



Report for:
ACTION

Item Number:
22

Contains Confidential or Exempt Information	YES (Part) Appendices 1 - 5 contain 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, Assistant Director of Housing Supply x 5037
Portfolio(s)	Councillor Will Brooks, Housing
For Consideration By	Cabinet
Date to be Considered	7 th April 2009
Implementation Date if Not Called In	20 th April 2009
Affected Wards	Elthorne
Keywords/Index	Green Man Lane, Regeneration, Developer Selection Evaluation, appropriation

Purpose of Report:

To seek approval to select Rydon Construction and A2Dominion as preferred development partner for the re-development of the Green Man Lane Estate, following a process of open competition.

1. RECOMMENDATIONS

That Cabinet agrees to:

- 1.1 Note the contents of this report and the outcome of the assessment of the two final bid submissions.
- 1.2 Note the comments of the Developer Selection Group who support the selection of Rydon Construction and A2Dominion as set out in section 3 of this report.

- 1.3 The appointment of Rydon Construction and A2Dominion as the Council's preferred development partner for the re-development of the Green Man Lane Estate, subject to the satisfactory conclusion of legal agreements.
- 1.4 Request the preferred development partner to proceed with detailed development of their design proposals in order to submit an outline planning application and that Officers will report back to Cabinet on progress.
- 1.5 Note the legal evaluation confidential appendix 4 and comments in agreeing draft heads of terms and agree that Officers continue work on negotiating legal agreements with the preferred development partner, and that Officers report back to Cabinet for approval to the final terms.
- 1.6 Authorise that the £1.4m already included in the 2009/10 capital budgets be used for the early buy back by agreement of those leaseholders who want to move off the estate.
- 1.7 Authorise the Director of Housing to carry out a detailed housing needs survey on the estate, to suspend new lettings in the first phase of the proposed development and to initiate the process of decanting tenants
- 1.8 Agree that the two Council owned car parks on Singapore Road that Cabinet had previously agreed should be included within the development site are appropriated for planning purposes in order to facilitate the redevelopment scheme.
- 1.9 Authorise the Director of Legal and Democratic Services to seek all necessary statutory consents in order to facilitate the redevelopment scheme and authorise the Director of Housing to undertake consultations necessary prior to seeking such consents .

2. REASON FOR RECOMMENDATIONS

2.1 Background – Third Stage Submission

- 2.1.1 On 11th November 2008 the Cabinet received a report on the selection of a developer partner to undertake the redevelopment of the Green Man Lane Estate and agreed to
 - Approve a shortlist of two final bidders and to proceed with the final Stage 3 of the Developer Selection process
 - Authorise the Director of Housing to progress stage 3 of the Developer Selection process.
- 2.1.2 The two shortlisted bidders were:
 - London & Quadrant Housing Trust and Countryside Properties
 - Rydon Construction and A2Dominion
- 2.1.3 The two final short-listed developers were asked to develop their proposals in the third stage in response to a written brief supported by feedback from residents, Planning, Economic Development, Highways and Housing in order to provide firm commitments for the regeneration of the area.

- 2.1.4 The brief required bidders to demonstrate how key risks are shared between the council and developer, and to propose key heads of terms outlining the legal agreements between the parties. It also asked for more detailed design and financial proposals informed by resident consultation. Bidders were also asked to demonstrate how they can contribute toward the wider regeneration of the West Ealing area
- 2.1.5 The third stage started with exhibitions by each of the short-listed bidders open to all residents on the estate which took place on 29th November and 6th December 2009. These gave residents an opportunity to give their comments on the initial proposals, to say what they would like to see in any future scheme and to allow the bidders to develop their schemes based on this information.
- 2.1.6 After the initial exhibition there was an 8 week period for proposals to be developed, which concluded with a formal submission being submitted by each bidder on 20th February 2009.
- 2.1.7 On Saturday 28 February 2009 an exhibition of the two bidders final proposals was held on the estate and in the adjoining Jubilee Hall. While primarily targeted at estate residents, local stakeholders and neighbouring residents were also invited to attend. Over 130 people visited the event with 92% of these being overwhelmingly in favour of redevelopment and viewing the redevelopment proposals as being good or excellent.

2.2 Stage 3 - Bidder Evaluation Process

- 2.2.1 The two bids 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
Total % and score	100

- 2.2.2 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 Urban Delivery and Nabarro independent financial and legal consultants employed by the Council and from internal

departments within the Council including planning, highways, legal and economic regeneration.

- 2.2.3 The weightings were discussed in detail with residents through the developer selection group and agreement was reached about the relative strengths and weaknesses of the two submissions as measured against the published assessment criteria. Further details of the views of residents is set out in Section 3 of this report whose marking of the bids follows a similar format.
- 2.2.4 A table showing points awarded for each section by each of the two bidders is shown in appendix 1 (confidential).
- 2.2.5 A summary of both bidders proposals are set out in appendix 2 (confidential) and further information is set out in regard to financial and legal evaluations in confidential appendices 3 and 4
- 2.2.6 As per the scoring sheet and comments set out in the confidential appendices the best submission was received from Rydon Construction and A2Dominion. This bid appears to offer a positive and attractive design and a number of significant advantages in terms of the financial offer, delivery proposals, commitments to residents and support for sustainable regeneration within this community and the wider area. Rydon Construction and A2Dominion have demonstrated throughout this whole process a drive and commitment to work with the Council and residents.

3. Developer Selection group – Residents view

3.1 Consultation

- 3.1.1 Consultation with residents on Green Man Lane has been recognised as a key element in the success of this project from the outset. 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. Consultation with residents and local community groups has been ongoing throughout the process and the table below sets the key meetings held this year.

Date	Meeting	Purpose
27/1/09	DSG	Question & Answer Session
10/2/09	DSG	Review selection process
23/2/09	JWG	Update meeting
26/2/09	DSG	Review bids and prepare for interview
28/2/09	Exhibition	Bidders exhibition
1/3/09	Interviews	Bidders interview
4/3/09	Interviews	Bidders interview
10/3/09	DSG	Final evaluation meeting.
18/03/09	JWG	Update meeting

3.2 The Developer Selection Group (DSG)

- 3.2.1 The DSG has been involved in a process of providing feedback and comment to the two bidders through out the whole third phase and were involved in the development of the brief and criteria for the submissions.

3.3 Resident Panel Interview

- 3.3.1 The process for interviewing the final developers was agreed with the DSG on Tuesday 10th February 2009. The criteria for scoring is set out in Appendix 5. The DSG scoring is not fed into the Councils scoring but rather is stand alone and only used for consultation purposes. The final decision to appoint preferred bidder rests solely with the Council.
- 3.3.2 The DSG were provided with the two submissions on Monday 23rd February the legal and financial sections of the submission were not provided as these sections were to be evaluated and scored by the Council and its advisors.
- 3.3.3 The two final developers prepared a brief presentation for the panel on Wednesday 4th March and this was followed by the same set of questions being addressed to both bidders by the resident panel. Each Interview lasted in the region of two to two and a half hours.

3.4 Residents scoring of bids

- 3.4.1 The DSG met on the 10th March to mark the two bidders submissions and appendix 5 confidential sets out the scoring
- 3.4.2 As can be seen from appendix 5 the DSG were in favour of the selection of Rydon Construction and A2Dominion but wish to make it clear to Cabinet that this is based a set of provisos which are outlined fully below. A possible way of ensuring that these are adhered to would be to include these commitments, following detailed discussion with Rydon Construction and A2Dominion, in the Development Agreement.
- 3.4.3 **Provisos**
- They need to be held to what was promised at the interview held with DSG of 4th March.
 - They must keep to the promises as set out in Appendix1 of the submitted bid titled responses to residents questions.
 - They need to clarify the way in which they mix tenures (pepper-potting) at master-plan stage
 - Follow through on promise to set up a design sub group with residents as soon as possible.
 - They need to clarify on the offer made to residents who want to move off the estate out of phase.
 - Follow through on promise to set up a decant sub group with residents as soon as possible.
 - Council to discuss further the possibility of revisiting the minimum percentage share equity figure of 50% currently set out in the bid to allow flexibility. The DSG are clear that this is an aspiration and may not be achieved.

- Whoever is selected by the Council they need to consult the community over a menu of options for resident involvement and Housing management.
- A2 Dominion will need to set out in regard to housing management how will it ensure high quality housing management on the new development.
- There will need to be clarification on service charges at the preferred bidder stage
- There will need to be clarification on provision for repairs at the preferred bidder stage

3.5 Other consultation

- 3.5.1 In addition to working with the DSG, Officers have also worked closely with the Joint Working Group (JWG), which is made up of wider stakeholders. A Joint Working Group meeting was held on the 23rd February and Council officers set out how the scoring evaluation would take place which was endorsed by the Group. Another meeting was held with the JWG on the 18th March where the DSG reported back on their views on the evaluation process and the JWG endorsed their views.
- 3.5.2 Throughout this whole process both the DSG and the JWG have been supported by an Independent Tenants Advisor who have been party to all meetings and interviews with developers and were present at the scoring meeting with the DSG on the 10th March 2009.

3.6 Consultation next steps

- 3.6.1 The next stage of developing a detailed planning application is crucial to the development of a successful scheme and the re-development process will continue to consider the aspirations of residents and local community groups. To this end it is proposed that the DSG is developed into a steering group to ensure residents are closely involved in scheme development. Both bidders were asked how they would continue to involve residents in the process and the role of the preferred development partner will increase in this area.
- 3.6.2 An additional issue has been raised by the DSG in regard to the ongoing level of housing management service received by residents as the development progresses. The DSG felt that it would be helpful if a nominated Officer from Ealing Homes is named so that any housing management or repairs issues can be dealt with quickly. The Council will request the Chief Executive officer of Ealing Homes to ensure this happens

4. Summary of Position

- 4.1 As can be seen both the Council Officers their independent advisors and residents have come to the conclusion that Rydon Construction and A2Dominion submitted the best formal submission and officers would like to recommend them to Cabinet for approval to be the preferred partner for the Green Man Lane Scheme.
- 4.2 In moving to the preferred developer there are a number of issues, which need to be agreed and clarified which are set out below

A. Car park land

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

In the 3rd stage brief bidders were asked to contact Sainbury's and other supermarket developers specified by Ealing to discuss how the Green Man Lane housing scheme might work jointly with them to develop innovative solutions to housing parking and retail in the West Ealing area. It was also stated that any options should not impact negatively on the housing scheme, both in terms of design, density or timing. No bidder could provide site with Broadway access. Rydon did present an outline alternative but also set out their concerns about the impact on design density and timing. The proposal will be explored as the scheme is worked up to planning subject to them to being confirmed by Cabinet as the preferred bidder. The commitment remains that a supermarket can only be included if it does not impact negatively on the scheme. The decision regarding the supermarket does not affect the need to include the car park land within the development.

Now that the Council is in a position to move to preferred bidder it is recommended these car parks are appropriated for planning purposes in order to facilitate the redevelopment scheme. This is because the car park land will be the first phase of the scheme.

B. Masterplanning -

The next stage will be to work up a detailed master plan and submit a formal planning application. Some key characteristics of this were set out in the final brief, such as the need to embody key Government urban design principles and engage in ongoing discussions with the Councils Planning Department.

The master plan will also be based on continuing dialogue between residents and existing resident and community groups, Ward Councillors, other relevant Council departments, appropriate Government bodies and wider stakeholders. The successful developer will need to ensure that the proposed design meets the needs and requirements of all relevant groups. To facilitate this process within the Council it is proposed that a working group of Officers from Planning, Housing Regeneration and Economic development etc is set up to meet regularly and move this scheme forward. As a result it is expected that the scheme will continue to evolve as part of this process prior to submission of a planning application

C. Legal Procedures

Officers will continue work on negotiating legal agreements with the preferred development partner, and Officers report back to Cabinet for approval to the final agreements.

D. Timescales

From the bid submitted by Rydon Construction and A2Dominion the current timescales are set out as follows.

- June 2009 - Agree Heads of Terms
- November- 2009 Agree & Submit Outline Planning & Detailed Phase1

5. FINANCIAL

- 5.1 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
- 5.2 Expenditure on advisors during the developer selection process has been in line with budgets already agreed and for the use of these funds. Decanting costs would fully funded by the developer. Where the Council has agreed to forward fund these would be fully recovered from the developer
- 5.3 Urban Delivery were appointed to review the financial input into the Stage Three brief and the bidders' responses. Nabarro have been appointed to provide legal consultancy services during the process.
- 5.4 Bidders have been asked to meet the costs of decanting and home-loss payments to tenants and leaseholders as part of their scheme finances. The Council is forward funding £1.4 million and recovery will be agreed through the Partnership Development Agreement. This funding will be fully recovered from the developer.
- 5.5 A key element of the evaluation process is on the financial viability of the proposed scheme, which is set out in the confidential appendix 3 attached to this report. There is an element of risk to the scheme's viability if the anticipated level of financial contribution from HCA grant for additional units and proceeds of sales are not fully realised. These risks rest with the developer.

Once a preferred Bidder has been chosen and there is a clear view on the phases of the redevelopment unit loss will be modelled in all future Housing Revenue Account (HRA) budgeting.

- 5.7 A number of potential costs may be incurred by the Council if the PDA is not agreed or fails to become unconditional, these are set out in the risk management section below.

6. LEGAL

- 6.1 Following confirmation of Rydon Construction and A2Dominion as the Council's preferred developer partner, detailed negotiations will lead to a further Cabinet report recommending that the Council enter into a

Partnership Development Agreement (PDA) as a legal contract (which is likely to be subject to conditions) between the Council and a Limited Liability Partnership (LLP) which will be established by the preferred developer partner as a development delivery vehicle.

- 6.2 In selecting Rydon Construction and A2Dominion as the Council's preferred Developer Partner, Cabinet should be aware that the scheme as submitted is indicative of what can be achieved. At this stage the scheme and the financial appraisals provided are not in any way binding on either side.
- 6.3 Only at the stage of entering into the PDA (and not before) will there be a binding contract between the Council and the LPP. Once completed, once the pre-conditions attached to that Agreement (if any) are met, the Council will be legally committed to sell the land. Similarly, only at that stage will the LPP will be under contract to undertake the development (subject to any conditions agreed being met). Until then there are risks for the Council which are outlined in paragraph 8 below
- 6.4 The scheme will also be subject to a number of legal/statutory requirements and procedures 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 for making 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 1985 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. It is anticipated that authority to make a CPO will be sought as part of the next report to Cabinet

7.0 VALUE FOR MONEY

- 7.1 The whole of the developer selection process was aimed at ensuring that value for money is achieved, and the best deal is struck for the Council and residents

on Green Man Lane. A key component of this process was the use of competition in the selection process.

8.0 RISK MANAGEMENT

- 8.1 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 required bidders to agree to how key risks are shared between the council and developer.
- 8.2 The preferred bidder has set out their requirements for 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 have been negotiated as part of the third stage of the competition and will be set out in the contractual documentation and reported to Cabinet at that stage.
- 8.3 The Council is seeking to maintain the momentum of the project in the period between agreeing Heads of Terms and entering into full legal agreements, and has asked the bidders to commit to design work necessary for the preparation of an outline planning application during this period. Rydon and A2Dominion have agreed to this, but would seek to recover architect's fees if the Council withdraws before legal agreements are signed. In this event the Council will have ownership of any design work. The Council will also have a parallel right to recover its own costs if the bidder withdraws. Both bidders would seek to recover direct losses from LBE where the PDA fails to become unconditional. This amount is calculated to be around 75K.
- 8.4 The Council will seek to mitigate the risk of abortive costs by ensuring that the Heads of Terms limit the recoverable sum, strictly define reasonable circumstances in which abortive costs can be recovered and by agreeing a short period for negotiating the agreements.

9.0 COMMUNITY SAFETY

- 9.1 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.

10.0 LINKS TO STRATEGIC OBJECTIVES

- 10.1 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.

11. EQUALITIES AND COMMUNITY COHESION

11.1 An Equalities Impact Assessment for the estate redevelopment project has been approved and is attached to this report..

12. STAFFING AND WORKFORCE IMPLICATIONS

12.1 There are no implications arising from this report.

13. PROPERTY AND ASSETS

13.1 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.

13.2 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.

13.3 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.

14. CONSULTATION

14.1 Consultation under s105 of the Housing Act 1985 has included the items listed below as well the items outlined in section 3 of this report:

- 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.

15. APPENDICES

- 15.1 Confidential Appendix 1 - Evaluation Assessment
 Confidential Appendix 2 - Bidders submission summary
 Confidential Appendix 3 – Financial Evaluation
 Confidential Appendix 4 - Legal Evaluation
 Confidential Appendix 5 - DSG Scoring Evaluation

15. BACKGROUND INFORMATION

Green Man Lane Cabinet Report 11th November 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	5 th March	12 th March	Throughout report
Jackie Adams	Head of legal planning and property	6 th March	24 th March	Section-6
David Ewart	Director of Finance	6 th March	24 th March	Section-5 Confidential appendix 3b
Jo Rowlands	Director of Housing	5 th March	24 th March	Throughout report
Councillor Will Brooks	Cabinet Member for Housing	for 2 nd March	23 rd March	Section-3

1.1.1 Report History

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

Authorised by Cabinet member:	Date report drafted:	Report deadline:	Date report sent:
23.-03.09	5 th – 26 th March 2009	26 th March 2009	26 th March 2009

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