed demolition and residential redevelopment of Britannia Court.
- 1.2 Subject to the results of the consultation, to:
 1. sell the site on the open market by auction with a reserve price to be set by the Director of Corporate Services, based on a valuation of the site, at the time of the sale
 2. approve Derby Homes starting to decant tenants so that the sale can proceed
 3. determine that any proceeds from the sale should be earmarked specifically for affordable housing and / or regeneration projects. The proceeds would therefore be added to the 'Capital Allowance' for the purpose of Regulation 16 of the Local Authority (Capital Finance and Accounts) (England) Regulations 2003.
- 1.3 To refer the report to the Community Regeneration Commission.

REASONS FOR RECOMMENDATIONS

- 2.1 To address issues relating to the long-term viability of Britannia Court.
- 2.2 To achieve value for money for the Council in the use of the site.
- 2.3 To enable vacant possession of the accommodation to be obtained.

SUPPORTING INFORMATION

- 3.1 Britannia Court is located just outside the inner ringroad to the north of the city on the banks of the River Derwent. The scheme is located within one mile of the city centre.
- 3.2 The block, which was built in 1980, consists of 64 units of accommodation: 54 bedsits, nine one-bedroom flats and one two-bedroom flat. It is three storeys high and is of a non-traditional form of construction, comprising block work with aluminium windows and a metal roof. The design itself has impacted on the cost of repairs, which have been higher than normal because of the requirement for scaffolding to undertake repair work.

- 3.3 Work has been undertaken over the last three years to determine the most appropriate way forward for the scheme. This involved the establishment of a Project Group towards the end of 2001, comprising both Derby Homes and Council staff. The broad aim of the Group was to create a sustainable community within the block and general area. In conjunction with residents, the Group made recommendations for improvements, both internally and externally, to the Court and these were carried out during the course of 2002.
- 3.4 In Spring 2002, the Group also undertook a survey of residents, in the form of a questionnaire, to determine their views on the future sustainability of the scheme. This consultation did not include the option to demolish the Britannia Court. 35 tenants completed the questionnaire, representing 54% of the scheme. The results from respondents indicated that, while by far the majority – 85.7% – were satisfied with Britannia Court as a place to live, 63% aspired to one-bedroom accommodation rather than their current bedsit, and 74% said they would like improvements to their accommodation. At this time, there were 11 void properties representing 17% of the scheme.
- 3.5 However, despite the improvements carried out in 2002, the predominance of bedsits within Britannia Court has resulted in a range of management issues for Derby Homes. The block has a high concentration of single people with support needs as well as low demand and high voids. In April 2005, 22 of the 64 units of accommodation within the block were vacant.
- 3.6 A significant amount of consultation has already taken place with residents of Britannia Court. Nevertheless, once the decision is made by Cabinet, and we have heard the views of Derby Homes Board, to proceed on the recommendation, further consultation will take place with residents concerning the recommended option. The discussion with Derby Homes so far has been with the Chief Executive and the Directors. Derby Homes Board last considered the future of Britannia Court in January 2003, but demolition was not an option at that time.
- 3.7 The need for single people's accommodation close to the city centre is high, and therefore the loss of Britannia Court will have an impact on the ability of the Council to meet demand. However, work being undertaken within the Cityscape area of Derby will result in a large increase in the number of new one and two-bedroom units of accommodation, including affordable housing for rent, in the city centre over the next five to ten years. Altogether, Cityscape is expected to deliver around 5,000 additional units of accommodation over the next ten years; 20%-30% of which will be affordable. This will offset the loss of bedsits at Britannia Court. The new one and two-bedroom properties will be within mixed tenure developments and therefore more appropriate to the needs of single people in Derby.
- 3.8 Britannia Court is located on a prominent site in an attractive riverside location. The demolition and redevelopment will enable an attractive new development to be achieved, more in keeping with the locality and the city's aspirations for a high quality built environment.

OTHER OPTIONS CONSIDERED

- 4.1 The work of the Project Group culminated in the development of an options appraisal for the scheme. Initially, the appraisal recommended that the block be refurbished and that some of the bedsits be converted to flats. This option was costed at £520,000. However, with further consideration, it was felt that this was not good value for money as the block would, in the main, be retained as bedsits and this would not meet the needs of single people in Derby in the longer term.
- 4.2 A second option involved the conversion of the block into 36 one and two-bedroom flats, retaining four of the bedsits. Proposals for this work, costed at £2.1m, came in well over the maximum budget of £1.4m, and it was therefore not considered good value for money.

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Background information: Housing Strategy and Development Unit, Britannia Court 1.2
List of appendices: Appendix 1 – Implications
Appendix 2 – Map showing site

IMPLICATIONS

Financial

- 1.1 As the land is held within the Housing Revenue Account, 100% of the capital receipt generated from the sale of Britannia Court can be retained if it is spent on affordable housing or regeneration projects. Use for any other purpose would require payment to the government of 50% of the receipt. Britannia Court is in a popular area close to the city centre and it is therefore considered it would be very attractive to the market.
- 1.2 The sale of Britannia Court is unlikely to occur for at least 18 months because of the time it will take to decant the tenants. It would therefore be appropriate to obtain a valuation on the land closer to the time of sale as the market is currently quite volatile. Auction is considered the most appropriate method for achieving the sale and a reserve price based on an up to date valuation will need to be set.
- 1.3 The site is classified as Brownfield. The Council is committed to developing on brownfield sites and has set a Local Public Service Agreement – LPSA – target of increased development on brownfield sites. The redevelopment of this site will contribute to the achievement of this target, contingent on which is access to additional Council funding at the end of the LPSA period.
- 1.4 Individual tenants will be eligible for Home Loss Payments from Derby City Council amounting to £3,400 a tenancy. They will also be entitled to payments to cover reasonable relocation costs.
- 1.5 Derby City Council will experience rent loss from the flats held empty until they are demolished.

Legal

- 2.1 The Local Authorities (Capital Finance) (Amendment) (England) Regulations 2003 introduced revised set aside provisions for capital receipts from disposal of housing land other than through Right to Buy or stock transfer. The proceeds will therefore be added to the 'Capital Allowance' for the purpose of Regulation 16 of these regulations.
- 2.2 Section 105 of the Housing Act 1985 requires the Council to have in place arrangements for consultation with tenants likely to be substantially affected by changes in housing management. Such changes include proposals to demolish. Tenants must be informed of proposals and have an opportunity to make their views known. The Council must consider any representations before making any decision on the matter.

Personnel

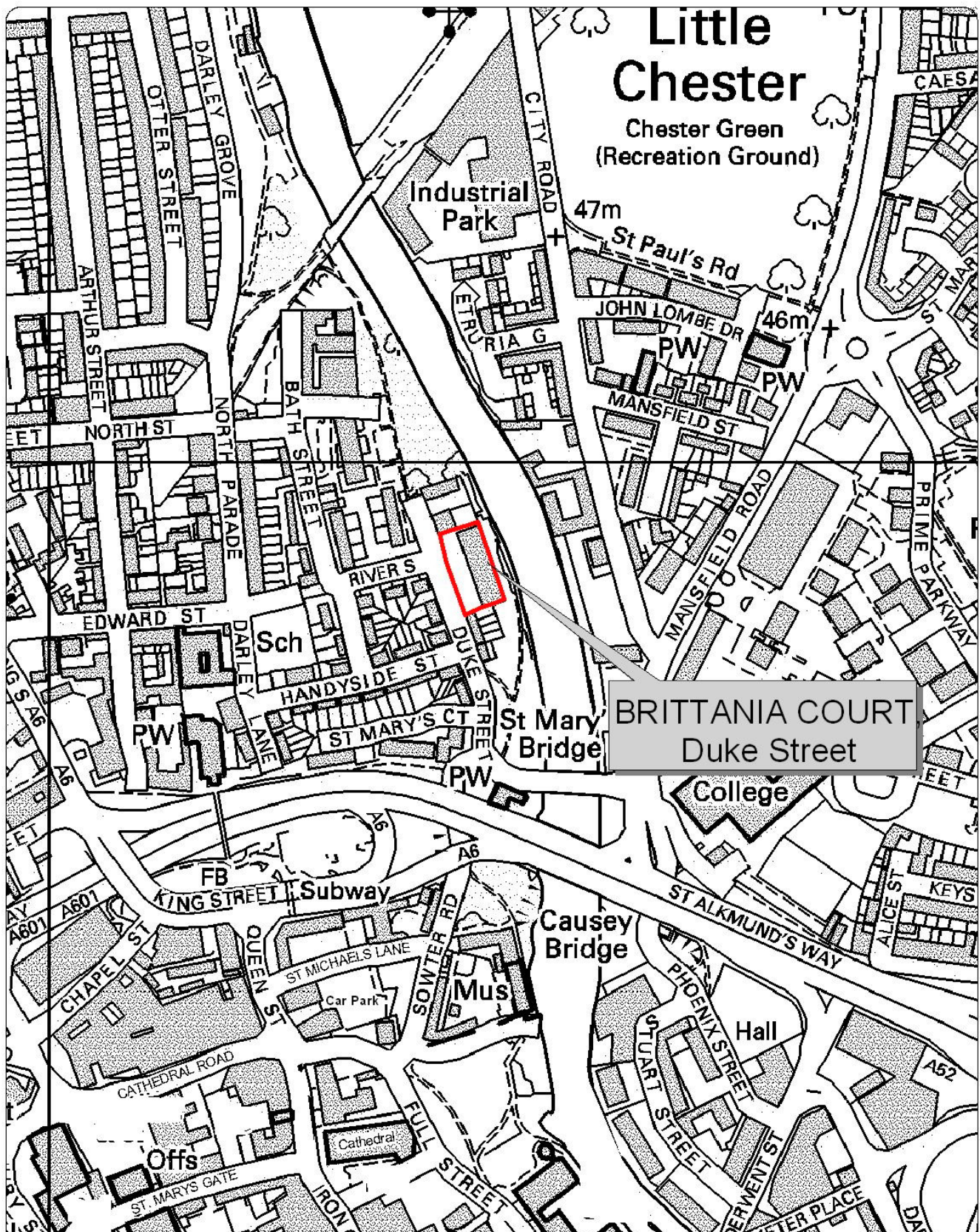
3. None directly arising.

Equalities impact

4. None directly arising.

Corporate objectives, values and priorities

- 5.1 The proposal comes under the Council's objectives of **healthy, safe and independent communities**, and **a diverse, attractive and healthy environment**.
- 5.2 The proposal furthers the priority of **working in partnership to achieve socially cohesive communities**.
- 5.3 The proposal assists the Council to achieve the LPSA target for the development of brownfield sites.



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