

MUNICIPAL YEAR 2011/2012 REPORT NO. **85**

MEETING TITLE AND DATE:

**Cabinet
14 September 2011**

REPORT OF:

**Director of Health,
Housing and Adult Social
Care and Director of
Regeneration, Leisure and
Culture**

Agenda – Part: 1

Item: 16

**Subject: HIGHMEAD DEVELOPMENT
PARTNER SELECTION REPORT**

Wards: UPPER EDMONTON

**Cabinet Members consulted: Cllr Oykenner
and Cllr Goddard**

Contact officer and telephone number:

Peter George, 0208 379 3318

E mail: peter.george@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 Highmead is located in the Upper Edmonton ward of the Borough and comprises 61 residential properties and 14 retail units.
- 1.2 Highmead is a project of key strategic importance to the Council. The approach promoted on Highmead is consistent with the strategy of investing in the Edmonton area to improve the life chances and quality of accommodation for the residents in the area.
- 1.3 The Council has completed a compliant procurement process to identify a development partner to redevelop the Highmead site in accordance with the planning permission.
- 1.4 This report describes the procurement process and provides an update on progress made towards achieving vacant possession, completing demolition and facilitating the provision of a GP Centre in the new Highmead development.

2. RECOMMENDATIONS

It is recommended that the Cabinet:

- 2.2 Appoint Bidder B as the Council's preferred development partner for the Highmead project.
- 2.3 Authorises the repurchase of all remaining Highmead commercial tenants to be delegated to the Assistant Director of Property Services in consultation with the Cabinet Member for Finance and Property.
- 2.4 Endorses the Highmead GP Centre Business Case and authorise a covering letter of support to be jointly signed by the Leader of the Council and the Chief Executive of the Council.

3. BACKGROUND

- 3.1 The Highmead site is located in the Upper Edmonton ward of the London Borough of Enfield. It is in two blocks: 1-11 Highmead is a row of 3-bed maisonettes over 14 shops at 68-90 Fore Street and 12-61 Highmead is an 11 storey block (Highmead Tower) containing forty 2-bed maisonettes, six 3-bed flats and four 1-bed flats. Alongside the block is a private green space.
- 3.2 In December 2009 Cabinet approved the Highmead Tower report (Key decision reference: 2944) that recommended the demolition of Highmead tower. A progress update on demolition is contained within the report.
- 3.3 In March 2010 Cabinet approved the Highmead Strategy report (Key decision reference: 3002). The report recommended a design-led comprehensive demolition and rebuild strategy for Highmead.
- 3.4 In December 2010 Cabinet approved the Highmead Development Partner report (Key decision reference: 3146). The report sought approval to market the Highmead site to development partners via the Restricted EU procurement process.
- 3.5 On 16th February 2011 the Local Planning Authority approved the granting of planning consent subject to completion of a Section 106 Agreement for the Highmead site. The planning consent provides for a scheme that includes 120 residential properties, 1,092 sqm of commercial space and a 180 sqm community building.
- 3.6 The appointment of a development partner for the Highmead project is a significant milestone for the project and excellent news for the Angel Edmonton area. The new development on Highmead has the potential

to breathe new life into the area and stimulate further private sector investment.

- 3.7 There are already positive signs of growing confidence in the area, for example, the pharmacist has invested significant sums of his own money in fitting out his new shop across the road from Highmead and a mixed use development has recently been completed opposite Highmead. The Council's Outer London Fund allocation represents an opportunity for the Council to invest in Angel Edmonton town centre improvements to boost the viability of the area.
- 3.8 This report will summarise the procurement process followed; progress towards site clearance; and explain the reasons for endorsing a GP centre in the Highmead development. The report should be read in conjunction with the Super Part 2 report of the same title and date.

4. PROCUREMENT PROCESS

- 4.1 To comply with the Public Contract Regulations (2006), disposal of the Highmead site was advertised on the Official Journal of the European Union ("OJEU").
- 4.2 The Restricted Procedure was chosen because it is appropriate for a land transaction where the Local Authority has decided in advance the nature of what it wants built and this can be specified in the tender documents. The Restricted Procedure prohibits negotiation with bidders meaning a more streamline and cost effective procurement exercise can be completed within reduced timescales.
- 4.3 On 18th February 2011 a notice was published on the Official Journal of the European Union ("OJEU") seeking expressions of interest from the development sector to deliver the Highmead scheme. Interested partners had until 1st April 2011 to submit a Pre-Qualification Questionnaire ("PQQ").
- 4.4 On 1st April 2011 Pre-Qualification Questionnaires ("PQQs") were returned by six major development partners interested in redeveloping the Highmead site. The PQQs were evaluated by officers from Finance, Housing, Health and Safety, Property Services, Regeneration and Human Resources. All six bidders passed the PQQ requirements. In compliance with the Restricted Procedure, five firms were short-listed on the basis of their technical capability.
- 4.5 The weighting used in the procurement was: 50% for the financial bid; 35% for the qualitative proposal; and 15% for the legal bid. Consistent with the Ladderswood procurement, 30% of the overall score was allocated to the capital receipt.

5. VACANT POSSESSION UPDATE

- 5.1 The Council continues to seek vacant possession of the Highmead parade by negotiation. The Council is keen for as many of the existing retailers to relocate to shops within the vicinity of Highmead as possible. To date the Council has helped the pharmacy to relocate to a larger shop opposite Highmead; the butchers and William Hill are both in an advanced stage of arranging to move to shops near Highmead.
- 5.2 The Council would prefer to complete vacant possession by negotiation but in the event that this cannot be achieved, as a contingency, the Council has sought Compulsory Purchase Order ("CPO") powers.
- 5.3 On 13th July 2011 Cabinet approved the making of the Highmead CPO (Key decision reference: 3298). CPO Notices were hand delivered to the Highmead retailers on 3rd August. The Highmead CPO and Statement of Reasons have been sent to the Secretary of State for determination.
- 5.4 The Highmead Tower December 2009 Cabinet Report delegated the authority to approve the repurchase of the three Highmead retailers beneath the tower to:
- approve for the authority to be delegated to the Leader of the Council, in consultation with the Director of Place Shaping and Enterprise, the repurchase or relocation cost of each of the three affected retailers;*
- 5.5 The Highmead Place Shaping March 2010 Cabinet Report delegated the authority to approve the repurchase of ten Highmead retailers not beneath the tower to:
- that any decisions arising from negotiations should only be agreed in consultation with the Cabinet Member for Housing and Community Safety, Cabinet Member for Sustainable Communities and Employment and Place Shaping, the Chief Executive and the Council's Section 151 Officer.*
- 5.6 Adhering to two different delegated authority procedures has been an inefficient way for commercial tenant repurchases to be approved. It is therefore recommended that henceforth the repurchase of all Highmead commercial tenants is approved by the Assistant Director of Property Services in consultation with the Cabinet Member for Finance and Property.

6. DEMOLITION UPDATE

- 6.1 The Council has completed site clearance works of the Highmead site. The works included the soft stripping of all the properties in the tower, decommissioning of the tower, and clearance of the rear of the site

including the removal of play equipment and trees. The site has been hoarded pending demolition and construction works.

- 6.2 The Council has completed the procurement of a demolition contractor to demolish Highmead Tower. The appointment of the contractor is currently being facilitated. Demolition works will commence once the three shops beneath the tower are closed. The re-phasing of the demolition works has not caused a delay to the overall programme.

7. GP CENTRE UPDATE

- 7.1 A Business Case has been prepared that proposes a new circa 1,250 sqm GP centre in the new Highmead development replacing approximately 20 residential properties within the existing design proposals.
- 7.2 The developer recommended for selection in the Part 2 report is committed to the delivery of a GP centre assuming the necessary consents can be obtained. Planning consent for a revised scheme including a GP centre is required but the work on this cannot begin until the NHS has approved the business case.
- 7.3 A GP centre is needed in this part of the Borough because Upper Edmonton is one of the most health deprived wards in the London Borough of Enfield. In particular Upper Edmonton:
- Has the second lowest life expectancy in the Borough;
 - Has the lowest life expectancy in the Borough for females (10 years less than the ward with the highest life expectancy);
 - Is a high risk area for coronary heart disease and stroke;
 - Has high incidences of childhood obesity;
 - Has a high rate of infant mortality.
- 7.4 To begin to address the high incidences of health deprivation, Upper Edmonton needs modern, quality facilities, to better enable health practitioners to improve the health of this community. The GP centre will include a number of additional services that will include tackling mental health problems, diabetes, heart disease, physiotherapy and a NHS dentist.
- 7.5 There are three GP surgeries operating within the vicinity of Highmead that are committed to merging into a single practice located at Highmead, these are: Green Cedars Medical Centre, Boundary Court Practice and Ingleton Road Surgery. The GPs' ability to improve the health of the community is currently being constrained by the poor condition of the surgeries. Merging three practices into one will enable value for money savings to be made.
- 7.6 The opportunity to integrate a health facility into the new Highmead development is a time limited one. The Highmead GP Centre Business

Case is scheduled to be decided at the NHS North Central London Cluster Board meeting on 29th September 2011.

- 7.7 Delivery of a purpose built GP centre in the heart of Angel Edmonton is an opportunity that is unlikely to arise again for at least a generation. A new GP centre would not only help improve the life chances of the local residents but it would add vitality and vibrancy to the whole area.
- 7.8 Table One below sets out how the provision of a GP Centre contributes to a number of the Council's strategic priorities. It is for these reasons that it is recommended that the Council formally endorses the Highmead GP Centre Business Case.

Table One

Strategic aims of Council	The Council priorities that the Highmead GP Centre will contribute towards
Fairness for all	<ul style="list-style-type: none"> ➤ <i>Serve the whole borough fairly and tackle inequality</i> ➤ <i>Provide high quality, affordable and accessible services for all</i> ➤ <i>Enable young people to achieve their potential</i>
Growth and sustainability	<ul style="list-style-type: none"> ➤ <i>Bring growth, jobs and opportunity to the borough</i>
Strong communities	<ul style="list-style-type: none"> ➤ <i>Work in partnership with others to ensure Enfield is a safe and healthy place to live</i>

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The Council's Cabinet has approved the recommendation to adopt a comprehensive demolition and rebuild strategy for Highmead. This decision means that the option of retaining and refurbishing the existing buildings is not an option that will be discussed within this report.
- 8.2 The only alternative to selecting a bidder for the Highmead site from this process would be to abort the procurement. Aborting the procurement would cause a delay of approximately nine to eighteen months and would not help the Council to achieve its regeneration objectives for the Edmonton area.

9. REASONS FOR RECOMMENDATIONS

9.1 The main reason for selecting the recommended development partner recommended in the Super Part 2 report is because the submitted bid delivers all of the Council's key objectives for the site that were set out in the Invitation for Tender documentation:

- A high quality development
- Maximise home ownership within the development.
- Compliance with the planning approval and S106 planning agreement;
- Obtaining a capital receipt.
- Maximisation of funding achieved through open market sales, low cost home ownership sales and as appropriate funding from the development partner's own reserves;
- New build dwellings meeting Lifetime Homes standards;
- New build dwellings meeting the requirements of Secured by Design;
- An early start on site;
- High quality open space, play area and community building;
- New build dwellings to achieve compliance with Code for Sustainable Homes Level 4;
- A BREEAM rating of Very Good for the retail units and the community centre

9.2 Table Two below sets out which of the Council's strategic priorities the new Highmead development will contribute towards. For the reasons above and for the reasons in the table below, it is recommended that Cabinet approves the appointment of a development partner.

Table Two

Strategic aims of Council	The Council priorities that the Highmead project will contribute towards
Fairness for all	<ul style="list-style-type: none">➤ <i>Serve the whole borough fairly and tackle inequality</i>➤ <i>Provide high quality, affordable and accessible services for all</i>➤ <i>Enable young people to achieve their potential</i>
Growth and sustainability	<ul style="list-style-type: none">➤ <i>A clean, green and sustainable environment</i>➤ <i>Bring growth, jobs and opportunity to the borough</i>
Strong communities	<ul style="list-style-type: none">➤ <i>Listen to the needs of local people and be open and accountable</i>➤ <i>Work in partnership with others to ensure Enfield is a safe and healthy place to live</i>

10. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES

10.1 Financial Implications

10.1.1 Please see the Super Part 2 report.

10.2 Legal Implications

10.2.1 Further to its power under S.123 of the Local Government Act 1972 to dispose of local authority land for a consideration no less than the best that can reasonably be obtained, the local authority has power by virtue of s.111 of the Local Government Act 1972 to do anything (whether involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of this function.. This is in accordance with these powers

10.2.2 The procurement process has been conducted in accordance with the Restricted Tender procedure under the Public Contracts Regulations 2006, and Councils Constitution, in particular the Contract Procedure Rules. The resultant Development Agreement and contracts will be in a form approved by the Assistant Director of Legal Services.

10.2.2 The Council has various statutory powers to acquire land compulsorily as has been the subject of earlier reports. As part of the CPO process the Council will need to demonstrate that it has sought to acquire all interests in the land by agreement in the first instance. In acquiring properties the Council must have regard to its Property Procedure Rules and the streamlining of delegation of authority to X and Y is in accordance with the Property Procedure Rules. Any acquisition will need to comply with the Council's best value obligations.

10.3 Property Implications

10.3.1 Please refer to the Super Part 2 report

11. KEY RISKS

11.1 Please refer to the Super Part 2 report.

12. IMPACT ON COUNCIL PRIORITIES

12.1 Fairness for All

12.2 The Highmead scheme ensures fairness for all members of the local community by consulting the community on the proposals for Highmead and through the provision of homes in the new development that are affordable to the local community. The Council are also supporting local businesses to remain in the area.

12.3 Growth and Sustainability

12.4 Growth and sustainability are central to the proposals for Highmead. The Highmead development will provide growth in terms of increasing the supply of quality residential housing in the area; improving the quality the retail space; and by including one or more community uses that will support the community to prosper by breaking barriers to betterment.

12.5 The new Highmead development prioritises environmental sustainability within the scheme design. In addition to the new buildings achieving high levels of energy efficiency and promoting recycling, the development takes a sustainable approach to car parking and encourages residents to cycle.

12.6 Strong Communities

12.7 Transience has been identified by the local community as being a major problem in the Highmead area. The proposals for Highmead aim to counter this trend by increasing home ownership levels in the area. One of the objectives for the new community centre is that it can act as a focus for local residents and foster a greater sense of community cohesion in the area. This objective will be supported by transferring

ownership of the centre to a community body since it will enable residents to play a greater role in the future of their area.

13. PERFORMANCE MANAGEMENT IMPLICATIONS

13.1 There are no performance management implications.

14. HEALTH AND SAFETY IMPLICATIONS

14.1 The developer recommended for selection has already passed an evaluation of health and safety requirements. A full method statement has been prepared that describes how the constructions works will be carried out in accordance with health and safety requirements.