

**MEETING TITLE AND DATE:
CABINET 22nd October 2014**

**REPORT OF:
Ray James Director Health,
Housing & Adult Social Care**

Agenda – Part 1

Item: 15

**Subject: New Avenue Development
Partner Selection Report**

**Ward: Cockfosters
Key Decision: KD 3793**

**Cabinet Member consulted: Councillor
Oykener**

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1. EXECUTIVE SUMMARY

- 1.1 The New Avenue Estate is located in the Cockfosters ward of the Borough. The New Avenue Estate is one of the Council's priority regeneration areas and the estate is located near the main A111 road leading to the hub of Southgate.
- 1.2 A two stage report sequence (KD3347 & KD3519) to demolish 118-89 Shepcot House, 1-72 Coverack Close and 1-19 Beardow Grove and redevelop the New Avenue estate was approved by Cabinet Sept 2011 and July 2012 respectively.
- 1.3 Following a decision to use the HCA Development Partner Panel Framework (HCA DPP 2009/S144-211068) to select a developer partner, the Council followed the procurement process set down by the framework that has resulted in two tender submissions being received.
- 1.4 On 18th November 2013 and 17th July 2014 tender submissions and revised financial tender submissions were returned from the two remaining prospective developer partners. This report summarises the two tender submissions, describes the evaluation undertaken of these two submissions and recommends the selection of a preferred development partner for the New Avenue estate renewal scheme.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Authorises the appointment of Bidder A as the preferred development partner
- 2.2 Notes the intention to continue to work in partnership with residents and establish a Resident Design Panel to work with the Council and Bidder A to prepare a design for submission to the planning department.
- 2.3 Delegate authority to the Director of Health, Housing and Adult Social Care, the Director of Finance, Resources and Customer Services and the Assistant Director for Legal Services to finalise the terms of the Development Agreement and all associated agreements arising out of the Development Agreement.
- 2.4 Delegate authority to the Director of Health, Housing and Adult Social Care acting where appropriate in accordance with CPO legislation to agree terms for the purchase and/or where applicable restructuring of all existing residential and non-residential property interests on the estate, and to instruct Legal Services to complete the purchases and restructuring of the residential and non-residential property interests on the terms agreed.
- 2.5 Notes the intention to include in the Development Agreement an obligation on the Council to seek a Compulsory Purchase Order of the development site and to use Council powers to appropriate the New Avenue development site for planning purposes.
- 2.6 Notes the estimated costs of human resource implications contained within this report are included in the budgeted project costs.
- 2.7 Notes that the scope of the developer procurement does not include the management of the new homes. This will be subject to a future cabinet decision.

3. BACKGROUND

- 3.1 The New Avenue estate renewal scheme forms a core part of the Corporate Housing Strategy. The regeneration area is located in the Cockfosters ward of the London Borough of Enfield; 0.9 miles to Southgate Tube Station and 1.0 mile to Oakwood Tube Station.
- 3.2 The project was approved by Cabinet in July 2012 (KD 3519) and authorised officers to take forward the procurement of a development partner.

- 3.3 In April 2013 an “Expressions of Interest” notice was issued, through the HCA DPP framework portal, requesting panel members to submit expressions of interest to take part in the procurement process for the New Avenue development opportunity. All ten panel members who submitted expressions of interest were invited to submit a ‘Sifting Brief’ (SB). Of the seven submissions received it was agreed at CMB that four panel members would be invited to tender.
- 3.4 The details of the four panel members are set out in the Part 2 Report paragraph 3.2:
- 3.5 Prior to the deadline for the submission of tenders two bidders withdrew from the procurement process. Details are set out in the Part 2 Report paragraphs 3.3 and 3.5. The two remaining bidders both submitted their response to the “Invitation to Tender” by the deadline on 18th November 2013.
- 3.6 For reasons explained in the Part 2 Report neither of the bidders’ submissions was acceptable to the Council in the form originally submitted.
- 3.7 On 2nd June 2014 both bidders were requested to submit revised Financial Submissions. These were received from both bidders on 17th July 2014.
- 3.8 The revised financial tender submissions have since been scored by Council officers and validated by independent accountants Baker Tilly (September 2014).
- 3.9 As appropriate residents, external lawyers, accountants and consultants and Council officers from housing, legal, finance and planning evaluated the qualitative and legal elements of both Bidder A and Bidder B’s tender submissions (18th November 2013) and the financial element of their revised tender submissions (17th July 2014).
- 3.10 The table below contains the weightings used to evaluate the tender submissions. These weightings are the same as were used on similar estate renewal projects at Alma, Ladderswood, Highmead and Small Sites.

Area of Assessment	Primary Assessment Weighting (Qualitative)	Primary Assessment Weighting (Quantitative)	Total Percentage Weighting
Financial	12.5%	37.5%	50%
Qualitative	35%	0%	35%
Legal	15%	0%	15%
Totals	62.5%	37.5%	100%

- 3.11 This report and the Part 2 report summarise the two tender submissions, describes the evaluation process undertaken and recommends the selection of a preferred developer partner.
- 3.12 The scope of the New Avenue developer partner procurement does not include the management of the new homes which will be subject to a separate report delegated to the Cabinet Member for Housing for approval.

4. THE COUNCIL'S REQUIREMENTS

- 4.1 It is important, prior to considering the two tender submissions received, to explain what the Council sought from developers as part of their tender submission for this development opportunity.
- 4.2 The panel members invited to tender were required to provide the following as a minimum:
- A minimum of 140 Council homes (that are able to provide secure tenancies)
 - Tenure integration and a tenure blind approach
 - An ability for the Council to alter the bedroom mix of the Council owned homes to meet the evolving housing need of tenants
 - Meet GLA, HCA and all Best Practice Housing Design requirements
 - Ground floor units to have their own gardens
 - Children play areas to be overlooked by properties
 - Creation of employment and training opportunities
 - Provision of a replacement nursery space prior to the closing of the existing nursery space in the basement of Shepcot House so as to ensure continuous operation of this facility
 - On and off street car parking to be provided to residents.
- 4.3 In addition to the above minimum requirements the panel members invited to tender were incentivised through the evaluation process to deliver the following:
- A scheme which, inclusive of all the Council's expenditure, could produce a positive net present value.
 - Deliver a financially viable scheme with a financial return to the Council.
 - To maximise the number of affordable homes within the scheme
 - To minimise the risk to the Council during the development process
 - To maximise compliance with relevant planning policies including the Core Strategy and London Plan
 - To meet residents' preferences as set out in the Residents' Aspiration document
- 4.4 It should be noted that the remit of the procurement did not include the management of the new homes. The tender documents instead made clear that this would be the subject of a separate report delegated to the Cabinet Member for Housing.

5. RESIDENT INVOLVEMENT

- 5.1 Consultations held in September 2011 showed that 70% of residents supported the full redevelopment of the estate. The Development and Estate Renewal Team has continued to engage with/inform residents about the project through regular tenant and leaseholder Panel meetings, quarterly newsletters and further public events.
- 5.2 Council officers are working with residents and their representatives on the developer procurement, tenant and leaseholder housing options and socio-economic regeneration initiatives and anticipate working on housing management options in the future.
- 5.1 The two panel members who submitted tender submissions presented their design proposals to residents at a consultation event (14th January 2014). The redline boundary has since been amended to reflect the wishes expressed by residents at the above event.
- 5.2 Supported by PPCR, the Independent Tenant and Leaseholder Advisors (ITLA), six members of the Residents Panel evaluated the two tender submissions against three key qualitative areas (Residents Aspiration document, Resident Involvement and Equalities, Diversity, Environment & Economic) that formed part of the Design and Sustainability evaluation.
- 5.3 At recent Resident Panel Board meetings residents both revised their original aspirations document and afforded their support for the tender submitted by bidder 'A'. They were more relaxed about building heights and double decanting if this meant a better overall scheme would be achieved.

6. ALTERNATIVE OPTIONS CONSIDERED

- 6.1 The alternative option considered is not to appoint the recommended preferred development partner and to re-procure a development partner for the redevelopment of the New Avenue Regeneration Area. Rewinding the procurement back to the start would at best cause serious delay in delivering the project, reputational damage to the Council and a risk of challenge from the panel members who participated in the procurement exercise. It might even result in no tenders or viable tenders being returned to the Council.

7. REASONS FOR RECOMMENDATIONS

- 7.1 Bidder A has submitted a quality bid which delivers the Council's key requirements for the scheme as well as providing additional benefits which will significantly improve the housing offer. The quality of the architecture expressed in their design proposal is of a standard that will, if accurately translated into the final development, match the high benchmark set by other recent new Council developments in the Borough.
- 7.2 Further reasons for recommending Bidder A are set out in the Part 2 report.

8. VACANT POSSESSION

- 8.1 The Council is making good progress towards achieving vacant possession of properties. The Council has so far achieved vacant possession of 41 of the 163 properties on the estate and will work with the preferred development partner to agree a decanting programme that minimises disruption to residents and allows for the development to come forward as quickly as possible.
- 8.2 Council officers are actively engaging with tenants and both resident and non-resident leaseholders to decant the properties ready for demolition/redevelopment. Of the original 130 tenanted properties 36 are now void and 35 of the remaining 94 secure tenant households are bidding on the Choice Based Lettings Website. To date 6 of the 33 leaseholder households have accepted offers made by the Council to buy back their properties, 5 of which have now completed.
- 8.3 The Council will strive to reach a negotiated agreement with all existing leaseholders on the New Avenue estate but will need to seek a Compulsory Purchase Order in order to guarantee vacant possession. The Development Agreement will include an undertaking by the Council to seek a Compulsory Purchase Order. The seeking of a Compulsory Purchase Order will be the subject to a separate Cabinet Report.

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

9.1 Financial Implications

- 9.1.1 Please see the Part 2 Report

9.2 Legal Implications

- 9.2.1 The Council has power under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. Creating stronger more sustainable communities and building on the local economy are key priorities for the Council. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. In addition, section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The recommendations are in accordance with these powers. The Council may enter into the Contract pursuant to section 1 of the Local Government (Contracts) Act 1997.
- 9.2.2 The value of the contract is above the EU threshold and as such must be tendered in accordance with the Public Contract Regulations 2006 ("PCR 2006"), the Council's Constitution, in particular the Contract Procedure Rules ("CPR"), and the EU principles of transparency, equal treatment,

proportionality and non-discrimination (“EU Principles”). The client has confirmed that the procurement was carried out in accordance with the CPR 2006, the CPR and EU Principles.

- 9.2.3 The original approval for the procurement by Cabinet in July 2012 was for a Competitive Dialogue process however the process has been amended to a mini competition exercise under the HCA framework.
- 9.2.4 The Contract must be in a form approved by Assistant Director of Legal Services.
- 9.2.5 The development agreement will include an obligation on the Council to seek a Compulsory Purchase Order (CPO). Part of the land required for the scheme is currently in private ownership. This consists mainly of property sold to tenants under the right to buy scheme. Pursuant to s.120 of the Local Government Act 1972 the Council may acquire land by agreement. If it is not possible to acquire all the individual properties by negotiation it will be necessary to do so by compulsory purchase. Under s.226(1)(a) of the Town and Country Planning Act 1990 a Council is allowed to acquire any land where the acquisition will ‘facilitate the carrying out of development or redevelopment or improvement of any land required for a purpose which it is necessary to achieve in the interests of the proper planning of the area’. If a CPO is promoted under this power then the Council must demonstrate that the CPO is likely to contribute to the social, economic or environmental wellbeing of the area. Once the details of the scheme are sufficiently advanced a report will need to be presented to Cabinet (in accordance with the Council’s Constitution) for a CPO to be made.
- 9.2.6 The development agreement will include an obligation on the Council to appropriate the land at New Avenue for planning purposes. Appropriation of land to any purpose is governed by Section 122 of the Local Government Act 1972, which authorises local authorities to appropriate land to any purpose for which they are authorised to acquire land by agreement and which is no longer required for the purpose for which it was held immediately prior to the appropriation. A local authority can override easements and other rights in land that has been appropriated for planning purposes under section 237 of the Town and Country Planning Act 1990. Appropriation will be the subject of a separate cabinet report.
- 9.2.7 The recommendations contained in this report are within the Council’s powers and duties.

9.3 Property Implications

- 9.3.1 Please see the Part 2 report

10. KEY RISKS

- 10.1 Please see the Part 2 report.

11. IMPACT ON COUNCIL PRIORITIES

11.1 Fairness for All

The proposals for the New Avenue estate ensure fairness for all members of the local community by consulting with the community on major proposals for the area, and taking on board the views of all sections of the community, prior to the Council taking a decision on the future of the housing stock in the opportunity area.

11.2 Growth and Sustainability

Growth and sustainability are central to the proposals for the New Avenue Estate. The final proposal will boost growth in terms of increasing the supply of quality residential housing and commercial space in the area. Furthermore, all options will prioritise environmental sustainability, economically, including improving the energy efficiency of the residential buildings and promoting recycling and sustainable transport.

11.3 Strong Communities

The proposals involve the community in the decisions that will shape their area and foster a greater sense of community cohesion. The Council will also seek to meet resident's aspirations of moving them closer to their current neighbours where it is feasible.

12. EQUALITIES IMPACT IMPLICATIONS

12.1 A full equalities impact assessment has been prepared for the project.

13. PERFORMANCE MANAGEMENT IMPLICATIONS

13.1 The performance management implications have all been considered and are covered within this report and the accompanying Part 2 report.

14. HEALTH AND SAFETY IMPLICATIONS

14.1 All bidders passed the mandatory health and safety evaluation.

15. HUMAN RESOURCES IMPLICATIONS

15.1 Delivering the regeneration of the New Avenue estate is a significant undertaking for the Council. The Development and Estate Renewal Team has had to expand to ensure that the complex needs of residents are being met.

15.2 Whilst the team will continue to maintain a flexible approach to delivering the estate renewal programme, and good progress is being made, as the project evolves so will the need for skills to adequately resource the

demands of the project. Any resources needed to support the project will be procured in due course and funded from the budgeted project costs.

16. PUBLIC HEALTH IMPLICATIONS

- 16.1 There are a number of public health implications that arise as a result of delivering the regeneration of the New Avenue Estate. Issues arising during the demolition and construction phases will be closely monitored and contractors will be required to work in accordance with the Considerate Constructors Scheme and will maintain public, employers and various forms of insurance liability cover.
- 16.2 The regeneration programme presents an opportunity to improve the health and wellbeing of residents living on the Estate. Wellbeing is an important objective of the scheme and officers have already begun to scope out how this can be achieved.

Background Papers

None.