



Report for:
ACTION

Item Number:

Contains Confidential or Exempt Information	YES (Part) Appendix 1 contains Exempt Information by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972 – see section 10.4 Access to Information Procedure Rules
Title	Green Man Lane Regeneration Project
Responsible Officer(s)	Pat Hayes, Executive Director of Regeneration and Housing ext 9120 Jo Rowlands, Director of Housing ext 6526
Author(s)	Cathy Osborn, Interim Assistant Director of Housing Supply x 5037
Portfolio(s)	Councillor Will Brooks, Housing
For Consideration By	Cabinet
Date to be Considered	11 November 2008
Implementation Date if Not Called In	24 November 2008
Affected Wards	Elthorne
Area Committees	
Keywords/Index	Green Man Lane, Regeneration, Developer Selection Evaluation

Purpose of Report:

This report sets out the progress made on the selection of a developer partner to undertake the redevelopment of the Green Man Lane Estate, and recommends that Cabinet should approve a shortlist of 2 bidders to move forward to the final stage of the selection process.

1. RECOMMENDATIONS

That Cabinet agrees to:

- 1.1 Approve the bidder shortlist (being the two highest scoring bidders) and proceed with Stage 3 of the Developer Selection process

- 1.2 Authorise the Director of Housing to take the necessary steps to progress Stage 3 of the Developer Selection process as outlined in paragraph 3 below.

2. REASON FOR RECOMMENDATIONS

2.1 Background

- 2.1.1 On 29th January 2008 the Cabinet received a comprehensive report on the regeneration options for the Green Man Lane Estate in West Ealing. The report indicated that the majority of residents supported the option of full redevelopment of the estate.
- 2.1.2 The Cabinet agreed in principle to the comprehensive redevelopment of Green Man Lane Estate, and agreed to commence an open competition to select a developer partner to redevelop the estate. It was agreed that the outcome of the exercise would be brought back to Cabinet to approve the developer shortlist, at both the second and final stage of the competition.
- 2.1.3 Cabinet received a report on the progress of the competitive selection process on 24th June 2008 which recommended a shortlist of six bidders to proceed to the second stage of the competition. The shortlisted bidders were
- Countryside Properties and London & Quadrant Housing Trust
 - Hyde Housing Association
 - Network Housing Association and Mulalley Ltd
 - Rydon Construction
 - Inspace Ltd & Catalyst Housing Association
 - Durkan Ltd, Genesis Housing Group and Logic Homes
- 2.1.4 Following the Cabinet decision on 24/06/08 letters were sent to all residents on the Green Man Lane estate informing them of the decision to invite shortlisted bidders to submit more detailed proposals. The letters explained the background to the Cabinet's decision and indicated how residents would be consulted and involved in developing proposals.
- 2.1.5 Over the summer period all residents were invited to visits organised to view examples of shortlisted bidders' homes on previous schemes. These were well attended by a range of residents across the estate. A video was made of the schemes and this was shown at two drop in sessions on the estate for those unable to make the visits.
- 2.1.6 An independent tenant adviser (Dome) has been appointed to provide residents with independent advice on the proposals.
- 2.1.7 A Joint Working Group (JWG) with wide resident and stakeholder representation was established in 2007 to oversee the process of developing options for the estate. A smaller Developer Selection Group (DSG) comprising 6 residents and a ward member was nominated by the JWG to work with the Council officers on the developer selection process. External solicitors (Nabarro) and financial advisers (Price Waterhouse Cooper) were also appointed to provide advice on the evaluation of bids at the second stage.

2.1.8 The second stage brief outlining the development opportunity was produced with input from residents on the DSG and agreed with the Executive Director for Regeneration and Housing. Bidders were asked to set out detailed proposals on their approach to

- Their overall vision for the future of the area
- Detailed design and redevelopment proposals
- Details of new homes provided
- Their approach to decanting and rehousing existing residents
- Project delivery
- Finance
- Managing the new homes
- Creating a sustainable community
- Regeneration of the wider West Ealing area

2.2 Bidder Evaluation Process

2.2.1 All six bidders have continued to express a strong interest in the scheme and submissions were received from all six. Rydon's bid was submitted jointly with A2/Dominion housing group.

2.2.2 The responses were assessed using the following scoring and weighting matrix.

Criteria	Weighting %
Approach	5
Design & Redevelopment proposals	10
New Homes	15
Rehousing and Decant options	10
Project delivery	15
Finance	10
Managing new homes	15
Creating a sustainable community	10
Regeneration of West Ealing	10
	100

2.2.3 The weightings were designed to reflect priorities that residents had highlighted as important to them through discussions at the developer selection group and joint working group and to reflect delivery priorities. The bidders' ability to deliver the project successfully, their approach to housing management, and the quality of the new homes produced were given the highest weighting. Advice on the scoring of the submissions was received from PwC and Nabarro and from internal departments within the Council including planning, highways, legal and economic regeneration.

2.2.4 The scores were discussed in detail with residents through the developer selection group and agreement was reached about the relative strengths and weaknesses of the different bids as measured against the published

assessment criteria. Residents also met separately with the independent advisor to discuss the bids and reached the same conclusion. The shortlist and process so far was presented to and discussed at the Joint Working Group meeting held on October 23rd 2008.

2.2.5 A table showing points awarded for each section is shown in appendix 1 (confidential). The 2 highest bidders were Rydon/A2Dominion and Countryside/L&Q. There was a small but distinct gap between these and the remaining bidders.

2.2.6 The key strengths of the Rydon/A2Dominion bid were

- Distinctive and original design vision
- Relatively low density
- High sustainability standards with construction to sustainable code level 4
- Local management service
- Strong community development and economic regeneration proposals

2.2.7 The key strengths of the Countryside/L&Q bid were

- Return towards traditional street pattern
- Menu of options for environmental sustainability
- Clear finance and project delivery proposals
- Resident controlled trust proposed to manage all estate services
- Financial commitments to support community development

3. KEY IMPLICATIONS

3.1 The two final shortlisted developers will be asked to respond to develop their proposals in the third stage in response to feedback from residents, planning, economic development and housing in order to provide firm commitments for the regeneration of the area. It is proposed that the third stage will commence with an exhibition by the two shortlisted bidders open to all residents on the estate. This will give wider residents an opportunity to give their comments about what they would like to see in any future scheme and allow the bidders to develop their schemes based on this information. An exhibition from each bidder is planned in December, followed by an 8 week period for proposals to be developed, concluding in early March. This length of time is necessary given the design and financial modelling work that will be necessary to support detailed proposals.

3.2 The third stage process will require bidders to agree to how key risks are shared between the council and developer, and to agree key heads of terms governing the agreements between the parties. It will also ask for more detailed design and financial proposals informed by resident consultation. Bidders will be asked for more demonstration of how they can contribute toward the wider regeneration of the West Ealing area.

3.3 The requirements from bidders at the third stage are currently being developed in consultation with the DSG and input from financial and legal advisors. As during stage two it is proposed that the DSG should be directly

involved in the evaluation process, working with officers and legal and financial advisors and supported by the Independent Tenants Advisor.

- 3.4 It is proposed that Stage 3 responses will be evaluated and a preferred developer will be brought back for agreement by Cabinet in April 2009.

4. FINANCIAL

- 4.1 In January 2008 Cabinet agreed to authorise the use of up to £800,000 of s106 funding allocated to the Green Man Lane estate, to fund the small project and consultant team to deliver this process during 2008/9 and to fund the Phase 1 decanting programme, in advance of the selection of the developer partner
- 4.2 Expenditure on advisors during the developer selection process has been in line with budgets already agreed and for the use of these funds.
- 4.3 4.2 PWC's brief includes the provision of financial input into the Stage Two brief. Nabarro have been appointed to provide legal consultancy services during the second stage. A competitive process to select advisors for the third stage will be run using the framework for regeneration consultants in place following the cabinet decisions in September 2008.
- 4.4 A budget has been established for the recruitment of an ITA from existing project budgets.
- 4.5 Bidders have been asked to meet the costs of decanting and homelessness payments to tenants and leaseholders as part of their scheme finances.
- 4.6 Bidders were asked to submit proposals that complied with the Council's current planning policy, with no support from social housing grant. It is clear from the submissions received that this would result in funding gaps on all bidders' schemes. This reflects the change in the current housing market as a result of external economic factors and is to be expected at this stage of the competition. The third stage of the competition will focus on agreeing a viable scheme with bidders. Options to improve viability through the use of social housing grant and variations in tenure mix will be explored and these will be tested and developed alongside the production of detailed design proposals. Both bidders have produced examples of financially viable variant schemes. The third stage of the competition will include a negotiation to agree a financially viable scheme that meets the Council and residents' objectives.
- 4.7 A key element of the report to Cabinet on the third stage of the process will be on the financial viability of the proposed scheme.

5. LEGAL

- 5.1 The developer selection process will ultimately result in a series of contractual arrangements for land disposals, development agreements and

the like. At the next stage key heads of terms, which will form the basis of any subsequent contractual arrangements will be agreed with each of the two shortlisted bidders.

5.2 The process will also be subject to a number of legal/statutory requirements as summarised below.

- Under section 123 of the Local Government Act 1972 the Council is obliged to obtain the best price reasonably obtainable on the disposal of its own property unless the consent of the Secretary of State is otherwise obtained.
- Section 32 of the Housing Act 1985 also requires that, before housing land within the Housing Revenue Account can be transferred, the Secretary of State's consent must first be obtained. The authorisation of the making of an application under s32 must be made by full Council by virtue of reg 4(6) of the Local Authorities (Functions and Responsibilities)(England) Regulations 2002.
- Section 105 of the Housing Act 1985 requires the Council to maintain arrangements to consult secure tenants on matters of housing management which are likely to affect them. This includes matters that relate to the management, maintenance, improvement or demolition of properties let to secure tenants. The consultation arrangements must allow the tenants to make their views known to the Council within a specified period and the Council must take those views into consideration before making a final decision.
- Where proposals are dependent on the Council being able to secure vacant possession of the site in question a compulsory purchase order will be necessary to secure the leaseholder interests and consent under s10A of the Housing Act 1885 to enable the Council to obtain possession of the residential units let under secure tenancies and demolition notices to be served to prevent right to buy sales.

5.3 Appropriate authority will be sought from Cabinet (and full Council as required) in time to start the necessary legal/statutory procedures as the scheme progresses.

6. VALUE FOR MONEY

6.1 The developer selection process is aimed at ensuring that value for money is achieved, and the best deal is struck for the Council and residents on Green Man Lane.

7. RISK MANAGEMENT

7.1 By its very nature a scheme such as this contains a high degree of risk. To minimize this risk, a risk assessment of the project has been developed and is reported regularly through project team arrangements. The third stage process will require bidders to agree to how key risks are shared between the council and developer.

- 7.2 Bidders are likely to require a financial viability test before proceeding with each phase of the development. In order to manage the risks to the Council the mechanisms for this test will be negotiated as part of the third stage of the competition and set out in the contractual documentation.

8. COMMUNITY SAFETY

- 8.1 Aspects to improve community safety on the estate are being included in the second stage brief in line with resident's aspirations and following consultation with other Council departments.

9. LINKS TO STRATEGIC OBJECTIVES

- 9.1 The redevelopment will contribute to achieving Ealing's objectives:

- **Environment, housing and culture**

To make Ealing a better place to live – regenerate the Green Man Lane to provide a high quality environment and homes for residents.

- **Safety**

To make Ealing one of the safest places in London – create a safe neighbourhood for residents living on and around the Green Man Lane estate

- **Health and independence**

To reduce health inequalities and promote well-being and independence for adults and older people – provide homes which contribute to people's well being and community spaces for activities aimed at improving health to take place.

- **Economy**

To ensure that there are opportunities for all people and businesses to Prosper – create retail opportunities and work opportunities linked to the regeneration activities on the estate and to link the estate into the wider West Ealing area.

- **Children and young people**

To create a great place for every child and young person to grow up - to create community and play facilities as part of the regeneration scheme which are well designed and safe for children.

- **Organisational improvement**

Becoming a high performing organisation, focussed on the needs of its Communities – to establish effective project management structures which enable the regeneration project to proceed in an efficient manner and to ensure value for money is achieved from the activities of partners on the estate.

10. EQUALITIES AND COMMUNITY COHESION

- 10.1 An Equalities Impact Assessment for the estate redevelopment project has been approved and shows no adverse impact on any individual groups.

11. STAFFING AND WORKFORCE IMPLICATIONS

11.1 There are no implications arising from this report.

12. PROPERTY AND ASSETS

12.1 Bidders were asked to include proposals for the Singapore Road multi-storey and surface car parks in their redevelopment plans. This provides 0.5762 hectares of additional land in the redevelopment scheme as shown below:

Description	Area Hectares
Green Man Estate Housing	3.4614
MSCP	0.3899
Singapore Road Car Park	0.1863

12.2 Bidders were not asked to make formal proposals for the redevelopment of St John's School as part of the housing scheme. However they have proposed improvements to community and leisure facilities that would be shared with the school and wider community.

12.3 Dean Hall is a privately owned building set in to the frontage of the estate on Singapore Road, currently in use as a church. The owners have stated their preference for remaining on their current site. Nevertheless it is considered that there would be considerable benefits from bringing this site into the redevelopment scheme, and the potential for the acquisition of this site will continue to be pursued via the developer selection process.

12.4 Discussions continue with the Economic Regeneration team aimed at exploiting the potential of the housing redevelopment scheme to contribute to the wider economic regeneration of the West Ealing area.

13. CONSULTATION

13.3 Consultation under s105 of the Housing Act 1985 has included:

- Letters were sent to all residents informing them of the Cabinet decision of 29th January 2008 and 24th June 2008 to proceed in principle with comprehensive redevelopment. A further letter was sent on 2nd September to update residents on the project.
- All residents were invited to visit examples of shortlisted bidders' schemes
- Drop-ins were held to discuss any questions/issues raised by residents on the estate and to present examples of bidders schemes elsewhere.
- A meeting was held with resident and non resident leaseholders supported by two officers from the Buy Back Section at Ealing Homes on 15th April 2008.
- Discussions have been held with the head teacher and school governor of St Johns School and a joint meeting between Education and Housing Regeneration has been held with parents of school children to explain the housing proposals.

- Letters were sent to all neighbours/residents in streets around the estate informing them of the proposal to redevelop Green Man Lane estate.

14. TIMETABLE FOR IMPLEMENTATION

14.1 The timetable for the Developer Selection process is shown below.

24 th June 2008	Cabinet to agree shortlist of bidders to be invited to compete in the second stage of the competition.
14 th July 2008	Second stage brief circulated to bidders
8 th Sept 2008	Deadline for 2 nd Stage Submissions
11 th Nov 2008	Cabinet to agree 2 bidders for final stage of the selection process.
November/ December 2008	Exhibition of 2 final shortlisted bidders' proposals
December 2008	Issue final brief
January – February 2009	Detailed proposals developed and refined to reflect feedback from council and residents
Late February 2009	Deadline for final stage submissions
March 2009	Resident exhibition, interviews and evaluation of final bids
April 2009	Cabinet agrees preferred bidder for the redevelopment of Green Man Lane

15. APPENDICES

15.1 Confidential Appendix 1 - Evaluation Assessment

16. BACKGROUND INFORMATION

16.1 Cabinet Report 29 January 2008

16.2 Cabinet report 24th June 2008

Consultation

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Internal				
Pat Hayes	Executive Director	14/10/08	14/10/08	
Jackie Adams	Head of legal planning and property	14/10/08	14/10/08	
David Ewart	Director of Finance	14/10/08	15/10/08	
Jo Rowlands	Director of Housing	09/10/08	10/10/08	
Councillor Will Brooks	Cabinet Member for Housing	14/10/08	23/10/08	
External				
	Green Man Lane Joint Working Group	23/10/08	23/10/08	

1.1.1 Report History

Decision type:	Urgency item?
EITHER: Key decision Entered onto forward plan May 2008	No

Authorised by Cabinet member:	Date report drafted:	Report deadline:	Date report sent:
XX.XX.08	09.10.08	30/10/08.08	

Report no.:	Report author and contact for queries:
	Cathy Osborn, Interim Assistant Director of Housing Supply x5037