

WANDSWORTH BOROUGH COUNCIL

FINANCE AND CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE
– 18TH JANUARY 2017

HOUSING AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE – 19TH
JANUARY 2017

EXECUTIVE – 23RD JANUARY 2017

Report by the Director of Finance and Deputy Chief Executive (on behalf of all the officers concerned) on the procurement of a Developer Partner for the Alton Estate Regeneration Project, SW15 (Roehampton and Putney Heath)

SUMMARY

The improvement of the Alton Estate SW15 (Roehampton and Putney Heath) forms part of the Council's over-arching approach to raising aspiration, which was approved by the Executive on 8th October 2012 (Paper No.12-645). Following this, the procurement and development of a masterplan to set the template for physical regeneration in the area was approved by the Executive on 19th November 2012 (Paper No.12-680).

The regeneration programme aims to provide new high quality housing for local residents of the estate and the Borough, a greater housing choice for residents, a new high quality environment and neighbourhood which is safe, thriving and links effectively into the wider area incorporating new community and health facilities, a re-invigorated park, a new library and new retail facilities in the Danebury /Roehampton centre that will serve the area for generations to come.

This report provides an update on the proposal for a mixed-use estate regeneration scheme on the Alton Estate. It recommends awarding the contract to Bidder B as the outcome of an EU compliant mini-competition which commenced on 24th February 2016. The report also provides an update on the proposed planning strategy for the three satellite sites on Alton East which are crucial to the relocation of existing secure tenants and resident leaseholders and freeholders as well as the interim relocation of some community facilities.

The cost of any additional staffing and support to implement the regeneration agreement will be identified in a report to the next meeting of the Housing and Regeneration Overview and Scrutiny Committee (OSC) with budget variations requested for approval as appropriate. These costs are anticipated to be met from within the overall financial provision made for the regeneration schemes in the Housing Revenue Account 30-year business plan.

GLOSSARY

CPO	Compulsory Purchase Order
EOI	Expression of interest
EqIA	Equalities Impact Assessment
FCROSC	Finance and Corporate Resources Overview and Scrutiny Committee
HROSC	Housing and Regeneration Overview and Scrutiny Committee
HRA	Housing Revenue Account
ITT	Invitation to tender
LDP	London Development Panel
OJEU	Official Journal of the European Union
OSC	Overview and Scrutiny Committee

RECOMMENDATIONS

1. The Finance and Corporate Resources Overview and Scrutiny Committee and the Housing and Regeneration Overview and Scrutiny Committee are recommended to support the recommendations in paragraph 2 below. If they approve, any views, comments or additional recommendations on this report these will be submitted to the Executive for consideration.
2. The Executive is recommended:
 - (a) to note the contents of the report with due regard to the exempt information contained in Paper No. 17-6A;
 - (b) to accept the offer received from Bidder B as set out in Paper No. 17-6A pursuant to the mini-competition conducted under the London Development Framework and to authorise the Director of Housing and Regeneration, in consultation with the Director of Finance and with the Council's legal advisors, Pinsent Masons, to conclude the terms of the Regeneration Agreement and associated legal documents on the basis of the tender received from Bidder B subject to any necessary minor amendments;
 - (c) to agree that the site on Bessborough Road, including the adjoining car park (shown edged black in Appendix A), be developed as a Council self-build affordable housing scheme with an initial focus to provide residential accommodation to allow for early relocation of existing resident leaseholders on the Alton Estate directly affected by the regeneration programme and to reserve the sites on Dilton Gardens and Fontley Way for the interim relocation of community facilities; and
 - (d) to note the progress made in acquiring the land interests required and note that, if it is not possible to agree terms by negotiation, then a further report be submitted to consider the case for the use of compulsory purchase powers and/or appropriation at the relevant time, as detailed in paragraph 26.

BACKGROUND

3. The improvement of the Alton Estate forms part of the Council's over-arching approach to raising aspiration, which was approved by the Executive on 8th October

Procurement of a Developer Partner for the Alton Estate Regeneration Project, SW15

2012 (Paper No.12-645). Following this, the procurement and development of a masterplan to set the template for physical regeneration in the area was approved by the Executive on 19th November 2012 (Paper No.12-680).

4. The Council approved the Alton Area Masterplan in October 2014 (Paper No.14-447). This represented the culmination of an 18-month master planning process that included two periods of extensive consultation with the local community and other stakeholders. This resulted in a vision for how the Alton area may change and develop over the coming years. The Alton Area Masterplan was underpinned by a financial viability assessment to ensure that the proposals within the masterplan were deliverable. It was intended that the Council would deliver the masterplan in partnership with the private sector.
5. In January 2015, the Executive agreed (Paper No.15-7) that the preferred delivery approach was to procure a delivery partner who would develop all the private and Council works through a framework development agreement. Council works comprise 256 replacement and additional Council and shared equity homes, landscaping and public realm works, replacement and new community facilities (including a new Roehampton Library, the Portswood Place Community and Wellness Centre and the Community Pavilion), and commercial works (retail floorspace and dedicated workspace).
6. On 21st September 2015, the Executive approved (Paper No.15-313) the commencement of a mini-competition through the Greater London Authority's London Development Panel (LDP) (a framework agreement established under the Public Contracts Regulations 2006, reg.19) to select a developer partner to work with the Council through a development agreement to deliver the Alton Area regeneration scheme.
7. On 11th July 2016 the Executive approved (Paper No 16-277) the following recommendations relating to the Alton Area Regeneration Project:
 - (a) note the progress of the Alton Estate Regeneration Project developer partner procurement process to date;
 - (b) approve a positive Housing Revenue Account capital budget variation of £47,000 in 2016/17; and
 - (c) take forward the decant sites referenced in paragraphs 28-36 as a single planning application to allow for the early decant of existing residents on the Alton Estate directly affected by the regeneration programme.
8. The LDP is an OJEU compliant framework agreement under the Public Contracts Regulations 2006 (OJEU notice published on 5th April 2012). The Panel is administered by the Greater London Authority and it runs for a period of four years from 1st April 2013. It is expected that many of the developments procured under the Panel will have long build-out durations, some in excess of 10 years. The GLA are currently out to procurement for the LDP2.

PROCUREMENT PROCEDURE

Note. Full details of the evaluation scores and financial offers constitute exempt information and are therefore not available to the public. These details are therefore reported separately in Paper No. 17-6A.

9. The mini-competition commenced on 24th February 2016 with the issue of the Expression of Interest (EOI) Brief to all 25 LDP Panel Members. At this EOI stage, Panel Members are simply asked if they are 'capable and available' to tender for this project. The response to the EOI is a simple 'yes' or 'no'.
10. A bidder briefing and launch event was held at London's Living Room at City Hall on 2nd March 2016. This was attended by representatives of 19 LDP Panel Members. The meeting was addressed by the Leader of the Council (Councillor Govindia) who outlined the Council's vision and objectives for the Alton Estate Regeneration Project. Ward Councillors and senior Council officers also were in attendance.
11. A total of 15 'yes' responses were received from LDP Members by the due date (9th March 2016). These Members were then sent the Sifting Brief. This document requested considered responses to 10 questions. The return date for Sifting Brief responses was 6th April 2016. On this date, nine responses were received. Responses came from a cross section of Panel Members, including developer contractors, volume house builders and large balance sheet registered social housing providers.
12. The Sifting Brief responses were then evaluated independently by an evaluation panel which comprised the Director of Finance, the then Director of Housing and Community Services (now Director of Housing and Regeneration), and the then Economic Development Officer. In late April, the three evaluators' scores were moderated and a final set of moderated scores was agreed and signed-off. Four of the bidders were selected to take through to the final Invitation to Tender (ITT) stage. All of the nine respondents were informed of the result of the Sifting Brief stage on 6th May 2016 in a format consistent with LDP rules.
13. On 13th May 2016, the ITT tender documents were issued to the four selected bidders. This package included: a Financial Template on which to respond to the financial questions; a series of design specifications for different elements of the scheme; legal documentation (Regeneration Agreement, CPO Indemnity Agreement, Overage Agreement, Leases); and a comprehensive suite of due diligence studies.
14. In May and early June 2016, a series of clarification meetings was held with the bidders with a final round of meetings taking place in late June 2016. An important distinction in using the LDP Panel is that these meetings were for points of clarification only, primarily relating to the ITT documentation provided and instructions about the detail of specific ITT questions (as opposed to a more formal dialogue process that is sometimes used for regeneration schemes). This clarification period ended on 29th July 2016. After this time, no further clarifications were sought from the bidders and no further enquiries from the bidders were responded to. Final tenders were submitted to the Council by the closing date of 24th August 2016.

15. The tenders were then analysed by Council officers and the Council's advisors. The advisors were GVA (commercial and property), Pinsent Masons (legal), Mott MacDonald (cost consultants), Grant Thornton (finance), Levitt Bernstein (urban design and architecture), and Alan Baxter Limited (heritage). The Council's planning officers provided advice on the planning aspects of the tenders. Following the analysis of the tenders, a series of clarification questions was sent to each bidder.
16. Following the receipt of the bidders' responses to the clarification questions, the bidders were invited to a clarification meeting with the evaluation panel (comprising the Director of Finance, the Director of Housing and Regeneration, and the Assistant Director of Housing and Regeneration (Property Services). Other officers and advisors were also in attendance. The meetings took place in late October. The bidders were provided in advance with a set of key areas for further clarification.
17. The ITT responses were then formally evaluated. As with the approach taken with at the Sifting Brief stage (see paragraph 12, above), the three members of the evaluation panel independently scored each bid. Their scores were then moderated and the final set of moderated scores was agreed and signed-off. One bidder was selected as the preferred bidder to be recommended for award of the contract.
18. The outcome of the evaluation is that the offer from Bidder B is proposed for acceptance. If this is approved, it is also proposed that the Director of Housing and Regeneration, in consultation with the Director of Finance and with the Council's legal advisors, Pinsent Masons, be authorised to conclude the terms of the Regeneration Agreement and associated legal documents on the basis of the tender received from Bidder B, subject to any necessary minor amendments.
19. The bidders would then be informed by letter via the Delta e-Sourcing Portal. The form of notification is in a specified format stipulated in the rules of the LDP. A voluntary ten day standstill period would apply, the effect of which would be to provide for a short pause between the point when the contract award decision is notified to bidders, and the final contract conclusion, during which time tenderers ('relevant economic operators') can challenge the award decision.

FUTURE MANAGEMENT ARRANGEMENT OF THE REGENERATION SCHEME

20. The Director of Housing and Regeneration is currently completing proposals for the future management of both the Alton Estate regeneration scheme and that for the Winstanley and York Road Estate regeneration scheme. These arrangements will include the Council's membership of the Steering Group including any delegations necessary to ensure that decisions are timely and proposals to ensure adequate resourcing of the project. Proposals regarding these matters will be brought to the February 2017 committee cycle. It is anticipated that the period for contract discussions and execution would take place in March and April 2017. The project Steering Group would be convened in late April or early May 2017. For information, the Steering Group is established under the terms of the Regeneration Agreement with equal representation from the Council and the development partner to oversee the delivery of the project.

UPDATE ON RELOCATION SITES

21. On 11th July 2016 the Executive approved (Paper No 16-277) taking forward three relocation sites in Alton East as a single planning application to allow for early decant of existing residents on the Alton Estate directly affected by the regeneration programme. These sites were identified as Petersfield Rise, Dilton Gardens and Fontley Way. The first two sites had been identified in the Alton Area Masterplan (Paper No. 14-447) to enable relocation of affected residents of the regeneration scheme and therefore represented a critical first step in the implementation of the Alton Estate Regeneration Project.
22. During the final stage of the Alton Estate developer procurement, all the bidders requested further clarity on the availability of relocation sites in order to effectively develop phasing strategies in line with the Council's 'one-move' policy regarding existing secure Council tenants and resident leaseholders/freeholders. At that stage, three sites were identified within the wider Alton Estate and in close proximity to the 'red line' area of the regeneration scheme as potential sites for development which would enable relocation of residents to new permanent homes thereby facilitating the first phase of the regeneration programme to happen.
23. Following the submission of final tenders in August 2016, analysis of the bidders' phasing and decant strategies revealed that all 28 units will not be needed to facilitate the initial phases of development, whichever bidder is selected. Further analysis concluded that ten units are likely to be required in order to facilitate the first stage of resident rehousing. Subsequent to this analysis, Levitt Bernstein (architects, landscape architects and urban designers) was commissioned to explore options for the Sherwood Lodge element of the Petersfield Rise site along with the adjoining car park. This site is indicated by the black line in Appendix A. This would be a Council self-build site and could provide 11 homes, initially targeted at resident leaseholders in an early phase of the regeneration scheme.
24. The expectation is that the Council, and not the developer, will submit a full and detailed planning application for this Council self-build site by summer 2017. Discussion with officers of the Council's Development Management Section has indicated that this timeline is achievable. This approach explicitly excludes the building containing the community centre and retail units on Petersfield Rise.
25. Under this revised strategy, the Dilton Gardens and Fontley Way sites are unlikely to be required in order to provide new homes for residents. However, both of these Alton East sites are to be retained and held as interim sites for relocated community facilities during the regeneration programme. This interim use will ensure the continuation of services possibly including the youth club, BASE and the Housing and Regeneration Department's Western Area Housing Office. It should be noted that the interim use of these two sites does not preclude them from future development of a nature other than D1 or D2 uses (i.e. other than non-residential institutions or assembly and leisure uses).
26. In terms of the wider programme relating to voluntary buy-backs, GL Hearn (property consultants) has completed sales on eight of the leaseholder and freeholder owned properties proposed for demolition. There are a further 13 properties in regard to which memorandum of sales have been produced, but which are awaiting

completion. In regard to the purchasing of ten properties for decanting purposes, eight units have been purchased and a further one is currently under offer. All of these properties are on the Alton Estate or the nearby Putney Vale and Ackroydon East Estates. A list of properties proposed to be acquired and the current progress in respect of negotiations is set out in Appendix B.

27. It is therefore proposed that the site on Bessborough Road, including the adjoining car park, previously referred to as Petersfield Rise, be developed as a Council self-build targeted, initially to provide residential accommodation to allow for early relocation of existing resident leaseholders on the Alton Estate directly affected by the regeneration programme and to reserve the sites on Dilton Gardens and Fontley Way for the interim relocation of community facilities.

PUBLIC SECTOR EQUALITY DUTY

28. Section 149(1) of the Equality Act 2010 provides that 'A public authority must, in the exercise of its functions, have due regard to the need to–
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.'
29. Equality impact assessments have been prepared for the Alton Area Masterplan 2014 (Paper No. 14-447) and the Roehampton Supplementary Planning Document 2015 (Paper No. 15-347). They evaluated the impact of these policies on race, gender, disability, age, religion and belief, and sexual orientation. They addressed both the positive and negative impacts of the policies and for the latter highlighted specific mitigation measures. The overall conclusion was that, based on the information available at the time, there was no reason for any major negative impacts on any equality strands to be identified.
30. The tenderers in the Alton mini-competition were essentially required to submit their proposals to be broadly consistent with the planning policy specified in the Roehampton Supplementary Planning Document 2015. Hence, the Initial Equality Impact Assessment for the Roehampton Supplementary Planning Document (September 2015) can be deemed to be applicable to the bidders' ITT submissions and specifically to that of the preferred bidder. Thus, no additional equality impact assessment is required for the award of this contract. Mitigation measures identified in the 2015 assessment will be taken forward once the preferred bidder becomes the development partner and strategies, such as the stakeholder engagement strategy and the decant (relocation) strategy are implemented.
31. As the project moves into planning and delivery stages, Equality impact assessments will be conducted at appropriate intervals and at key milestones to ensure that the Council's obligations under the Public Sector Equality Duty are fully met.

FINANCIAL IMPLICATIONS

32. The cost of any additional staffing and support to implement the Regeneration Agreement will be identified in a report to the next meeting of the Housing and Regeneration Overview and Scrutiny Committee (OSC) and the Executive with budget variations requested for approval as appropriate. These costs are anticipated to be met from within the overall financial provision made for the regeneration schemes in the Housing Revenue Account (HRA) 30-year business plan.

CONCLUSION

33. At the outset, the Council set out ambitious aspirations to provide a high quality development of this area and an improved health centre. The preferred bidder's proposals meet these aspirations and, if accepted, can be expected to achieve a significant improvement to the Alton Estate and provide an exemplar in estate regeneration in the Borough.

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CHRIS BUSS
Director of Finance and Deputy
Chief Executive

10th January 2017

Background Papers

There are no background papers to this report.

All reports to Overview and Scrutiny Committees, regulatory and other committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk/moderngov) unless the report was published before May 2001, in which case the Committee Secretary (Graham Collins - 020 8871 6021; email: gcollins@wandsworth.gov.uk) can supply it if required.