

WANDSWORTH BOROUGH COUNCIL

HOUSING AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE –
15TH SEPTEMBER 2015

EXECUTIVE – 21ST SEPTEMBER 2015

Report by the Director of Housing and Community Services on the regeneration and
improvement scheme for the Winstanley/York Road SW11 (Latchmere) Estates

SUMMARY

The regeneration scheme aims to provide new high quality housing for local residents of the estates 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 Battersea area incorporating new leisure facilities, a re-invigorated park, a new library and a range of community facilities to serve the area for generations to come.

This report provides details of decisions to be made prior to commencing the public procurement process to select a development partner to work with the Council through a Joint Venture arrangement to deliver the Winstanley and York Road regeneration scheme. In particular this report focusses on confirming the proposed form of procurement and type of implementation structure to take the project forward which will best support the Council in securing its objectives. The Council through reports such as this one is developing targets and objectives for this regeneration leading up to the procurement process. This will ensure that; bidders are clear as to what the Council wishes to achieve, that the appropriate delivery structure is developed and set out and that the procurement process is open, fair and transparent. It is proposed that there will be a further report on the final details of the procurement and scheme prior to commencing the procurement process.

Given the complex nature of and timescales involved in delivering this programme as highlighted in this report certain factors will continue to be tested over time, however, the key objective will remain to regenerate the area to the benefit of existing and future residents.

The report also details further developments on the offer to existing residents.

GLOSSARY

CHESS	Community Health Environment Scan Survey
CPO	Compulsory Purchase Order
DfT	Department for Transport

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EIA	Equalities Impact Assessment
GF	General Fund
GLA	Greater London Authority
GPC	General Power of Competence
HCA	Housing and Communities Agency
HRA	Housing Revenue Account
HROSC	Housing and Regeneration Overview and Scrutiny Committee
ISOS	Invitation to Submit Outline Solution
JV	Joint Venture
JVco	Joint Venture Company
LDP	London Development Panel
LLP	Limited Liability Partnership
2011 ACT	Localism Act 2011
OJEU	Official Journal of European Union
PAG	Procurement Advisory Group
PPD	Planning Parameters Document
PQQ	Pre Qualification Questionnaire
PRS	Private Rented Sector
SDLT	Stamp Duty Land Tax
TfL	Transport for London

RECOMMENDATIONS

1. The Housing and Regeneration Overview and Scrutiny Committee are recommended to support the recommendations in paragraph 2
2. The Executive is recommended to:-
 - (a) approve the commencement of a public procurement process, advertised by a contract notice published in the Official Journal of the European Union (OJEU) following the competitive dialogue route, to select a development partner to work with the Council through a Joint Venture arrangement to deliver the Winstanley and York Road regeneration scheme. Note that the Bramlands area will only be included within the procurement process as a possible future development option at this point, subject to ongoing review;
 - (b) Delegate the development, approval and management of the public procurement process and of all the procurement and contractual documentation needed to be put in place for the joint venture arrangement to the Director of Housing and Community Services in consultation with the Director of Finance as detailed in paragraphs 27-35;
 - (c) note and have regard to the relevant key powers for the decision to procure a partner contained within Appendix 3;
 - (d) note and have regard to the non - qualifying persons criteria as detailed in Paper No. 13-51, the Housing Allocation scheme, to be waived at the discretion of the Housing Entitlement and Assessment Manager or

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more senior officer in the Housing and Community Services Department, as set out on paragraphs 36-39;

- (e) give authority to the Director of Housing and Community Services in liaison with the Director of Finance to appoint communication, consultation and residency liaison services as required to support regeneration and other Council development activity ensuring that any such services are demonstrated to be value for money and of the appropriate quality; and
- (f) note and have regard to the rent setting policies as detailed in paragraphs 41-44, for those affected tenants of the Winstanley and York Road and Alton Estates.

BACKGROUND – WINSTANLEY AND YORK ROAD

3. In March 2012, the Executive agreed (Paper No. 12-218) an ambitious programme of work to improve the physical environment and to raise the aspirations and improve the life chances of those living in the most deprived areas of Latchmere and Roehampton and Putney Heath Wards. In October 2012 (Paper No. 12-645), the Executive agreed the shadow governance arrangements, terms of reference and an outcomes framework for the programme.
4. Reports to the Housing and Finance and Corporate Resources Overview and Scrutiny Committees and the Executive in November 2012 (Paper Nos. 12-679 and 12-680) presented findings from initial resident consultation that identified low satisfaction ratings for the general environment of the Winstanley and York Road Estates and with some residential blocks particularly on the York Road Estate. On this basis, the Executive agreed to select masterplanning teams to bring forward masterplans for both Winstanley and York Road and for the Alton Estates.
5. GVA and Levitt Bernstein were selected to produce a masterplan for the Winstanley and York Road Estates and commenced work in June 2013. Further progress reports were provided to the Housing and Finance and Corporate Resources Overview and Scrutiny Committees and the Executive in June (Paper No. 13-376) and to the Housing Overview and Scrutiny Committee and the Executive in November 2013 (Paper No. 13-703) as the plans developed and the scope of the regeneration was defined. Through this period the Council consulted widely on the plans with local residents and stakeholders to ensure that the plans were informed by such consultation and so that there was knowledge and understanding of the proposals.
6. Following an options assessment and consultation process with local stakeholders and residents, a report was presented to the Housing and Finance Corporate Resources Overview and Scrutiny Committees and Executive in March 2014 (Paper No. 14-158). The report endorsed the Preferred Option for regeneration and improvement which had developed from the masterplan options process and set targets for the next stage of

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scheme development.

7. Subsequent reports in January 2015 (Paper No. 15-8) and June 2015 (Paper No. 15-197), endorsed a Planning Parameters Document for the scheme and approved the commencement of a competitive dialogue public procurement process to be advertised by a contract notice published in the Official Journal of the European Union (OJEU) to select a development partner to work with the Council through a Joint Venture arrangement to deliver the Winstanley and York Road regeneration scheme.
8. Since the June report the Council has been undertaking due diligence in further developing its approach to procurement and considering the structure of the delivery vehicle and mechanisms to achieve the objectives of this programme. The key objective remains to regenerate the area to the benefit of existing and future residents of the Borough.

PROCUREMENT METHOD

9. It has been important to test and fully review the Council's proposed procurement approach to ensure that the best approach is identified and to minimise risk and challenge. The Director of Finance and the Director of Housing and Community Services have sought appropriate legal and professional advice in order to be able to assure the Council that the procurement approach recommended in paragraph 2(a) of this report is the best and right one.
10. Given the size and complexity of the proposed contract, and the recommended delivery approach through a Joint Venture between the Council and a development partner, the advice from the Council's advisors is that this should be an OJEU compliant competitive dialogue process. Whilst this may be seen as an onerous process it is of crucial importance to be able to robustly and fully demonstrate and document that an open and competitive process was undertaken that gives the maximum number of interested parties the opportunity to express an interest and develop proposals. This will avoid a continuing risk of legal challenge to the Council's procurement process hampering the ability to deliver in the future given the established nature of this procurement approach and the opportunity it will give for the Council to set out its regeneration objectives and for developers to respond and present their plans.
11. Advice on the options for the procurement process has been prepared by Pinsent Masons and GVA. In summary, the nature of the Project is such that use of the competitive dialogue procedure is the best and most appropriate approach and can therefore be justified and recommended to the Council in order to deliver the scheme's regeneration objectives.
12. In respect of the open/restricted procurement procedures, the assessment is that to seek to utilise either of these would create both legal and commercial risks which would be difficult to mitigate. Whilst both the competitive procedure with negotiation and the competitive dialogue procedures are

appropriate for more complex procurements, the market's familiarity with competitive dialogue and the fact that it offers a more tested, developed, mature and in turn more regulated procurement framework, when compared to the competitive procedure with negotiation, leads to the conclusion that that competitive dialogue is the most appropriate method. The opinion attached confirms the view which Council Officers concur with that competitive dialogue is best placed to minimise risk and delay.

13. In respect to the use of procurement frameworks, whilst the London Development Panel is available for use by the Council generally, a more open call for competition and a procurement process which encourages dialogue with bidders (which LDP does not) along with the bespoke documentation required for this Joint Venture Company (JVco) again has led to the conclusions set out in the opinion and supported and recommended by Council Officers that competitive dialogue is the better alternative and most appropriate option.

PROCUREMENT PROCESS

14. The Council intends to launch the competitive dialogue process in December 2015. Attached at Appendix 1 is an indicative intended timetable setting out the stages required for the Competitive Dialogue process. This is slightly later than was originally envisaged in Paper No. 15-197 and is intended to stagger the Winstanley and York Road and the Alton scheme procurements to provide organisations intending to potentially respond to both opportunities with sufficient time and to manage the inevitable capacity issues if they wish to participate in both. The slight staggering of the timescales, will allow the Alton Estate scheme initial shortlisting to be undertaken first before the York Road/Winstanley process is commenced. This will put back the York Road/Winstanley scheme by approximately six weeks. If the Alton commencement is delayed for some reason then a decision will need to be made as to whether to commence prior to Alton or there may need to be a further delay. This will depend on the significance of any delay to the other scheme. Any change required will be reported to the November Committee cycle.
15. The overall timetable for the procurement remains tight but is considered necessary to maintain momentum in delivering the regeneration objectives. Whilst key decisions have been and will continue to be made by the Council's HROSC and Executive, it is recommended that the mobilisation to procure is delegated to the Director of Finance and Director of Housing and Community Services as set out in paragraph 2(b) following as is required the Council's procurement guidelines and requirements and those pertaining to the preferred procurement route identified in this report. The final decision on preferred bidder and Contract Award would be agreed following a report to the Executive.
16. Decisions at key stages of the procurement process will be taken for review and consideration at the officer Regeneration Project Board and, PAG and will be reviewed by the Council's appointed lead consultants. Oversight,

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updates and reports on progress will also be presented to the Project Steering Group of lead members and ward councillors. Such a process will provide rigour and transparency to the process and allow for consideration of any matters arising during the process requiring scrutiny and decision by the Council's Executive. The proposed procurement route and timetable were considered by PAG on 15th July 2015.

17. The outline criteria for the procurement stages are set out below:

Pre Qualification Questionnaire (PQQ)

18. The PQQ will be used to assess the Applicants suitability as a Joint Venture partner for the Council. This will involve a compliance check, a financial evaluation and an assessment of the Applicants technical ability, experience and capacity to deliver the project.
19. The compliance check will be a pass/fail and will ensure the Applicant is a credible solvent organisation and is not under criminal investigation.
20. The Applicants economic and financial standing will be assessed to determine whether it is satisfactory or unsatisfactory. An applicant will pass this aspect of the PQQ if their financial standing is not seen to present a material risk to the Council or the delivery of the project and the aims and objectives of this regeneration. The Applicant will be assessed on their financial standing, financial performance and overall financial strength against a set of criteria, which will be proportionate and related to the required financial and funding requirements of the York Road and Winstanley project.
21. The second section of the PQQ will assess the Applicants technical ability, experience and capacity to deliver the project. One part of this will be the Applicant providing a selection of case studies to demonstrate previous and current experience of the delivery of similar developments. The evaluation criteria will be relevant to the York Road and Winstanley project and will assess the Applicants ability and experience in:-
- (a) Large Scale Central London Mixed Use Development
 - (b) Estate and Area Renewal and Regeneration
 - (c) Affordable Housing Delivery
 - (d) Community Facilities
 - (e) Multi Stakeholder Engagement
 - (f) Provision of social infrastructure including delivery of community benefit including supporting training and employment initiatives
 - (g) Partnering a Public Sector Organisation
 - (h) PRS delivery
22. The Applicant will also be assessed on their proposed delivery team to include Programme Lead, key individuals and consultant team(s) and/or approach to and experience of engaging and managing such teams and contractors to secure timely delivery of plans and objectives. It is envisaged

that depending on the number of PQQ submissions, between 3 to 4 parties will be invited to participate in a dialogue, the first stage of which will be the Invitation to Submit Outline Solution (ISOS) stage.

Invitation to Submit Outline Solution (ISOS), Detailed Solutions & Final Tender

23. The evaluation criteria for this stage are far less standardised and therefore requires significant consideration, review and drafting over the coming months to ensure relevance to the York Road and Winstanley project. Input will be required from a legal, design, planning, commercial and financial perspective.
24. Applicants will be evaluated against criteria which will assess their ability to deliver the project and its objectives as the Council's Joint Venture Partner. This is likely to be divided into Legal, Technical and Financial:-
 - (a) **Legal** – An evaluation of the applicants proposed amendments to the joint venture structure and legal terms and the risks and benefits associated with their proposals;
 - (b) **Technical** – This may have a number of sub criteria as follows:
 - Planning Strategy
 - Architecture, Design Vision and Masterplanning
 - Delivery and procurement plan
 - Project Team
 - Resident and stakeholder engagement; and
 - (c) **Financial** – To include Funding, Assumptions, Profit share, Management Fee and transparency of approach.
25. In addition to the criteria, the proposed weighting of each of the sections will be set out at the outset of the dialogue.
26. Resident involvement arrangements will be developed to ensure that there is an appropriate level of engagement in the process. However this will need to be carefully structured to ensure compliance with the applicable procurement regulations.
27. The final decision on the detail of criteria and amount of parties invited to participate at each stage further will be delegated as set out in recommendation 2(b).

VIABILITY AND COUNCIL INVESTMENT IN THE SCHEME

28. Whilst the viability of the scheme will be tested through the procurement process, extensive financial modelling has been undertaken. This demonstrates that while the scheme is viable it is likely to require the Council to provide up-front investment in the early stages in order to enable the delivery of the Council's regeneration objectives for the area. Further testing

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of the scheme viability is continuing and further detail of the range of potential investment from the Council in the scheme will be provided for decision prior to the commencement of procurement.

JOINT VENTURE STRUCTURE

29. In order to ensure that the procurement process is fair and transparent the Council needs to signal the intended structure of the proposed JV. It is proposed that a limited liability partnership (LLP) may be established as the legal vehicle for the Joint Venture.
30. Pinsent Masons have advised that the General Power of Competence ("GPC") contained in Section 1 of the Localism Act 2011 ("2011 Act") is in principle wide enough to authorise local authority participation in a LLP provided that the purposes of its participation are "non commercial" and assist in meeting the aims and objectives of the Council in respect of the Scheme. The GPC enables a Local Authority to do anything "that individuals may do", however there are some restrictions on the use of the GPC, one of which is that anything done for a commercial purpose must be done through a company. The advice obtained from Pinsent Masons LLP will be updated as an ongoing part of the procurement process.
31. The Council's clear objectives are those of regeneration and the provision and improvement of housing in the Borough rather than the making of a profit by the Council. As identified in Paper No. 15-8 and repeated here for clarity these are to:
 - (a) tackle the range of issues that are contributing to levels of deprivation and lack of opportunities on the Winstanley and York Road estates. Notable in this respect for the masterplan is poor physical environment, lack of connectivity and permeability with the surrounding area and low levels of satisfaction amongst some residents with the housing they live in. The preferred option is intended to deal with these physical challenges but it has been identified that a range of other social and economic initiatives are required to improve health and well being and to ensure that an integrated and successful neighbourhood and community is delivered to the benefit of existing and future residents;
 - (b) create a better quality living environment with a key focus on the two estates but recognising the benefits of improvement that could and needs to be achieved in the surrounding area (e.g. improving crossing areas across York Road and tackling the Falcon Road under pass);
 - (c) improve the design and layout of the neighbourhood;
 - (d) secure greater permeability through the estate and between the estate and the wider neighbourhood. In particular better linkages and a clear and attractive route through the area between the Battersea riverside and Clapham Junction;
 - (e) generate economic growth and new employment opportunities particularly for local residents;
 - (f) improve the design and layout of the neighbourhood; and

- (g) improve and diversify the commercial and retail offer in the area and in particular boost the retail offer generally in the area including along Falcon Road:
 - (i) secure additional housing and promote a greater housing choice for local residents and workers through the provision of intermediate and market housing as well as more low cost rented housing;
 - (ii) secure new high quality and high performing housing built to the London Mayor's Design Guide Standards;
 - (iii) address local housing needs and requirements with a particular focus on providing suitable housing for older, disabled and over crowded households;
 - (iv) reduce long term maintenance and running costs for the Council's stock, significantly improve the energy efficiency of the stock and maximise the use of the Council's assets;
 - (v) create through the development and regeneration a strong and coherent sense of place where local residents want to live now and into the future; and
 - (vi) achieve the above objectives and realise a thriving and sustainable mixed neighbourhood".

32. The Council is preparing a detailed suite of documents for the procurement that will outline the Council's requirements, aspirations and ambition for the scheme and for the Joint Venture. This will provide clarity for the bidders in terms of structure, aims and objectives and assist with and be the basis for the competitive dialogue process. These documents can be broadly divided into Legal, Technical, Financial and Community elements:

- (a) **Legal** – This will include the legal vehicle through which the scheme and its objectives will be delivered, how the constitution of the vehicle is formed, governance and key roles in the vehicle, decision making protocols and procurement policies, obligations to both parties and the range of technical matters required to provide clarity (e.g. winding up).
- (b) **Financial** – this will include funding assumptions, profit share, reporting requirements and transparency, insolvency rules, direct tax, Stamp Duty Land Tax (SDLT) and VAT.
- (c) **Technical** – this will include planning strategy, architecture, legibility, design vision and masterplanning, delivery and phasing to ensure timely delivery.
- (d) **Community** – this includes the approach to resident, stakeholder and wider community engagement and will incorporate approach to other matters including local labour, training and apprenticeships for local people and considerate construction practices. The Council will want to secure through the process that prospective partners will take a long term and inclusive view towards promoting change for the area, working with local residents through the change process and securing

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the ongoing successful stewardship of the area. The Council will also want to secure commitments to local training and employment through the process, notwithstanding that commitments to these matters will be secured through the planning process.

33. The Council's legal advisors have prepared a high level note which details the legal agreements which may be required for the proposed structure relating to the regeneration of the Winstanley and York Road Estates. As the structure is still being developed, and may change as a result of the dialogue process, the documentation required may vary depending on any changes to the structure and is not therefore definitive. The final suggested structure will be provided to bidders for their comment. This note is attached at Appendix 2.
34. The intention in setting out the Council's requirements is not to restrict interest but to promote a productive dialogue and to attract as wide a variety of potential partners as possible. Alternative approaches may be put forward that would better meet the Council's objectives or a bidder may identify particular challenges to meeting the Council's objectives which by necessity would require revision to plans, provided they continue to meet the Council's overall objectives.
35. This report recommends that this suite of procurement documents is now prepared by Officers and approval of the process and the final draft of the documents are delegated to the Director of Finance and Director of Housing and Community Services. This will include agreement of the final suggested JV structure, in particular determining the most efficient and appropriate arrangements which meet statutory, regulatory and accountancy requirements.

DEVELOPING THE OFFER TO RESIDENTS AND ONGOING COMMUNICATION REQUIREMENTS

36. The aim of the Council's decant and compensation arrangements for council tenants, leaseholder and freeholders affected by regeneration plans continues to be to have a fair policy which offers variously social rent terms, the opportunity to buy back into the scheme, the right to return and in some cases more appropriately sized accommodation where for instance a household is overcrowded or wishes to downsize.
37. Paper No. 15- 8 approved the discretionary buy back of residential leasehold and freehold interests with compensation identified as potentially required for redevelopment within the endorsed preferred option. Whilst no Compulsory Purchase Order has been made, these purchases are being undertaken in line with the Compulsory Purchase Code being at market value plus the appropriate Home Loss or Basic Loss payments (an additional 7.5% or 10% of market) and reasonable disturbance costs. Since this offer has been expressed to homeowners it has been identified that a number of homeowners who would be impacted by the development would be interested in voluntary sale of their property to the Council and moving to one

of the Council's sheltered schemes. As at the end of August the Council has acquired 10 units within the W/YR estates with a further 4 are under offer.

38. Paper No. 13-51, the Housing Allocation scheme, identified groups who for all other purposes satisfied the criteria to be able to apply and be eligible for allocation of housing, but not be qualifying persons for an allocation of social housing in Wandsworth. This included;

"2) Persons who do not qualify on grounds of home ownership etc.

2.5.0 Applicants will not qualify for social housing in Wandsworth and be (or remain) registered on the Council's housing queues if:

a) They own or jointly own accommodation (including shared ownership accommodation) in the UK or elsewhere, or have a legal right to occupy accommodation in the UK or elsewhere (other than as a tenant or licensee) unless they satisfy the Council that it would not be possible and reasonable for them to either:

- i. occupy the accommodation; or*
- ii. sell or let the accommodation in order to obtain suitable accommodation; or*

b) The Council is satisfied that they have savings that it would be possible and reasonable for them to use in order to obtain suitable accommodation."

39. This criteria applies to all applications but may, in exceptional circumstances, be waived at the discretion of the Housing Entitlement and Assessment Manager or more senior officer in the Housing and Community Services Department. Decanting older council leaseholders and freeholders who will often be long term residents of the Borough will require a level of discretion to be used to provide appropriate alternative and local housing. Therefore, in order to progress with the timely decant of properties and provide an appropriate local housing option the Council will offer the opportunity of sheltered housing to those homeowners who would qualify for sheltered accommodation at aged 55 and above.
40. Paper No. 15-197 recommended that the Council would seek to assist those who would have a priority to move (e.g. overcrowded households, vulnerable tenants requiring more appropriate accommodation) as identified by the Council's allocation scheme and would henceforward pay compensation and disturbance costs to council social tenants moved, in line with the Winstanley and York Road Council Tenants Re-housing information booklet (October 2014). There has been steady uptake of this offer with a number of moves facilitated and activity around identifying and assessing further households increasing as plans develop and are moved forward.
41. Paper No. 13-376 endorsed the principles of the 'tenant and leaseholder offer' in which the Council committed that council tenants affected by the regeneration 'would be offered an alternative home on a social rent' in the

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local area with the option to return. This means that affected council tenants who move to a new property within the regeneration scheme of the equivalent size will take their current rent with them, with this rent then subject to the Council's rent setting policies and any national rent policy requirements applicable at the time.

42. If the new-build scheme property they are moving to is of differing bed size they will take with them the equivalent rent of a similar sized property in their current location to their new property, again this is then subject to the Council's rent setting policies and any national rent policy requirements applicable at the time.
43. Tenants who choose to move now to existing Council housing stock of equivalent size will take their current rent to the new property. If the property they are moving to is of differing bed size they will take with them the equivalent rent of a similar sized property in their current location to their new property, again this is then subject to the Council's rent setting policies and any national rent policy requirements applicable at the time.
44. This position on rents for tenants set out in paragraphs 41-43 above also apply to the Alton regeneration scheme.
45. Home loss compensation payments and reasonable disturbance payments are being made to all tenants subject to deductions of any monies owed to the Council. Assistance with moves will be available through dedicated resources within the regeneration project team and through the Council's Moves and Mobility Team. Council tenants needing to be decanted will not be able to seek additional payments through the Moves and Mobility Team initiative given that reasonable compensation, home loss and disturbance payments will cover relocation and moving costs.
46. Through follow ups to the Housing Needs Survey last year, the regeneration team have 39 tenants who are currently actively pursuing a voluntary decant from the estate and 10 how have already undertaken a voluntary move.
47. It is also intended through the rest of 2015 to begin to profile sub tenants of non resident council leaseholders and freeholders. Whilst the Council has no direct legal or rehousing duty to sub tenants the aim of this exercise will be to understand household composition to anticipate the scale and any potential call on the Council's statutory homeless and advice services.
48. The Council remains focused on engaging with local residents throughout the scheme. It is recognised that early and effective engagement with local residents is key to helping individual households come to a fully informed decision over their rehousing options. As such, maintaining and improving upon the constructive dialogue between the estate community and the council is identified as an increasing important priority in the months ahead. Effective two-way communication is also vital to maintaining overall confidence in the regeneration process and to ensuring that resident

concerns are heard and addressed as the process moves forward. With this in mind, a detailed review of the projects' communications and engagement process is underway, facilitated by a third party consultant with expertise in this field.

49. Paper No. 14-158 approved delegation of the appointment of consultancies to the Director of Finance and Director of Housing and Community Services to assist with the successful delivery of regeneration and improvement plans. This report recommends such appointment is further delegated to include communication and consultative consultancies that will be able to assist the Council in continuing and improving its liaison and communication with local residents. It is anticipated that such arrangements will continue until the JVco is established and be funded by the Council from its project resources with the option to pass such reasonable costs on to the JVco particularly where more structured consultative/governance/scrutiny arrangements have been established.

COMMENTS OF THE DIRECTOR OF FINANCE

50. The Director of Finance comments that the work undertaken to date on the financial viability of both the Alton and the Winstanley/York Road regeneration schemes demonstrate that, under the current raft of assumptions used, both schemes are financially viable. This will require utilising the £100m borrowing headroom established within the HRA Business Plan in 2012 although the extent of the borrowing requirement will not be fully known until the procurement processes have been completed and more certainty can be attached to the cash flow projections for both the HRA and the General Fund.
51. The procurement process will test the financial model and assumptions further to provide security that the scheme will remain affordable when considered alongside the viability of the HRA. The HRA Business Plan Update, presented elsewhere on this agenda (Paper No. 15-315), highlights some of the recent external influences and revises the financial outlook. It shows that the HRA 30 year business plan remains viable but that the Council is likely to have to provide some up front investment into the scheme. Further viability testing will be undertaken as the schemes develop.
52. Due to the size and complexity of the proposed contract for the procurement of a Joint Venture development partner the recommendation from the Council's specialist advisors is that this is through an OJEU compliant competitive dialogue process. This will ensure that the Council can demonstrate that an open and competitive process was undertaken and will avoid the risk of legal challenge and any associated delay. The intention is that a Limited Liability Partnership may be established as the legal vehicle for the Joint Venture. The Council is preparing detailed documents for the procurement that will cover the legal, financial, technical and community elements which will outline the Council's requirements, aspirations and ambition for the scheme and for the Joint Venture. This will provide clarity for the potential bidders in terms of structure, aims and objectives and assist

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with and be the basis for the competitive dialogue process.

53. The Tenant and Leasehold Offer made a commitment that Council tenants affected by the regeneration would be offered an alternative home on a social rent in the local area with an option to return. Where tenants choose to move to an equivalent bed size property this will be charged on the same basis as their existing property. Where the property differs in bed size to that which they have vacated the rent will be set at a rent to an equivalent sized property in their current location. These rents will be subject to the Council's rent setting policy and Government legislation on national rent setting applicable at the time.
54. Paper No. 14-158 approved a total of £4 million of existing approved capital resources in the HRA be made available for the procurement of specialist advice on the regeneration schemes. This covered the procurement of finance and tax issues, cost consultancy, legal and planning advice. The proposal to procure communication, consultation and residency liaison services will be met from within this existing budget. The budget will be kept under review with any future demand considered as part of the HRA capital bids process.

CONCLUSIONS

55. This report sets out and reaffirms the procurement process and delivery structure that it is intended will deliver the regeneration objectives for the Winstanley and York Road Estates. Whilst the key components of these processes and structures are set out here the report recognises that delegation is required to the Director of Finance and Director of the Housing and Community Services Department to undertake the detailed planning and to produce the necessary documentation to take this regeneration forward. The current delivery structures in place will allow for plans to be taken forward with the necessary legal, financial and property services input and overview and oversight will continue to be provided through steering group and consultative arrangements.
56. Necessarily the resident offers will be subject to review and refinement as particular matters arise which apply, for instance, to more than one resident. Additionally national and regional policy changes may affect the terms under which for instance a household is decanted and moved. As set out in this report however the objective of the Council remains to offer affected council tenants and leaseholders and freeholders a fair and local offer which is it recommended now includes the option of sheltered housing to older resident leaseholders who wish to explore this housing option.
57. Communication and consistent engagement with local residents over what will be an extended delivery term will require the services of experienced communication and consultative agencies. Such agencies will bring experience of assisting in the delivery of regeneration programmes elsewhere and can often provide a third party perspective which is of assistance to the Council and local residents in terms of relaying messages

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and raising concerns. This report therefore proposes that appointment of consultants by the Director of Finance and Director of Housing and Community Services is extended to include such agencies.

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4th September 2015

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 (Thayyiba Shaah – 020 8871 6039; email tshaah@wandsworth.gov.uk) can supply if required.