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Meeting	Cabinet Resources Committee
Date	7 <sup>th</sup> November 2012
<b>Subject</b>	<b>Granville Road, NW2, New Housing Development – Up-dated from 18<sup>th</sup> October 2012 Report</b>
Report of	Leader of Council Deputy Leader of the Council and Cabinet Member for Resources and Performance Cabinet Member for Housing
Summary	To report on the competitive dialogue process to procure a development partner to redevelop lands on the Granville Road estate, and to seek approval to appoint the Council's development partner – Up-date to Appendix 2

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Status (public or exempt)	Public (with separate exempt report)
Wards affected	Childs Hill
Enclosures	Appendix 1 – Granville Road Boundary Map Appendix 2 – Evaluation Criteria Appendix 3 – Key Provisions (Bidder A and Bidder C)
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

## **1. RECOMMENDATION**

- 1.1 That the Committee considers the matters detailed in Appendix 2 to this report and for the reasons set out in 9.9 below affirm its decisions of 18<sup>th</sup> October 2012 as set out in 1.2 to 1.12 below**
- 1.2 That in exercise of the Council's general power of competence under Section 1 of Chapter 1 of the Localism Act 2011, and the other statutory powers referred to in the Legal Issues Section of this report and all other relevant powers, authority be granted to:**
  - 1.2.1 appoint Mulalley/One Housing Consortium comprising of Mulalley & Co Limited, CHA Ventures Limited and, as guarantor with CHA Ventures Limited, Sherrygreen Limited (Bidder B) (as detailed in the Exempt Report) as the Council's preferred development partner to take forward their Option 1 for the Granville Road, NW2, New Housing Development Scheme.**
  - 1.2.2 approve the selection of the Countryside/Metropolitan Housing Consortium comprising of Countryside Properties (UK) Limited and Metropolitan Housing Partnership and, as guarantor, Countryside Properties plc (Bidder C) as detailed in the Exempt report to be the Council's reserve development partner for the Granville Road, NW2 New Housing Development Scheme**
- 1.3 That authority be delegated to the Deputy Chief Executive in consultation with the Leader of the Council to finalise any outstanding matters and the New Housing Development Agreement for the Granville Road Estate, NW2 and any other related legal agreements with Bidder B (or with Bidder C if in their opinion it is not feasible to reach a timely agreement on outstanding matters with Bidder B).**
- 1.4 That the Council shall enter into the New Housing Development Agreement for the Granville Road Estate, NW2 and any other related legal agreements with Bidder B (or Bidder C if applicable under paragraph 1.2) subject to the Deputy Chief Executive being satisfied as to the terms of such agreements and the Practice Director of the Joint Legal Services, or authorised delegate, being satisfied as to the form of such agreements.**
- 1.5 That authority be delegated to the Deputy Chief Executive in consultation with the Practice Director of the Joint Legal Services to decide whether:**
  - (a) to rely upon one or more of the General Housing Consents 2012; or**
  - (b) subject to the authorisation of the full Council to make a specific application for the consent of the Secretary of State for Communities and Local Government for the Council to dispose of land to Bidder B (or Bidder C if applicable under paragraph 1.2) in the Granville Road, NW2 development site which it holds under Part II of the Housing Act 1985.**
- 1.6 That authority be delegated to the Deputy Chief Executive in consultation with the Practice Director of the Joint Legal Services to decide whether:**

**(a) the Council is not required to seek the consent of the Secretary of State for Communities and Local Government; or**

**(b) to rely on the General Consent (Circular 06/03: The Local Government Act 1972 general disposal consent (England) 2003); or**

**(c) to make a specific application to the Secretary of State for his consent;**

**for the Council to dispose of land to Bidder B (or Bidder C if applicable under paragraph 1.2) in the Granville Road, NW2 development site which it holds other than under Part II of the Housing Act 1985.**

**1.7 That authority be delegated to the Deputy Chief Executive in consultation with the Practice Director of the Joint Legal Service to decide whether:**

**(a) Council is providing financial assistance in respect of the new housing development at Granville Road, NW2 as described in Section 24 of the Local Government Act 1988; and if so whether:**

**(i) to rely on one or more of the general consents under Section 25 of the Local Government Act 1988 (Local Authority assistance for privately let housing) 2010; or**

**(ii) to make a specific application to the Secretary of State for his consent under Sections 25 and 26 of the Local Government Act 1988;**

**in connection with the proposed new housing development at Granville Road, NW2.**

**1.8 That authorisation be given (granted) to the Interim Director for Planning, Environment and Regeneration to notify secure tenants affected by the proposed new housing development of Granville Road, NW2 and enable the same to make representations to the Council in accordance with the requirements of Part V of schedule 2 of the Housing Act 1985.**

**1.9 That authority is delegated to the Interim Director for Planning, Environment and Regeneration in consultation with the Leader of the Council to consider any representations made by secure tenants received under the process set out in paragraph 1.7, and if as a consequence of such representations, she believes it appropriate, to seek relevant changes to the proposed new housing development at Granville Road, NW2.**

**1.10 That approval is given to make of discretionary payments for home loss and disturbance payments, to secure tenants who transfer from the Beech Court to alternative accommodation to facilitate redevelopment.**

**1.11 That, subject to undertaking the actions required under paragraphs 1.7 and 1.8 authority is delegated to the Interim Director for Planning, Environment and Regeneration to apply for the Secretary of State's approval for the proposed new build housing development and disposal of identified land at the Granville Road Estate, NW2 for the purposes of ground 10 A in Part II of Schedule 2 of the Housing Act 1985.**

**1.12 That, subject to the prior grant of the planning permission for the regeneration of the Granville Road, NW2 development area (“Development Area”), the appropriate Chief Officers be authorised to (1) advertise the Council’s intention of appropriating open space lands within the Development Area pursuant to Section 122(2A) of Local Government Act 1972 and to report to a future meeting of the Committee if any representations are made and (2) subject to any relevant consents of the Secretary of States being obtained, to appropriate to planning purposes, the Housing land in the Development Area and any land held for any other purpose of the Council, within the Development Area, prior to the disposal of such lands.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 31 October 2007 (Decision Item 11) – approved in principle the sale of the specified lands on Granville Road estate, NW2 for residential development to fund works required to the tower blocks subject to marketing and tendering.
- 2.2 Cabinet, 23 January 2008 (Decision Item 7) – approved the Planning Brief for the Granville Road Estate, NW2 which included retention of the three taller tower blocks for major refurbishment and improvement assisted by unlocking new build potential on adjoining under-used land to provide new homes as part of a wider Estate regeneration scheme.
- 2.3 Cabinet Resources Committee, 5 March 2009 (Decision Item 10) – approved the demolition of Garth House and connected buildings following a fire in 2008.
- 2.4 Cabinet Resources Committee, 23 April 2009 (Decision Item 6) – approved an initial allocation of £1 million of Growth Area Funding if necessary, to assist the financial business case for the refurbishment of the three tower blocks and the wider regeneration on the Granville Road Estate, NW2.
- 2.5 Cabinet Housing and Regeneration Committee, 27 May 2009 (Decision Item 7) – Informed members on Local Asset Backed Vehicles (LABV) model and how this may assist the Council in providing innovative funding solutions to delivering housing regeneration at locations such as Granville Road Estate, NW2.
- 2.6 Cabinet Resources Committee, 30 July 2009 (Decision item 18) – approved the formal acceptance of the award of funding of £7.011 million from the London Development Agency allocated from the London Mayor’s Targeted Funding Stream to improve the three tower blocks and upgrade 179 homes on the Granville Road Estate, NW2 and to undertake a parallel process for the wider estate regeneration and related procurement process.
- 2.7 Cabinet, 21 October 2009 (Decision item 10) – approved
- (i) that officers invite expressions of interest on the options for progression of the regeneration;
  - (ii) the commencement of a formal procurement and market testing of the options;
  - (iii) officers procure the production of a masterplan to guide the development and regeneration of the wider estate; and

(iv) that officers report back to Cabinet or Cabinet Resources Committee to commence phase 2 of the wider regeneration in accordance with the chosen financial and procurement model.

- 2.8 Cabinet, 21 October 2009 (Decision item 8) – approved the plans for implementing the Future Shape programme which sets out three key priorities being a new relationship with citizens, a one public sector approach and a relentless drive for efficiency whilst seeking to deliver new innovative models of funding and service delivery.
- 2.9 Cabinet Resources Committee, 23 February 2010 (Decision item 14) – approved
- (i) the commencement of the process to develop a Local Asset Backed Vehicle;
  - (ii) a formal LABV Board be constituted with Officers tasked with reporting back to CRC on the detail of the forming and operating of such a vehicle;
  - (iii) to undertake soft market testing with the potential to refine the LABV concept to a Barnet specific product; and
  - (iv) procure appropriate professional advisers to assist the Council in this process.
- 2.10 Cabinet, 12 April 2010 (Decision item 9) – approved the Barnet Housing Strategy and
- (i) to explore the Private Rented Sector Initiative, in 2010/11 linked to Future Shape;
  - (ii) following such exploration, to develop further the Business Case for establishing a Barnet Private Rented Sector Initiative vehicle for future presentation to Cabinet; and
  - (iii) to appoint relevant external advisors to advise on the Private Rented Sector Initiative and the Council's proposed participation in such a vehicle, and authority be given to the relevant Cabinet Member, through Delegated Powers, to approve external advisors.
- 2.11 Cabinet Resources Committee, 17 June 2010 (Agenda Item 9): Resolved –
- (i) That having regard to the business case for Phase 2 of the regeneration of the Granville Road estate, NW2:
    - (a) That the Director of Planning Housing and Regeneration be authorised to seek a development partner through a competitive tender to enter into a joint venture to take forward Phase 2 of the regeneration of the Granville Road Estate, NW2;
    - (b) That the Director of Planning, Housing and Regeneration be authorised to approve through delegated powers, the appointment of any further external consultants, in accordance with the Council's Contract Procurement Rules to support the tender and contractual arrangements for the establishment of a joint venture agreement / local delivery vehicle for Granville Road, NW2; and
    - (c) To authorise spend up to a maximum of £500,000 towards legal and consultancy services to support the tender arrangements required for the establishment of a joint venture agreement or other delivery vehicle for Granville Road.
- 2.12 Cabinet Resources committee, 18 October 2012 – approved the recommendations as set out in 1.1 to 1.11 above.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The regeneration of the Granville Road Estate, NW2 contributes to the delivery of the Corporate Plan 2012-2013 priority of a 'successful London Suburb' and the One Barnet - A Sustainable Community Strategy 2010-20. Strategic objectives under the above include to deliver sustainable housing growth, to support strong and cohesive communities and to ensure residents continue to feel that Barnet is a place where people from different communities get on together including through effective management of our regeneration programmes.
- 3.2 The Granville Road Estate, NW2 Regeneration also supports the corporate priority of 'sharing opportunities, sharing responsibilities'. The new development will offer more choice by providing a number of different housing options such as shared equity, shared ownership etc to residents and those in the wider community.
- 3.3 The Granville Road Estate Planning Brief adopted by Cabinet, and issued on 23 January 2008 also outlines a vision for a high quality successful and sustainable community including well designed new homes. It sets out key principles and opportunities for new housing development in keeping with the character of the area

### **4. RISK MANAGEMENT ISSUES**

- 4.1 There is a risk that should the Council not give approval to Bidder B as the Council's preferred development partner and Bidder C as the reserve development partner the Council will suffer reputational damage.

### **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Barnet is committed to improving the quality of life and wider participation for all the economic, educational, cultural, and social and community life in the Borough. This is achieved by pursuing successful regeneration of the Borough's priority housing estates and where financially necessary to assist this by bringing sites to the market for residential use. This will benefit all sections of society and Barnet's diverse communities who are seeking housing and contribute to addressing the shortage of housing in the Borough across all tenures.

### **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

#### **Finance**

- 6.1.1 Between 2008 and 2012, the Council has spent approximately £334,000 on consultancy fees. This includes work that was required to de-risk the scheme and make it more attractive to potential private sector partners.
- 6.1.2 The Council appointed external consultants Buro Happold and CB Richard Ellis to provide due diligence support and specialist advice during the Competitive Dialogue process. Trowers and Hamlins were later appointed to provide independent legal advice. The Council spent approximately £269,000 on

consultant fees to support the marketing and the Competitive Dialogue process up to August 2012. Further fees are likely to be incurred for services received between August 2012 and April 2013 until the contracts are signed.

- 6.1.3 Where possible we have used in-house resources to minimise costs and external fees on this process. The Council's planning, highways, finance and procurement departments have provided key input throughout this process.
- 6.1.4 The costs of procurement and related consultancies have been budgeted through the Housing Revenue Account (HRA) and the recharging of these costs at £350,000 will be included in any Principal Development Agreement. If these costs cannot be recovered, this will be funded from the HRA budget.
- 6.1.5 Bidders were asked to make an allowance within their business models for the recovery of historical costs. The Committee are referred to the Exempt Report for more details.
- 6.1.6 Homeloss and Disturbance payments will be paid to all the secure tenants that are required to move from Beech Court, NW2. The amount payable will be in accordance with the amounts stated in the Land Compensation Act 1973. Bidders were asked to make an allowance of £100,000 within their business case to cover these costs.

### **The Procurement Process**

- 6.2.1 Following Cabinet Resources Committee's decision on 17 June 2010 to procure a delivery partner for the scheme using the Competitive Dialogue procedure an OJEU notice was released on 23 November 2010, OJEU Competitive Dialogue Service notice, 2010/S 227-347396. The notice identified the procurement process to be undertaken together with specifying the Council's intention to seek a development partner for the scheme. Expressions of Interest were received which facilitated the release of Pre-Qualification Questionnaires (PQQ) and a Memorandum of Information (MOI). The MOI provided detailed information on the scheme, and set out the parameters for the Competitive Dialogue in summary.
- 6.2.2. The Council received PQQ submissions from 17 bidders. The PQQs were evaluated in accordance with the evaluation criteria published in the OJEU notice: Company Information 5%, Technical Resources & References 50%, Finance 30%, Health & Safety 5%, Environmental Issues 10%. This criteria was utilised to shortlist the number of candidates to enter the first dialogue stage.
- 6.2.3. Following the evaluation of the PQQ submissions, the Council identified 6 bidders for first dialogue stage (please refer to Exempt Report for bidder detail). All bidders, successful and unsuccessful, were notified of the PQQ evaluation outcome.
- 6.2.4 The six successful bidders identified were invited to participate in Invitation to Submit Outline Solutions (ISOS) on 10 May 2011. This second stage of the process allowed the Council to evaluate the potential bidders' ability and commitment to finding an innovated and viable solution to the scheme. Potential bidders were invited to develop mini proposals which covered three fundamental areas, (1) urban design, (2) financial arrangements, and (3) working in partnership issues.

6.2.5 The Council also re-emphasised the core principles for the scheme:

- High quality housing design employing sustainable construction techniques
- Improvements to the environment and public realm
- A coherent sense of place
- An integrated balanced community providing an appropriate range of different housing types
- Improved access from the neighbourhood to the surrounding area
- Appropriate parking for existing and new residents

6.2.6 The Council provided a range of information to the bidders to support preparation of their submission and ensure transparency across the bids on information used. This included Geo-technical and Geo-environmental surveys which had been produced by Buro Happold, Planning Brief, Design Guidance

6.2.7 The following evaluation criteria was applied to the ISOS stage to support shortlisting to the second stage of dialogue:

<b>Invitation to Submit Outline Solutions (ISOS)</b>	<b>Overall % Weighting</b>
Urban Design Issues	30
Financial Issues	35
Working in Partnership	35
<b>Total</b>	<b>100</b>

6.2.8 Information days were organised for each bidder, these provided the bidder with an opportunity to raise questions, seek clarifications and receive additional information about the scheme. These days were led by the Regeneration Service, to provide transparency to the process. Points of clarification were noted by the Council to facilitate effective release of information with responses released to the bidders.

6.2.9 The ISOS stage concluded on 10 May 2011 with bidder submissions. The submissions were evaluated in accordance with the published ISOS criteria which identified the short-listing of three successful bidders, (please refer to Exempt Report for ISOS bidder evaluation detail). All bidders, successful and unsuccessful were notified of the outcome and unsuccessful bidders were offered a debrief opportunity, all unsuccessful bidders took up the opportunity of a meeting.

6.2.10 The three successful bidders were invited to participate in the second dialogue stage, within this procurement process, referred to as Invitation To Participate in Dialogue (ITPD). This term was used for this procurement and is interchangeable with the second phase dialogue term, Invitation to Submit Dialogue Submission (ISDS). The ITPD stage commenced on 3<sup>rd</sup> July 2011 with the 3 successful bidders, Bidder A, B and C taking part in detailed meetings which included requirements of the development partner, registered provider and the commercial delivery of project. This stage provided bidders with the opportunity to develop their understanding of the scheme and further develop their ISOS submission proposals. Bidders were provided with the Council's feedback from the earlier stages to support the refinement of their

proposals. The ITPD stage included the requirement to produce financial modelling utilising a set financial model to support evaluation by the Council.

6.2.11 The Council outlined its key priorities for the delivery of the regeneration, and each bidder was required to demonstrate the following points in their submissions:

- (1) Deliverability – Commencing the project within reasonable time following the finalisation of the legal agreements.
- (2) Public Realm - That a high quality public realm will be provided which will connect the current estate to its surroundings
- (3) Urban Design and Architecture - That a high quality of design and materials can be achieved for the new development which will be appropriate to the site's suburban setting.
- (4) A financial transaction basis that will enable Barnet to achieve optimal value for money in the short, medium and long term.
- (5) A partnership basis that will enable good residential development

6.2.12 The following evaluation criteria was applied to the ITPD and (Invitation to Final Tender) IFT stage:

<b>Invitation to Participate in Dialogue (ITPD)</b>	<b>Overall % Weighting</b>
Planning and Design	45
<ul style="list-style-type: none"> <li>- Development mix (5%)</li> <li>- Urban Design (70%)</li> <li>- Transport (5%)</li> <li>- Community Provision (15%)</li> <li>- Environment (5%)</li> </ul>	
Financial Offer to the Council	45
Delivery Structure and Legal	10
<b>Total</b>	<b>100</b>

6.2.13 ITPD submission deadline was 24 November 2011. The submissions were then evaluated which resulted in the Council arranging further clarification dialogue meetings prior to confirmation of close of dialogue. Close of dialogue was confirmed on 23 May 2012.

6.2.14 The close of dialogue was immediately followed by Invitation to Final Tender (IFT). The IFT submission deadline being 12 noon, 8 June 2012. The period between IFT submission and this recommendation report has enabled evaluation of the bid submissions received.

6.2.15 The procurement process undertaken was in accordance with the Council's Contract Procedure Rules, Table 5.1; Public Contracts Regulation 2006 and EU Directive 2004.18 utilising most economical advantageous tender (MEAT) evaluation principles.

6.2.16 The key proposals from the bidders are outlined in Appendix 3 and their evaluation scores are shown in Appendix 2.

### **Property**

6.3.1 The Council will retain the freehold for the majority of the land within the red line attached as Appendix 1 but will be granting a 999 year lease on various parcels of land within the red line for residential development. This will be subject to various consents. The land comprising of the houses that are proposed will be transferred on practical completion of the houses to the development partner or the registered provider (as appropriate) on a freehold basis.

6.3.2 The improved homes in the tower blocks at Granville Point, Harpenmead Point, Templewood Point, Nant Court and Mountfield will continue to be owned by the Council and managed by Barnet Homes (subject to individual leasehold acquisitions). Arrangements for designated parking and use of amenity space for the retained homes have also been agreed.

6.3.3 The land required to deliver the new housing development at Granville Road Estate, NW2 and which is within the Council's ownership is to be transferred in accordance with the terms which are set out in the Exempt Report.

## **7. LEGAL ISSUES**

7.1 Section 1 of Chapter 1 of the Localism Act 2011 was brought into force by the Communities and Local Government Department by means of *Localism Act 2011 (Commencement No.3) Order 2012*. This legislation provides local authorities with a broad power to do anything that individuals may do subject to any specific restrictions on local authorities contained in legislation. This legislation empowers the Council to enter into the arrangements proposed by this report.

7.2 The Council has the power to dispose of land held for housing purposes under Section 32 of the Housing Act 1985. Further the Council has the power to dispose of land which is not held for housing purposes under Section 123 of the Local Government Act 1972. It should be noted that an option to dispose is also a disposal for the purposes of these Acts.

7.3 The Secretary of State has set out general disposal consents for both housing and non-housing land. If the terms of the disposal of land at Granville Road Estate, NW2 complies with the relevant general consents there would be no legal reason to seek a specific consent from the Secretary of State. However, there may still be commercial reasons for making a written request for his consent.

7.4 Section 123 of the Local Government Act 1972 permits the Council to dispose of (most types of non-housing) land without the Secretary of State's consent providing that this is done for not less than the best consideration that could reasonably be obtained. If this is to be relied on the Council will have to achieve and evidence this.

7.5 The General Consent (Circular 06/03: The Local Government Act 1972 general disposal consent (England) 2003) gives the Secretary of State's consent to the disposal of (most types of non-housing) land where the consideration received

is less than the best which could be reasonably obtained providing that the 'undervalue' is £2 million or less and that the disposal is likely to contribute to the social, economic or environmental well-being of residents and/or the local authority's area. The latter condition which is similar to the former 'well-being' power (previously section 2 of the Local Government Act 2000). To rely on this General Consent this condition must be met and the Council will have to evidence that any undervalue in the disposal is £2 million or less.

- 7.6 Notwithstanding the above, many developers request that local authorities make specific applications to the Secretary of State for his consent in order to remove any uncertainty about a local authority's ability to transfer land. In any event, the Council will have to obtain the specific consent of the Secretary of state, where required.
- 7.8 If an application for specific consent to dispose of housing land is made to the Secretary of State then the full Council must authorise such an application under Article 4.02(b) of the Council's constitution and paragraph 4(5) of the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended).
- 7.9 The Council may require consent from the Secretary of State for Communities and Local Government under Section 25 of the Local Government Act 1988. This consent from the Secretary of State is required under Section 24 of that Act where a local authority is providing financial assistance for the purpose of amongst other things the construction of accommodation which is intended to be privately let as housing accommodation. This includes affordable homes let by registered providers.
- 7.10 The Development Agreement for the Granville Road Estate, NW2 has been drafted to enable the Council to obtain the Secretaries' of State consent following execution/signature of that agreement as a condition precedent.
- 7.11 Though the Council anticipates the willing co-operation of tenants living in Beech Court, it may need to rely upon Ground 10A of Schedule 2 of the Housing Act 1985 (Ground 10A) to obtain possession of existing homes in order to enable the development to proceed. Ground 10A permits a local authority to obtain possession orders to enable a redevelopment to proceed which has been approved by the Secretary of State in accordance with Part V of Schedule 2 (Part V) of the Housing Act 1985.
- 7.12 The Secretary of State will only provide his approval under Part V where the local authority serves written notice on the affected secure tenants stating:
- (a) the main features of the scheme;
  - (b) that the local authority intends to apply to the Secretary of State for his approval of the scheme;
  - (c) the legal effect of such approval in particular the ability of the local authority to rely on Ground 10A in possession proceedings.
- 7.13 Part V requires a local authority to allow the secure tenants to make representations to it about the proposal. The period for consultation must be no less than 28 days from the date of the notice provided to tenants.
- 7.14 Prior to making the application to the Secretary of State the local authority must consider the representations made to it by the secure tenants.

- 7.15 It was not possible to commence Part V consultation before the Council had selected a preferred development partner with a preferred scheme.
- 7.16 The Council has the power to appropriate land which it owns from one of its functions to another, if, the said land is no longer required for the purpose for which it is held. This power is contained in Section 122 of the Local Government Act 1972. Section 2(A) of Section 122 of the Local Government Act 1972 provides that, if the land to be appropriated consists of or forms part of Open Space Land, then, the requirement to advertise the proposed appropriation for two consecutive weeks in a newspaper circulating in the area must be complied with. The Local Authority must also consider any representations or objections that it receives.
- 7.17 The key legal terms of the proposed arrangements with the preferred bidder or the reserve bidder are set out in the accompanying Exempt Report.
- 7.18 Section 32 of the Land Compensation Act 1973(LCA 1973) empowers the Council to make payments corresponding to statutory home loss payments, to qualifying homeowners and qualifying secure tenants (as defined by the LCA 1973) who are in a position such that their properties could be acquired by the Council under Compulsory Purchase Order Legislation or, in the case of secure tenants, their properties can be recovered by the Council under Ground 10 a of Schedule 2 to the Housing Act 1985.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Council Constitution, Part 3, Responsibility for Functions – paragraph 3.6 states the functions delegated to the Cabinet Resources Committee including all matters related to buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 8.2 Council Constitution, Contract Procedure Rules – paragraph 6 above details the procurement process followed in identifying a development partner for the Granville Road Regeneration Scheme. All provisions contained within the Contract Procedure Rules were complied with during the procurement process.
- 8.3 Council Constitution, Management of Real Estate, Property and Land - all provisions of the rules relating to the management of real estate, property and land have been complied with in reaching this decision'

## **9. BACKGROUND INFORMATION**

### **Regeneration Progress**

- 9.1 The Granville Road Estate, NW2 is situated at the southern end of the Borough within Childs Hill Ward. This 1960s social housing estate is typical of its type and time resulting from clearance of traditional terraced streets within an area which is characterised by low rise suburban housing. It consists of three tall tower blocks, Templewood Point, Harpenmead Point and Granville Point, as well as three lower rise blocks Nant Court, Mountfield and Beech Court. Garth House, a sheltered housing block on the estate was severely damaged by fire on 5 October 2008 and has now been demolished. The estate is overwhelmingly single tenure social housing. The three tower blocks contain

179 properties with 44 owned by leaseholders. The quality of the estate is generally poor; reflective of the problems of 1960s council estate developments and subsequent need for upgrade and improvement in the estate environment. The majority of the improvements required to the tower blocks were not covered by the Council's Decent Homes Programme.

- 9.2 In October 2007, the Cabinet Resources Committee approved the regeneration of the estate, in principle, by upgrading the existing tower blocks, including over-cladding to improve their thermal performance and appearance as well as the sale of surplus land on the estate for development to contribute to the regeneration. Also, the public amenity space in the resulting development would be improved.
- 9.3 In April 2009, the Council received confirmation that a bid the Council had made to the London Development Agency (LDA) was successful and funding of £7,013,000 was awarded for 2010/11 to contribute towards the costs of the improvement works to the tower blocks. In order to comply with the funding criteria, it was necessary to commence with the over-cladding contract in 2010/11. Therefore, it was agreed to progress the regeneration in two phases as reported and approved by Cabinet Resources Committee in July 2009 to accept the funding and proceed with the procurement of the tower block improvement works. The contract for the works to the tower blocks was awarded to Apollo and completed in May 2012. Alongside this decent homes improvement works were also undertaken at Nant Court and Mountfield.
- 9.4 The Council has ensured that the quality and external design of the improvements to the existing tower blocks is closely aligned with the emerging wider estates regeneration and the new build homes.
- 9.5 Phase 2 of the estate regeneration involved an assessment of the opportunities to improve the quality of the public amenity space and to provide additional homes with improved tenure choice on the estate. Although some of the landscaping is of reasonable quality, the estate includes large areas of under-utilised and unstructured land including garage courts, undefined parking, unused amenity space, pram sheds and vacant land as a result of the aforementioned demolition of Garth House and Community Hall. Beech Court was identified as a site suitable for redevelopment. In addition, the estate does not offer a range of housing types or tenure options. It is not well integrated into the surrounding neighbourhood, and does little to enhance Childs Hill as an attractive residential location. However, there is potential to radically improve the estate and transform it into a desirable residential location for all tenures.
- 9.6 The vision and underlying objectives for the estate regeneration includes the following:
- to create a cohesive sense of place;
  - promotion of the supply of market, intermediate and affordable housing;
  - achieve an integrated balanced community;
  - deliver high quality design employing sustainable construction techniques;
  - bring improvements to the public amenity space;
  - enhance the local economy;
  - reinforce local identity; and
  - meet local demand for housing.

In order to progress Granville Road, NW2 Phase 2 alongside Phase 1 and also to capture the market interest, CRC agreed on 17 June 2010 to go out to tender to seek a partner to take forward the regeneration of the estate. The approach taken was through Competitive Dialogue and described in paragraph 6.2.

- 9.7 Commercial Services and Corporate Procurement Team were engaged to provide guidance and support to the Regeneration Team in the delivery of a competitive dialogue procedure which had been identified as appropriate for the selection of a partner for the delivery of new homes at Granville Road Estate, NW2. The project group also has representatives from Corporate Finance. The Council's legal interests were represented by Trowers and Hamlins and commercial interests by the CBRE Group.
- 9.8 The Competitive Dialogue process imposes confidentiality between bid proposals which has minimised the level of resident involvement during the procurement exercise. Residents were sent a newssheet in December 2011 updating them on where the Council were in the selection of a development partner.
- 9.9 This report is being re-submitted to Committee further to the Decisions of the Cabinet Resources Committee item number 7 made at its meeting on 18 October 2012 . There is no material change to the content or recommendations of the previous public and exempt reports. The re-submission of this report is considered necessary due to the corruption of data supplied in Section A of Appendix 2. The 'Sub-Total' line and the 'Overall Total' lines of Section A in Appendix 2 were transposed into original report incorrectly. These have now been updated are now correctly shown in Appendix 2. The Committee are requested to note that the corrections have no material impact on the status of the preferred bidder and the use of resources implications. .

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 The background papers relevant to this report are as follows;
- The Invitation to Submit Outline Solutions (ISOS)
  - The Invitation to Participate in Dialogue (ITPD)
  - Invitation to Final Tender (IFT)
- 10.2 Any persons wishing to inspect the background papers should contact Susan Hunter on 020 8359 4255.

Legal – TE  
CFO –



## APPENDIX 2

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>A - PLANNING AND DESIGN (45%)</b>							
<b>Development Mix and Phasing (2.25% of total)</b>	5	2.25%	1.80	2.25%	1.80	2.25%	1.35
(a) Number of houses (and %)							
(b) Number of family homes (and %)							
(c) Total number of homes and unit sizes							
(d) Number of affordable homes							
<b>A1 Design Related Issues</b>							
<b>Design (31.5% of total)</b>							
(a) Does the scale and character fit the suburban setting?	5	2.25%	1.80	2.25%	1.80	2.25%	1.80
(b) Do the proposals adequately respond to the retained tower blocks	5	2.25%	1.35	2.25%	1.35	2.25%	0.45
(c) Does the proposed street pattern create a well-structured layout which fits in and connects the surrounding area?	5	2.25%	2.25	2.25%	2.25	2.25%	1.35
(d) Does the scheme design make positive use of topology, landscape and aspect?	5	2.25%	1.35	2.25%	2.25	2.25%	1.35
(e) Does the scheme adequately provide for public open space and play provision which the residents can use?	5	2.25%	1.35	2.25%	1.80	2.25%	1.35
(f) Does the scheme provide adequate private/communal amenity space for the existing and new residents?	5	2.25%	1.80	2.25%	1.80	2.25%	1.35
(g) Do the proposals include adequate car parking which is integrated and supports the urban design objectives of the building layout?	5	2.25%	0.90	2.25%	1.80	2.25%	2.25



EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
(d) Quantification and understanding of transport impacts, proposed mitigation incorporated into the scheme proposals, to include highways, cyclists and pedestrians (see below for buses)							
(e) Is the car parking well integrated to support the urban design and appropriate to the streetscape and building design?							
(f) Are there sufficient car parking places to support the proposed new neighbourhood and existing homes							
(g) What provision is made for affordable car parking for affordable units?							
<b>A3 Environmental (2.25% of total)</b>							
(a) What Code for Sustainable Homes level is being achieved (min. level 4)?	5	<b>0.90%</b>	0.9	<b>0.90%</b>	0.9	0.9	<b>0.90%</b>
(b) Other features to minimise environmental impact in particular i. Reduction in loading from new development on existing sewers and water courses ii. Reduction in water use iii. Reduction in energy use iv. Reduction in embodied energy v. Use of recycled materials	5	<b>1.35%</b>	1.35	<b>1.35%</b>	1.35	1.35	<b>1.35%</b>

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>A4 Community &amp; Other Benefits (6.75% of total)</b>							
<b>A.4.1 Affordable Housing</b>							
(a) Types and range of intermediate affordable units	5	1.35%	0.81	1.35%	1.35	1.35%	1.35
(b) Proposed commuted sum							
(c) Partnership arrangements in place							
<b>A.4.2 Contribution to local employment initiatives and locally appointed apprenticeships</b>							
(a) What commitment will the developer give to employing local Barnet residents	5	1.35%	1.35	1.35%	1.35	1.35%	1.35
(b) How many local residents to be appointed as apprenticeships to work initially on Granville Road							
<b>A.4.3 Third Party Acquisitions</b>							
(a) What is the developer's experience/track record on managing similar processes.	5	0.17%	0.10	0.17%	0.17	0.17%	0.10
(b) Will the developer request a CPO?	5	0.17%	0.00	0.17%	0.17	0.17%	0.17
(c) Will the developer take responsibility for managing the process?	5	0.17%	0.17	0.17%	0.17	0.17%	0.17
(d) Will the developer be offering equity exchange	5	0.17%	0.10	0.17%	0.17	0.17%	0.17

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>A.4.5 Estate Management</b>							
(a)What arrangements is the developer be making to managing the public realm and amenity space	5	1.69%	1.35	1.69%	1.69	1.69%	1.69
(b) How will services charges be calculated and charged across units types and tenures?	5	1.69%	1.69	1.69%	1.69	1.69%	1.69
<b>(A) PLANNING AND DESIGN TOTAL</b>	130						
<b>Weighted (A)</b>		<b>%Total</b>	35.27	<b>%Total</b>	39.16	<b>%Total</b>	35.04
<b>B) DELIVERY STRUCTURE AND LEGAL ( 10%)</b>		<b>10%</b>	6	<b>10%</b>	8	<b>10%</b>	8
The extent to which Bidders' proposed amendments or issues with the draft legal documentation expose the Council to greater risk. The assessment will take into account: (a) the extent to which the proposals depart from the draft legal documentation and/or materially transfer risk which is not justified by the solution being put forward by the Bidder; (b) the extent to which proposals depart from those dialogued with the Council; (c) the extent of fine-tuning required to finalise the draft legal documentation; (d) whether the draft legal documentation is consistent with the service delivery, technical, financial and commercial proposals	5						
<b>(B) DELIVERY STRUCTURE AND LEGAL TOTAL</b>	5						
<b>Weighted (B)</b>		<b>% Total</b>	6.00	<b>% Total</b>	8	<b>% Total</b>	8

EVALUATION CRITERIA	Bidder A			Bidder B		Bidder C	
	Total Score	% of total score	% Score Attained	% of total score	% Score Attained	% of total score	% Score Attained
<b>C) FINANCIAL OFFER TO THE COUNCIL (45%)</b>							
(a) Return to Council (NPV)	5	13.5%	8.10	13.5%	8.10	13.5%	10.80
(b) Developer's approach to the redevelopment of Beech Court	5	2.25%	0.90	2.25%	1.35	2.25%	1.35
(c) How robust/deliverable are the developer's financial assumptions	5	4.5%	2.70	4.5%	2.70	4.5%	2.70
(d) Developer's approach to profit share and risk	5	11.25%	4.50	11.25%	6.75	11.25%	6.75
(e) Cost of public realm	5	2.25%	1.35	2.25%	1.80	2.25%	1.35
(f) Developer's approach and treatment of affordable housing	5	2.25%	1.35	2.25%	1.80	2.25%	1.35
(g) Is the developer's approach innovative and capable of generating further savings and/or income streams for the Council	5	4.5%	1.80	4.5%	1.80	4.5%	1.80
(h) Optimism Bias Assessment	5	4.5%	2.70	4.5%	2.70	4.5%	2.70
<b>(C) FINANCIAL OFFER TO THE COUNCIL TOTAL</b>	40						
<b>Weighted (C)</b>		<b>% Total</b>	23.40	<b>% Total</b>	27.00	<b>% Total</b>	28.80
<b>GRAND TOTAL</b>	175						
	<b>100%</b>	<b>% TOTAL</b>	<b>64.68</b>	<b>% TOTAL</b>	<b>74.16</b>	<b>% TOTAL</b>	<b>71.84</b>

## **APPENDIX 3**

### **Granville Road, NW2 New Housing Development – Competitive Dialogue**

#### **Key provisions common to all bidders**

1. Parties – Bidder B proposes to set up a special purpose vehicle (SPU) to undertake the project – this will be a separate limited liability partnership which will enter into the Agreement with the Council and will be jointly owned by the developer and the registered provider (RP). Bidder A and C propose that the developer and a registered provider (RP) will be parties to the Agreement with the Council. The RP will be the owner of the new affordable shared ownership homes. Under the bids the RP will be the owner of the new affordable shared ownership homes. All bidders have put forward a guarantor (s) which will be party to the Agreement.
2. Phasing – All bidders propose to carry out the regeneration on a phased roll on basis.
3. New Homes – both bidders are required to provide a minimum of 30% affordable shared ownership homes. A minimum 70% homes are to be for private sale. All bidders are to include a high proportion of family homes which include houses. Bidder A proposes 50% of the homes to be houses, Bidder B proposes 36% of the homes to be houses and Bidder C 24% of the homes to be houses.
4. The only homes to be demolished are those at Beech Court. The remaining homes will continue to be owned by the Council (subject to leasehold acquisitions) and managed by Barnet Homes.
5. Employment and Skills – all bidders will offer Apprenticeships, Construction Training Initiative and facilitate the employment of local people during the construction period.
6. Regeneration Objectives – all bidders commit to achieving a deliverable scheme, creating a neighbourhood with a high quality of design, public realm and integration with the surrounding community and the existing homes to be retained.
7. Parking – Each home will have access to parking the costs of which will be included in the purchase price for each home. For the existing residents, there will be designated parking offering improved design and increased provision for the existing residents on the estate.
8. Costs - The costs of the regeneration will generally be the responsibility of the Bidder.
9. Planning Consent – all Bidders will be required to make a planning application for the scheme.
10. Estate Management – all bidders will need to ensure that there is a joined up approach to estate management with Barnet Homes who are responsible for the management of the homes owned by Council both during and after the construction of the new homes.
11. Resident involvement – Both Bidders are required to work with residents to create a resident organisation for the Granville Road Estate, NW2 which would represent residents and involve them in the regeneration of the Granville Road Estate, NW2.

12. Residents – both bidders are required to keep residents informed as to the progress of the development programme and to generally use its reasonable endeavours to co-operate with the Council in delivering the regeneration.
13. Council Tenants at Beech Court - The Council will be responsible for decanting the existing tenants at Beech Court and securing them alternative accommodation.
14. Existing Leaseholders at Beech Court – Both Bidders would be responsible for buying back properties from leaseholders at Beech Court in accordance with offer terms agreed with the Council. These include a shared equity offer to resident leaseholders who wish to acquire a new home in Granville Road, NW2.
15. It is envisaged that the complete regeneration of Granville Road Estate, NW2 could take up to five years.
16. Site Safety – All bidders will be required to maintain an office on the site during the construction phases and until completion. All Bidders will be responsible for site safety and security during both demolition and construction works and for ensuring that no known deleterious materials are used in the construction. They will be required to minimise disruption to the existing residents on both Granville Road Estate, NW2 and the surrounding roads. Both the Bidder and its main building sub-contractor are required to comply with a works procedure which governs issues such as noise, pollution and disruption during the period of the regeneration.

**Nicola Bird**  
**London Borough of Barnet**