NOTICE OF MEETING

OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 2nd March, 2017, 7.00 pm - Civic Centre, High Road, Wood Green, N22 8LE

Members: Councillors Charles Wright (Chair), Pippa Connor (Vice-Chair), Makbule Gunes, Kirsten Hearn and Emine Ibrahim

Co-optees/Non Voting Members: Uzma Naseer (Parent Governor Representative), Luci Davin (Parent Governor representative), Yvonne Denny (Co-opted Member - Church Representative (CofE)) and Chukwuemeka Ekeowa (Co-opted Member - Church Representative (RC))

Quorum: 3

1. FILMING AT MEETINGS

Please note that this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Although we ask members of the public recording, filming or reporting on the meeting not to include the public seating areas, members of the public attending the meeting should be aware that we cannot guarantee that they will not be filmed or recorded by others attending the meeting. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on.

By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

The chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES FOR ABSENCE

3. URGENT BUSINESS

It being a special meeting under Part 4, Section B, Paragraph 17 of the Council's Constitution, no other business shall be considered at the meeting.

4. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct

5. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

To consider any requests received in accordance with Part 4, Section B, paragraph 29 of the Council's constitution.

6. CALL-IN - RECOMMENDATION OF A PREFERRED BIDDER FOR THE HARINGEY DEVELOPMENT VEHICLE (PAGES 1 - 124)

a. Report of the Monitoring Officer ***TO FOLLOW***
b. Report of the Director of Regeneration, Planning and Development ***TO FOLLOW***
c. Appendices:
   - Copy of call-in
   - Excerpt from the draft minutes of the Cabinet meeting held on 14 February 2017
   - 14th February 2017 Cabinet Report – Approval of Preferred Bidder for Haringey Development Vehicle

7. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 3 above.

8. EXCLUSION OF THE PRESS AND PUBLIC

Item 8 is likely to be the subject of a motion to exclude the press and public from the meeting as it contains exempt information as defined in Section 100a of the Local Government Act 1972; Para 3 – information relating to the business or financial affairs of any particular person (including the authority

holding that information) and Para 5 – information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

9. CALL-IN - RECOMMENDATION OF A PREFERRED BIDDER FOR THE HARINGEY DEVELOPMENT VEHICLE (PAGES 125 - 132)

To consider exempt information pertaining to the call-in

10. WORK PROGRAMME UPDATE

11. NEW ITEMS OF EXEMPT URGENT BUSINESS

To consider any items admitted at 3 above.

Felicity Foley, Principal Committee Co-ordinator
Tel – 020 8489 2919
Fax – 020 8881 5218
Email: felicity.foley@haringey.gov.uk

Bernie Ryan
Assistant Director – Corporate Governance and Monitoring Officer
River Park House, 225 High Road, Wood Green, N22 8HQ

Friday, 24 February 2017

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'CALL IN' OF DECISIONS OF THE CABINET

This form is to be used for the 'calling in' of decisions of the above bodies, in accordance with the procedure set out in Part 4 Section H.2 of the Constitution.

TITLE OF MEETING	Cabinet
DATE OF MEETING	14/02/2017
MINUTE No. AND TITLE OF ITEM	Minute no: Item 10-Recomendation of a preferred bidder for the Haringey Development Vehicle (& Item 23)

1. Reason for Call-In/Is it claimed to be outside the policy or budget framework?

It is not claimed to be outside the policy or budget framework.

The Liberal Democrats have grave concerns about the proposed HDV arrangements and the choice of preferred bidder. In our view the process of choosing a preferred bidder and creating the HDV company should not proceed.

Reasons for call-in:
We are concerned by the choice of Lendlease as the preferred bidder for the HDV for the following reasons:

1. The recent Heygate Estate renewal by Lendlease in Southwark, has in our view, not led to good outcomes for local residents or the council. A large council estate was replaced with many homes for sale and only a small number of social homes on site.[1]
2. Lendlease have been sued by unions for blacklisting construction workers.[2]
3. Lendlease has admitted it overbilled clients for more than a decade and has agreed to pay $56 million in fines and restitution in the United States of America.[3]

We are concerned by the particulars of the HDV and the agreement with Lendlease as mentioned in the public Cabinet report:

1. We are concerned that the commitment to affordable and social housing is weak.
2. We are concerned that there is no guarantee that council tenants and leaseholders will have the same rights they currently have or will be offered a similar home in the same area. In our view 'aim' and 'seek' to provide protections are not sufficient assurances.

[1] http://www.newstatesman.com/politics/2013/11/look-heygate-estate-whats-wrong-londons-housing
[2] https://www.theguardian.com/politics/2013/nov/20/union-to-sue-construction-firms-blacklisting-allegations, http://www.building.co.uk/contractors-offer-six-figure-blacklist-compensation/5078126.article, http://www.theirishworld.com/construction-blacklisting-closed-chapter/, http://www.constructionenquirer.com/2013/11/20/construction-unions-launch-fresh-wave-of-blacklisting-claims/
[3] http://www.nytimes.com/2012/04/25/nyregion/lend-lease-expected-to-admit-to-fraud-scheme.html

3. We are concerned that council tenants, leaseholders, local businesses and residents in general, have not been consulted on the proposal to form the HDV and the consequences it will have for these groups.
4. We are concerned that the construction exclusivity clause that will see a percentage of construction contracts going to Lendlease's construction arm may not represent the best value for money.
5. There are several instances in the Cabinet report where it is suggested Lendlease may charge for their expertise, management etc. We understood that one of the reasons for the HDV was to save the council money and avoid paying for such expertise.
6. We believe that overall, the risk of the proposed actions, outweigh the suggested benefits.

2. Variation of Action Proposed

To refer this matter to Full Council for consideration as recommended by the Scrutiny Committee, with the proposal to not choose Lendlease as a preferred bidder and to stop the HDV being formed.

We do not believe the HDV should proceed; there are clearly other ways to deliver regeneration and build new council and affordable homes. Some of these options are laid out in the Cabinet report.

Signed:

Councillor Bob Hare

Countersigned:

1. Councillor Clive Carter

2. Councillor Gail Engert

3. Councillor Martin Newton

4. Councillor David Beacham

Date Submitted: 17 February 2017, 18.10

Date Received :
(to be completed by the Democratic Services Manager)

Notes:

1. Please send this form to:

   Michael Kay(on behalf of the Proper Officer)
   Democratic Services and Scrutiny Manager
   5th Floor
   River Park House
   225 High Road, Wood Green, London N22 8HQ
   Tel: 8489 2920
   Fax: 020 8881 5218

   This form must be received by the Democratic Services and Scrutiny Manager by 10.00 a.m. on the fifth working day following publication of the minutes.

2. The proper officer will forward all timely and proper call-in requests to the Chair of the Overview and Scrutiny Committee and notify the decision taker and the relevant Director.

3. A decision will be implemented after the expiry of ten working days following the Chair of Overview and Scrutiny Committee's receipt of a call-in request, unless a meeting of the Overview and Scrutiny Committee takes place during the 10 day period.

4. If a call-in request claims that a decision is contrary to the policy or budget framework, the Proper Officer will forward the call-in requests to the Monitoring Officer and /or Chief Financial Officer for a report to be prepared for the Overview and Scrutiny Committee advising whether the decision does fall outside the policy or budget framework.

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'CALL IN' OF DECISIONS OF THE CABINET

This form is to be used for the 'calling in' of decisions of the above bodies, in accordance with the procedure set out in Part 4 Section H.2 of the Constitution.

TITLE OF MEETING	**Cabinet Committee**

DATE OF MEETING	**February 14, 2017**

MINUTE No. AND TITLE OF ITEM	**Minute 184 - Approval Of Preferred Bidder For The Haringey Development Vehicle**

1. Reason for Call-In/Is it claimed to be outside the policy or budget framework?

This Cabinet decision is to agree to:

- The selection of Lendlease as preferred bidder with whom the Council will establish the joint venture HDV.
- Proceed to the Preferred Bidder Stage ('PB Stage') so the preferred bidder's proposal can be refined and optimised, in particular to formalise the structure of the vehicle, finalise legal documents and further develop site and portfolio business plans, as required to establish the HDV; and gives Delegated Authority to the Director of Regeneration, Planning and Development after consultation with the Leader of the Council to agree any further documentation as is required at the PB Stage.

There are a number of grounds for this call-in with the following being the most significant:

- **The potential breach of the Council's Public Sector Equality Duty;**
- **The potential legal risks of the decision being challenged in the High Court;**
- **The construction exclusivity clause proposed for the preferred bidder possibly representing a conflict of interest;**
- **The legal question of whether a varying of the terms of the partnership to reflect recent commitments which are beyond those set out in the original agreed procurement process requires a re-opening of the procurement process itself.**

Introduction and Background

The proposal to establish a Haringey Development Vehicle Limited Liability Partnership (HDV) is the biggest decision Haringey Council is ever likely to make. This decision, which sets the framework for Haringey Council to enter into a 50/50 partnership with a single private company to which at minimum, £2 billion of the Council's land and other capital assets, will transfer, will affect thousands of residents, tenants, leaseholders, and taxpayers and hundreds of businesses in the borough. The size and scale of this proposed joint venture is unprecedented,

which, along with the duration of the partnership was seen as a major risk by the Housing and Regeneration Scrutiny Panel. (HRSP)

With a proposed partnership agreement for 20 years, the HDV will have an impact for that period, and possibly decades to come. This joint venture was prioritised by the Housing and Regeneration Scrutiny panel for examination due to its size, scale, duration and implications. . The in-depth review of the governance arrangements for this proposed joint venture, and an examination of the evidence from other authorities' experiences, led the Housing and Regeneration Scrutiny Panel to call for a halt to the process for reasons which are set out in the panel's report presented to Cabinet on February 14. The central recommendation for a delay and for further scrutiny work to be undertaken, emerged from the panel's view – based on evidence gathering and factual research – that ***'very significant risks with the proposed HDV remain. What the Council, and by extension, its tenants and residents, gain from the proposed HDV is far less clear than what it and they stand to lose.'*** The report raised concerns about:

- the fundamental democratic deficit ' inherent in any such proposed structure and one of such size and scale';
- the 'absence of any sufficient contingency plans to mitigate the risk of a scheme of such size and scale'

In the body of the report, factors were detailed, including financial, legal and the reputational risks of proceeding too early and before sufficient due diligence was undertaken.

The report went on to refer to:

- **lack of published evidence regarding the success and effectiveness of delivery vehicles in achieving the desired regeneration and outcomes;**
- **uncertainty caused by Brexit;**
- **paucity of decision making;**
- **paucity of consultation undertaken with affected tenants within both the commercial portfolio and on prospective estate regeneration sites.**

Amongst the key reasons for recommending a halt to the process was the proposal for *'a new and updated risk assessment on the Business Case , a risk assessment and consultation with groups directly affected by the transfer of Council-owned land to the HDV'*. In recommending a halt to the process, the Panel called for further scrutiny of the proposals to be undertaken.

Despite the detailed work undertaken by the Housing and Regeneration Scrutiny Panel, the Cabinet agreed unanimously to go ahead with the process and approved the selection of Lend Lease as preferred bidder with whom the Council will establish the joint venture HDV, and it decided to proceed to the Preferred Bidder Stage ('PB Stage'). Although the Cabinet did accept a majority of the recommendations within the HRSP report, it did not accept recommendation 1 which set the context for the report as a whole and called for delay, and for further scrutiny work to take place.

Why is this decision being called in?

In deciding to proceed to the Preferred Bidder stage the Cabinet has, in our view, given insufficient or perhaps minimal weight to the evidenced recommendations of the HRSP, as ratified by the Overview and Scrutiny Panel. (O&SP) and issued by the Council. The Cabinet is therefore proceeding despite:

- Not having consulted fully, transparently or properly with affected tenants, leaseholders and businesses regarding the crucial and specific details regarding transfer of the land where they reside; or, relating to businesses not having regard to the impact of choices they face concerning the business which they lease, rent or have on license
- There being a lack of transparency in newsletters and communications issued by the Council to tenants and leaseholders, on the named estates, regarding what exactly 'estate renewal' and/or 'regeneration' in this context could mean for their current homes.
- A lack of clarity and consistency regarding the verifiably deliverable security of tenure and conditions on which tenants will be able to return to their homes. This is evidenced by the clear commitments in para 2.4 of the report - ***'to do our utmost to rehouse council tenants in the area where they currently live and on similar terms'*****. This contrasts with guarantees and commitments regarding security of tenure and rent levels which have been made elsewhere, including the minuted response to Cllr Bevan's question regarding Council tenants' rents on HDV property. These minutes make clear the Cabinet position that there was a '*****Clear commitment to Council tenants on rent rates, ensuring the rents on the new estates match rents for equivalent Council homes'.***
- The above assurances, although demonstrating the utmost good intentions, nevertheless from the viewpoints of tenants, do not constitute a legally binding guarantee; nor do they reflect either the Council's own Estate Renewal, Rehousing and Payments Policy para 7.30, or the agreed terms within the procurement process to which the appointment of a development partner will be subject.
- Despite assurance being given verbally that there will be no loss of equivalent council housing, i.e. that the new estates will contain at last an equivalent equal number of council homes at target rents and secure tenancies, there is no written and legally enforceable guarantee of this.
- Having no completed and detailed risk assessment which sets out the liabilities and benefits of such a venture in a clear and transparent way for councillors, in order for them to make an informed decision, and so Haringey residents have assurance that their elected councillors have fully considered impact and risks.
- Not having conducted a full and complete due diligence regarding the companies bidding to become the preferred bidder, including their record with regard to trade union activities, blacklisting of certain workers, previous contracts and legal disputes regarding public sector contracts
- Issues being identified regarding the preferred bidder's company structures and tax arrangements which should form part of any due diligence
- Not having conducted detailed and specific Equality Impact Assessments (EQIAs) of the impact this decision will have on key groups such as black and minority ethnic individuals and families; older people; lone parents; people with physical and or mental ill health and other vulnerable groups, despite already having publicly named particular sites, land and assets to

be transferred in Category 1, and potential assets to be transferred in Category 2. The official paperwork refers to EQIAs being done when sites are identified, yet, as evidenced from the Council's own documentation, they have been named already. This may be in contravention of the Public Sector Equality Duty to which all local authorities are subject.

- Case law indicates that these assessments should be done before decisions are made, and that a written record is useful for demonstrating compliance, as per the Equality and Human Rights Commission guidance.
- Relying on a business case some eighteen months out of date which has no reference to the potential impact of Brexit on the economy, or other current economic indicators, and which appears to minimise the risks of the overarching joint venture recommended as the way forward when compared to the risks highlighted for the other five (rejected) options.
- Selecting a preferred bidder about which very clear and evidenced concerns have been raised including their development of the Heygate Estate in Southwark, with a huge loss of social homes and very poor outcomes for tenants and leaseholders, as well as the recent legal case brought against the developer by the District Attorney in New York City.
- Providing no verifiable evidence that this private partnership would achieve the regeneration outcomes or indeed generate income/profit for the council. The Cabinet report asserts that this will be the case – para 4. 7 of the report provides an example of this , stating ***'the Council accepts a degree of risk in that it will commit its commercial portfolio to the vehicle, and will (subject to the satisfaction of relevant pre-conditions) also commit other property, as its equity stake in the vehicle. It has also to bear the costs of the procurement and establishment of the vehicle, and a share of development risk. However, in return, the contribution to its Corporate Plan objectives, including high quality new jobs, new homes, including affordable homes, and economic and social benefits, would be at a scale and pace that would otherwise be unachievable. The Council will also receive a financial return, principally through a share of profits, that it can reinvest in the fulfilment of its wider strategic aims as set out in the Corporate Plan'*.** There is no verifiable evidence to back up these claims, although there is written evidence from other authorities that in fact, similar partnerships have been dissolved, with significant losses to the public purse. In addition, accounts filed at Companies House from such joint ventures disclose losses to local authorities.
- Opacity regarding the equity which the Haringey Development Vehicle partner would be providing to match the Council's transfer of assets. In response to clear questions about this, the Cabinet minutes record that the HDV partner was ***'not expected to write a cheque on the day that land transfers to the Haringey Development Vehicle, but commit cash or make a binding guarantee to commit the cash when the vehicle needs it.'*** This answer raises many questions with regard to the contributions being made by the private partner, and the financial model being pursued.
- Admissions, not known until the meeting, that the preferred bidder would also have exclusive status as a contractor within the partnership. This raises questions regarding the financial model and the assertions throughout the report that the Council will make profits from these joint venture developments. This may also create a conflict of interest which has not been adequately addressed, in that the development partner will have the right to both vote at board meetings on decisions to allocate sites for development and also act as paid construction contractor on those same

sites.

- Lack of clarity about what the Council can legally seek to achieve within the preferred bidder stage given that key assurances which have recently been made were not specified or agreed during the procurement process itself
- There being delivered to the Council a sixteen page Letter before Action. This was confirmed as being received prior to the Cabinet meeting and is in the public domain, setting out the legal risks the Council may now face of the Cabinet decision being challenged in the High Court.
- Cabinet members making a number of promises and commitments during the Cabinet meeting which may not be deliverable or enforceable due to potential tensions with the plans and approaches set out in the Housing strategy as indicated above (bullet point 3) and below in the section on the Policy Framework

In addition, Recommendation 3.5 of Cabinet Report on the Appointment of the Preferred bidder says:

"[*Cabinet] Agrees to proceed to the Preferred Bidder Stage („PB Stage") so the preferred bidders proposal can be refined and optimised, in particular to formalise the structure of the vehicle, finalise legal documents and further develop site and portfolio business plans, as required to establish the HDV…"*

However, this appears to contrast with the Legal Advice set out in the previous report agreed at the same Cabinet meeting *(Governance Arrangements for the HDV [Item 8])* which states:

Under Regulation 30 of the Public Contracts Regulations 2015 any further negotiations between the Council and the preferred bidder must not have the effect of materially modifying the essential aspects of the procurement (including the needs and requirements set out in the contract notice or the descriptive document) and does not risk distorting competition or causing discrimination. So any proposal that would have such an effect on the Members Agreement or any other legal agreements relating to the HDV would be in breach of these Regulations and must therefore be avoided

Therefore, aspects of the decision made by Cabinet might possibly be legally unsound and/or unenforceable, and should hence be revisited by Cabinet.

The Cabinet report itself, makes several references to risk, and the acceptance that there is risk, yet these are never quantified or detailed. Neither are the benefits set against the liabilities and risks in an objective and clear structure which is necessary for an informed decision on such a huge and complex project.

Consequently, we the undersigned contend that the decision to select Lendlease as preferred bidder with whom the Council will establish the joint venture HDV, to 'proceed to the Preferred Bidder Stage ('PB Stage') and to give Delegated Authority to the Director of Regeneration, Planning and Development after consultation with the Leader of the Council to agree any further documentation as is required at the PB Stage,' is premature and should be reconsidered by Cabinet with a view to more extensive scrutiny work taking place beforehand.

Policy Framework

The HDV is included within the Housing Strategy and it is accepted that this is within the policy framework. However, the HDV is promoted as the means of 'unlocking the considerable growth potential of the Council's own land and meeting a number of core Council ambitions' and it is asserted within the Housing Strategy that this will contribute to achieving the Council's goals. However, there is no substantiating evidence to back up these assertions and aspirations. Indeed, the Housing Strategy makes no clear commitments to Council tenants regarding their future homes should their estates be subject to estate renewal. Moreover, it states there may be a loss of social homes and promotes private renting and affordable housing as options, along with working with private sector partners including the HDV.
This is in contrast to recent public statements issued regarding right to return, housing terms and tenancies for current council tenants living on, for example, the Northumberland Park estate. The work undertaken so far by the HRSP raises fundamental concerns as to whether the HDV can indeed achieve these new commitments to provide homes at equivalent social rents, on equivalent tenancies, and at the number needed to provide equivalent homes for all the families who are displaced.

There are significant risks associated with the joint venture in relation to governance, as well as with regard to investment of Council land and assets as equity in this project. In summary, we are concerned that despite well-intentioned assurances and promises, there is, and can be, no legally enforceable guarantee that the HDV proposal in its current form will provide an equivalent number of social homes for rent, given identified issues of viability, density, cost, land assembly, demolition, contractor costs (with the preferred bidder acting as construction contractor) and the need to ensure profit. Indeed this is confirmed by the wording and aspirations in the Housing Strategy.

2. Variation of Action Proposed

To refer the appointment of the preferred bidder back to Cabinet with a view to the decision being delayed in order that further scrutiny work can take place in relation to the significant risks as outlined, including:

- concerns regarding the preferred bidder for the HDV having exclusivity rights over construction contracts;
- unresolved issues regarding financial and legal risks; consultation and EQIAs of insufficient depth which could potentially render the Council in breach of its Public Sector Equality Duty;
- the possibility of action in the High Court;
- the questions relating to how any assurances recently made over housing and tenancy offers for stakeholders can be achieved or enforced without having to return to the formal procurement process.

Signed:

Councillor: .....Stuart McNamara.....(Please print name): .....

Countersigned:

1. Councillor: ...Zena Brabazon.....(Please print name): .....
2. Councillor: ..Gina Adamou..... (Please print name): .....
3. Councillor: ...Gideon Bull..... (Please print name): .....
4. Councillor: ..John Bevan..... (Please print name): ..
5. Councillor Noah Tucker..... (Please print name):
6. . Councillor Vincent Carroll..... (Please print name):.
7. . Councillor Mark Blake..... (Please print name)
8. Councillor Pat Berryman..... (Please print name)
9. Councillor Isidoros Diakides..... (Please print name)

Date Submitted: 24th February, 8.09 am by email

Date Received :
(to be completed by the Democratic Services Manager)

Notes:

1. Please send this form to:

   Michael Kay (on behalf of the Proper Officer)
   Democratic Services and Scrutiny Manager
   5th Floor
   River Park House
   225 High Road, Wood Green, London N22 8HQ
   Tel: 8489 2920
   Fax: 020 8881 5218

   This form must be received by the Democratic Services and Scrutiny Manager by 10.00 a.m. on the fifth working day following publication of the minutes.

2. The proper officer will forward all timely and proper call-in requests to the Chair of the Overview and Scrutiny Committee and notify the decision taker and the relevant Director.

3. A decision will be implemented after the expiry of ten working days following the Chair of Overview and Scrutiny Committee's receipt of a call-in request, unless a meeting of the Overview and Scrutiny Committee takes place during the 10 day period.

4. If a call-in request claims that a decision is contrary to the policy or budget framework, the Proper Officer will forward the call-in requests to the Monitoring Officer and /or Chief Financial Officer for a report to be prepared for the Overview and Scrutiny Committee advising whether the decision does fall outside the policy or budget framework.

182. DEPUTATIONS/PETITIONS/QUESTIONS

Deputation 1 - Item 10 – Appointment of a preferred bidder for the Haringey Development Vehicle.

The Leader invited Paul Burnham, representing Defend Council Housing, to put forward his deputation to Cabinet. The representations were concerning the decision at item 10, appointment of a preferred bidder for the Haringey Development Vehicle.

Mr Burnham began his deputation by asking Cabinet to not set aside the Scrutiny Panel review and recommendations and to not appoint a preferred bidder for the Haringey Development Vehicle. The deputation party felt that this was a privatisation scheme and highlighted the following concerns:

- No adequate risk assessment had been made available to provide residents with any assurances about this joint venture scheme
- Potential Council loss of control over the company
- The lack of guarantees for the local authority in this type of arrangement
- The potential to demolish Council and Housing Association homes and replace them with profitable housing
- The lack of guarantees for council tenants and the terms and conditions that they can return to their homes on
- Apparent democratic deficit with no consultation with residents and no potential decision at full Council
- Some residents did not want re – development of their estates and wanted retention of good council housing
- Questioned the appropriateness of the preferred bidder and their effects on the social environment

The Cabinet Member for Housing, Regeneration and Planning responded to the deputation‘s concerns and highlighted the significant work undertaken by procurement, legal and finance professionals to assess the risk in taking forward this joint venture scheme. The Cabinet Member stressed, that it was not the case that the Council’s land would automatically be passed over to the developer on the first day of the partnership. Decision making on land transfer would be on a phase by phase basis with these decisions taken by the Cabinet. The Cabinet Member provided assurance that there had been significant discussion on this issue.

The Cabinet Member emphasised, that it was not the case that Council homes would be demolished by the vehicle and replaced with profitable homes. The Council did not have the capacity and expertise to deliver the regeneration plans on its own and were seeking a partner to deliver the much needed homes and regeneration for the borough. Any future decisions on demolition would be consulted upon and made by the Council.

The Cabinet Member advised, the Haringey Development Vehicle would provide clear guarantees for tenants, more affordable housing and there was no race for profit being pursued by this model.

In relation to the concerns raised on the democratic deficit, there had been significant consultation and this was still ongoing in Northumberland Park and on Broadwater Farm. This consultation had included the site allocations Development Plan Documents, the Tottenham Area Action Plan and in relation to Northumberland Park, the development plans had been agreed with residents.

The Cabinet Member advised that the referenced practices of the subsidiary company had already ceased when the preferred bidder had took control. The preferred bidder had a strong record of working in the public sector and had contracts with the BBC, Parliament and in Liverpool where they had two trade union academies.

In reference to the relationship between Southwark Council and the preferred bidder, the Cabinet Member stressed the difference in approach and financial arrangements being taken forward by the Council. Notwithstanding this, the Council would still take lessons from this previous arrangement.

183. DEVELOPMENT VEHICLE - SCRUTINY REVIEW AND CABINET RESPONSE TO RECOMMENDATIONS

The Chair of the Housing and Regeneration Scrutiny Panel, introduced the review of the Haringey Development Vehicle governance arrangements by setting out the context, origins and scope of the review which had been tasked with adding value to the organisation by providing recommendations on the Haringey Development Vehicle governance arrangement.

During the process, the Scrutiny Panel had felt that they could not make recommendations about the governance structure of the proposal without addressing the overarching question marks which were coming forward on the risks of embarking on the development vehicle scheme which was of a significant scale with uncertainties around the financial arrangements.

The Panel felt that to ignore the potential risks of a scheme that the governance arrangements were intended to mitigate, felt eventually to be counter intuitive.

This was particularly pertinent for a Panel whose role was primarily to carry out oversight and to present critical thorough constructive challenge to decision makers.

The Panel felt that tight governance could mitigate against risks for the public sector, however in a partnership which was equal, such as the Haringey Development Vehicle, there were concerns about how to enforce these, simply because the Council would be in a position of negotiation rather than having an ultimate decision making role.

The overarching questions that remained did not deter the panel making recommendations on the governance of the Haringey Development Vehicle.

The Panel Chair strongly believed that the critique of the proposed Haringey Development Vehicle rests largely on risk and mitigation, and it would have been

irresponsible of the Panel not to recommend protections, if the proposal went ahead.

The Panel would be continuing their work on the Haringey Development Vehicle, and had agreed the parameters both at the Panel meeting and the main Overview and Scrutiny meeting.

The Panel Chair felt that that many of the answers to the questions posed to officers and other authorities came back with answers that simply left the Council with more and new questions.

Questions had arisen around certainties, guarantees and commitments that the Council could deliver at this stage. Ultimately the Panel felt that what it needed to always consider the Council's primary function and aim and purpose as a local authority. This was mainly about providing certainty and security to vulnerable families who had faced years of temporary accommodation and uncertainty.

The Panel and the main Scrutiny Committee were unanimous in its view that the prudent course of action was for the Haringey Development Vehicle process to be stopped allowing for further necessary scrutiny.

Councillor Strickland thanked the Scrutiny Panel for their work on Haringey Development Vehicle, governance process and addressed the issue of enforcement of the Haringey Development Vehicle objectives which was a cultural question and further provided assurance, that although this was an equal joint partnership, decisions by the Haringey Development Vehicle board would only be taken forward if reached by a consensus. The Council would have a powerful blocking vote if proposals were not acceptable to them.

The Cabinet were accepting 11 of the recommendations and part accepting 4 but could not accept delaying preparations for the establishment of the Haringey Development Vehicle which was expected to come forward, for decision by Cabinet, in the summer. During the intervening period of 5 months, there would be a good opportunity for Council with the preferred bidder resolve the details on governance and the function of the Board. Both Councillors and residents would be able to discuss and tackle the concerns regarding the governance process.

If the process was stopped then this would also prevent answers to the issues raised coming forward and it would then be difficult to restart the process in a time where new homes and affordable housing was greatly needed.

In terms of housing for existing tenants, the Council would be striving, with the development partner, to reach a good deal for tenants. The task for the next 5 months was to secure this as Cabinet recognised that Councillors and residents need to get assurances before a decision is made on the Haringey Development Vehicle.

In relation to the role of Councillors on the Haringey Development Vehicle Board and potential conflicts of interest, there were already examples of Councillors sitting on various Boards such as the Alexandra Park and Palace Board where they were acting as trustees and considering a range of complex issues.

It was emphasised that Council-nominated Members of the board would be acting within the parameters of the Cabinet agreed business plan so there was significant democratic control. If there was any change to the agreed business plan, then this would need to come back to the Cabinet for agreement.

Councillor Strickland thanked the Panel Chair and provided assurance that the 5 month delay in establishing the Haringey Development Vehicle would provide the opportunity address the concerns highlighted in the presentation.

The Leader invited questions from non Cabinet Members and there were issues raised in relation to:

- Consultation with tenants, businesses and leaseholders,
- The commercial portfolio handover, evidence of consultation with businesses
- Full Council vote on the Haringey Development Vehicle.
- Providing the Housing and Regeneration Scrutiny Panel with the comprehensive Haringey Development Vehicle risk assessment which works back from the worst eventualities as the Haringey Development Vehicle is the underpinning solution for housing and there would also be far reaching financial implications for the Council if this venture was not successful.
- Whether Cabinet can make a decision on the preferred bidder following the pre-action letter to the Monitoring Officer, calling for the Haringey Development Vehicle plans to be immediately halted.
- Halting the Haringey Development Vehicle process until risk assessments were considered.
- More of a capital risk to the Council finances than the developer.
- Position on negotiation.

In response to these questions, the following information was noted:

- The Cabinet Member for Housing, Regeneration and Planning confirmed that the tenants and business affected by phase 1 had been written to and the Council had been transparent about plans, but there had been few responses and no concerns raised by businesses. Notwithstanding this, businesses and tenants in Northumberland Park had further been informed by the Tottenham regeneration team, via literature provided to residents on the regeneration decisions coming forward, on how they would be affected.

- The Cabinet Member stressed nothing changes for Council commercial portfolio tenants apart from their landlord’s name.

- Housing rents would not be increased and any rent policy would need to be agreed by the Haringey Development Vehicle board which the Council would be a part of. Council rents would be reviewed in the normal way when up for renewal.

- The arrangement did not include community buildings which there was strong protection for with the Council involved in the Haringey Development Vehicle Board. Industrial estates would be included as their modernisation would provide more jobs.

- At this stage the Council were selecting a preferred bidder to enable the further discussion to set up the Haringey Development Vehicle so no full Council decision was required.

- The Cabinet Member emphasised that the Council were fully aware of the importance of this decision in respect of housing and the budget. This was a long and thorough process which would lead to the Council having, by the summer, considered 5 reports on the Haringey Development Vehicle. The business case, for the Haringey Development Vehicle, considered by Cabinet in November 2015, had 6 options for increasing housing and regeneration and had contained details of the assessments around financial legal and procurement risks, including detailed scenario planning for events such as dealing with property market changes and if there are issues with the partnership arrangements.

- The Assistant Director for Regeneration further explained that the risk assessments had formed the legal basis of the procurement and this was not available, currently, as it would jeopardise the procurement process but the Council had been open to discussing the risks with Scrutiny Panel and how they would be dealing with them. When the recommendation for the Haringey Development Vehicle comes forward, approval of the final legal agreements would be part of the decisions being made.

- The Monitoring Officer confirmed that a pre – action protocol letter had been received and would be responded to but there was no reason why the decision on the preferred bidder could not be taken at this evening's meeting.

- Although the risk assessments were commercially confidential at this stage, a summary document on the risks would be published at the right time.

- Noted that the capital being added by the partner was equal to the value of commercial portfolio.

- In relation to the Housing estates, the Future Housing review sets out the negative financial value of the estates which is also the case across London. It was evident that the borough's large estates needed work and regeneration and were not worth large amounts of money and so by not transferring other higher valued land, the developer would not be able to match the contribution to regeneration of the estates.

- The equity in the partnership, put forward from the developer, would be equal to that of the Council as this was a fundamental principle of the agreement.

- The valuations of the housing sites would be completed at the time of the transfer and it was not possible to predict their values at this stage

Further to considering the summary of the scrutiny review, the Cabinet Members response and responses to member questions, Cabinet

RESOLVED

1. To note the Overview and Scrutiny Report on Governance arrangements for Haringey Development Vehicle (attached as Appendix 1).

2. To agree the responses to the Overview and Scrutiny report recommendations (attached as Appendix 2).

Reasons for decision

On 17 January 2017, Overview and Scrutiny Committee approved the report of the Housing and Regeneration Scrutiny Panel (HRSP) on the governance arrangements for the proposed Haringey Development Vehicle (HDV), a joint venture between the Council and a private partner to support local housing and regeneration ambitions.

In developing its report, the HRSP held a number of evidence gathering sessions and taken evidence from local stakeholders including Council officers, community group representatives, other local authorities, Investment Partners in other joint ventures and expert independent opinion via the Chartered Institute of Housing. The HRSP then made a number of recommendations.

Alternative options considered

As set out in the HRSP's report, in view of the Panel's objection to the Haringey Development Vehicle it could have chosen not to make any recommendations about the governance arrangements for the Haringey Development Vehicle. If it was not to make any recommendations however, the Panel felt it may miss the opportunity to influence ongoing procurement discussions with the preferred bidder and so decided to make recommendations.

184. APPROVAL OF PREFERRED BIDDER FOR THE HARINGEY DEVELOPMENT VEHICLE

The Cabinet Member for Housing, Regeneration and Planning introduced the report which set out the outcome of the Competitive Dialogue procurement process under the Public Contracts Regulations 2015 to procure an investment and development partner with which to establish the Haringey Development Vehicle ('HDV).

The Cabinet Member provided some context to this procurement decision which was the desperate need for housing both locally and nationally. He further highlighted the strategic analysis demonstrating the need for different types of housing to deal with the housing crisis. The Cabinet was committed to not managing decline and was not simply going to accept the effects of the housing crisis but wanted to build new homes and also improve existing Council housing together with providing good employment opportunities for residents.

It was also important to consider the financial ability of the Council to build the large number of homes needed given the government had withdrawn £160 million from the Council and restricted how the Council spends housing money. It was evident, when

considering all other London boroughs positions, that there was not any money for Councils to build a significant number of homes without support.

Members and officers had worked hard, through the Future Housing Review to bring forward options, for increasing housing in the borough. This group had considered a range or working models to increase the availability of housing such as wholly owned Council companies which were actually building fewer homes. They also considered other standard models but as the Council owned land on the housing sites, the Haringey Development Vehicle option offered the better option for the development. This model also ensured the Council could have a share of the profits and be able to reinvest this in community facilities and existing housing whilst maintaining control over the development.

Cabinet's consideration of the Haringey Development Vehicle had started in February 2015 and the procurement process instigated by Cabinet in November 2015. The Cabinet Member felt that this had been a good thorough process, resulting in a strong preferred bidder coming forward.

If the bidder was approved, there would follow a five month process to finalise the final agreement on the terms of the Haringey Development Vehicle. The Cabinet Member reiterated that he would be working hard to get a good deal for residents during this 5 month period.

The Leader invited questions from Members and the following issues were raised:

- Assurance that Council rented homes would not decrease in favour of shared ownership properties,
- Would the construction exclusivity agreement with Lendlease incentivise them to act in a beneficial manner with Council?
- Charge from Lendlease for their expertise?
- Halting the procurement process.
- Independent tenants and leaseholders survey which indicates that that there is little knowledge of the Haringey Development Vehicle
- Providing tenants in the housing estates, potentially affected by demolition and decanting, with new homes on the new estate and with a secure tenancy at target rent.
- Whether it was made clear to Lendlease, during the procurement process, that they will re-provide Council homes, following demolition, at full right of return, at target rents, and on secure tenancies?
- Exclusivity and development of other sites and the role of Lendlease?
- Right of return for leaseholders - enough money given to buy a home on the existing estate?
- The construction exclusivity agreements and the Lendlease benefit from this, with assurances sought that they guarantee to fully declare profit to enable this is shared fairly with the Council.
- Profits from capital and expertise from the partner.
- Were Lendlease matching their equity stake with cash, or loan notes?
- Minutes of the future Haringey Development Vehicle Board available to the public.
- Southwark model with Lendlease.

- Croydon Council experiences in development.
- The lessons learned from experiences of other authorities.
- Dual role on boards.
- Liabilities and gearing.

The following information was provided in response by the Cabinet Member for Housing, Regeneration and Planning:

- The Cabinet Member for Housing, Regeneration and Planning provided assurance that the Council tenanted homes would be fully re-provided where the housing was rebuilt through the Haringey Development Vehicle and tenants would have lifetime tenancies on similar terms as current tenancies. Also there were benefits to having the HDV Company as a landlord, incurring limited interference from wider tenant government policies.

- In terms of the Planning target for 40% of affordable housing, this would be applied to the estates proposed for re-development. Development would also be subject to consultation with residents and master planning .There would be an overall increase in the number and types of homes available, improvements to existing housing and affordable housing added to sites in the vehicle which currently did not have any housing.

- The Cabinet were not obliged to choose a partner, if they were not happy with the process and outcome and there would not be a direct cost if the Council did not proceed to a final decision. However, there would be a reputational risk of taking forward a lengthy procurement exercise and not making a final decision.

- In relation to the construction exclusivity agreement, the precise financial details were subject to the procurement so these were not in public domain. The Assistant Director for Regeneration advised that in relation to the principles of the construction exclusivity agreement, construction contracts would be subject to approval by the Haringey Development Vehicle Board. Also the figures for construction would be benchmarked against the market to ensure the construction costs meets good value in the construction market.

- Fees agreed and paid as per a normal development agreement.

There were 13 items put forward for negotiation with the preferred partner, prior to establishment of the Haringey Development Vehicle, by Councillor Bevan, and the Cabinet Member for Housing, Regeneration and Planning agreed to take the following issues forward :

- Clear commitment to Council tenants on rent rates, ensuring the rents on the new estates match rents for equivalent Council homes.
- Council tenanted homes built through the Haringey Development Vehicle, would not be available through Right to Buy scheme.
- Strong safeguards in place to protect vulnerable tenants from eviction.
- Replacement properties will need to meet the needs of the overcrowded families.

- Adoption of a resident's charter by Cabinet - this will be a document setting out expectation of Northumberland Park residents which is compiled by the residents, themselves, allowing them to set out their ambitions.
- 40% of affordable housing must be provided and Haringey Development Vehicle, profits used to boost affordable housing numbers where possible.
- A support package for leaseholders so they do not lose out when their property is subject to CPO.
- Further consultation with residents guaranteed, prior to a housing site's transfer to Haringey Development Vehicle, and demolition allowed once full resident consultation has taken place.
- No scheme land transfer takes place without Cabinet approving the business plan which will set out expectations on: the number and type of housing, employment spaces, job numbers, and employment, inclusion of open space and community facilities.
- The timetable of decisions for the developments and assessment of key risks be available for discussion with Councillors and be set out in the Council Forward Plan.
- Regular reports to Cabinet on the performance of the Haringey Development Vehicle, with performance indicators included.
- The Haringey Development Vehicle, corporate business plan scrutinised by the Overview and Scrutiny on an annual basis with senior Haringey Development Vehicle, officials available to answer questions as required.
- A consultative structure established with ward Councillors aware and able to inform the decision making process on site decant and demolitions.
- An update on governance discussions, and detailed risk assessment be brought back to Councillors.

The Cabinet Member for Housing, Regeneration and Planning continued to respond to the questions as follows:

- The Cabinet Member contested the view provided that only 4% of residents in Northumberland Park knew anything about the regeneration. It was reported that 4% knew a lot and then 70% advised they knew about the regeneration. Although, there was still a lot of work to be done with residents and further consultation undertaken to ensure all residents affected were reached. Agreeing a master plan for these areas, would take time and during this period the Council would be making sure all affected residents, including socially excluded tenants, were fully consulted. There would also be opportunities established for local residents to communicate their views directly to senior staff.

- The Southwark judgement had been explored and the Council were committed to a fair deal for leaseholders. The Cabinet Member referred to the Love Lane Estate solution which was providing leaseholders shared equity in their new home.

- Apart from the category 1 sites, there was no restriction on the Council continuing wider development and building their own affordable housing.

- There were clear commitments provided on tenancies for rehoused tenants and these would be life time tenancies and tenants would have a lifetime security. At this stage of the process, the preferred bidder was being decided and not the details of the tenancy agreements which would be discussed further in the next 5 months.

- Confirmation was provided, that re-provision of all affected Council housing was included in the financial modelling considered in the procurement process for the Haringey Development Vehicle, partner.

- There was no in house construction staff to build houses, hence the further reason for the Haringey Development Vehicle, model being taken forward.

- The Cabinet Member confirmed that the Haringey Development Vehicle, financial arrangements were far removed from the type of PFI deal described in the question from Cllr Tucker. The Cabinet Member acknowledged that there would be risk by working with a private partner, but this arrangement would be subject to best value considerations and fixed financial discussions so the Council was continually assured that its duty on best value was being met. The contractors would be agreed by the board which the Council would be part of so there would be transparency on this. These were valid questions to be included in the discussions on the Haringey Development Vehicle.

- As part of the first stage of procurement, prospective bidders filled in pre-qualification questionnaires, which set out clear thresholds to meet and the financial capacity needed to commit to the scheme in order to give confidence that able to commit to the scheme. Bidders progressing to the long list and shortlist would need to have demonstrated this financial capacity.

- The Haringey Development Vehicle partner was not expected to write a cheque on the day that land transfers to the Haringey Development Vehicle, but commit cash or make a binding guarantee to commit the cash when the vehicle needs it.

- In a meeting with Lendlease, officers clarified that they had previously acquired a company with historical black listing involvement and this had all ceased by the time Lendlease acquired the company and they had also settled any historical claims. Lendlease was highlighted as good practice case by UCATT for their implementation of two construction union training centres in Liverpool.

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- The Cabinet Member clarified that Heygate estate in Southwark was very different and was done via a development agreement. This had involved sale to the developer. Southwark Council was maximising sales in zone 1 to use profits to build more affordable housing in the surrounding areas. The Council would have a different relationship with Lendlease with significant financial controls.

- The Cabinet Member made clear that Cabinet Members were not involved in the procurement selection processes and it was at the end of an objective process that Cabinet Members are advised of the outcome. Cabinet's role is to ensure the process has produced a good bid.

- Not got to the level of detail on availability of minutes of LLP board meetings. There would be wider discussion on how Councillors were more widely involved in the vehicle and on regeneration planning.

- Many Councillors were already used to having dual role on boards and meeting their Council duties. This was part of an established conflict of interest which Councillors can get legal advice on.

- The future Housing Review Members had travelled around the country to see and experience the range of different Housing development models. This had included development vehicles with an entire day at Sunderland Council where there was solid questioning of officers and the Council exploring the detail of their development vehicle arrangements.

- The business case for the development vehicle, considered by Cabinet in November 15, contained 6 housing development options with independent analysis. Croydon had participated in a small scheme for Council offices; the proposed development scheme for Haringey would include a varied portfolio such as homes, commercial buildings and offices, providing a better prospect of generating profit. The Croydon Leader had assured the Leader of the differences in the two schemes. The Cabinet Member accepted that there were risks but a significant amount of work on these risks had been completed and would also continue to be worked on in the next 5 months.

- In relation to the liabilities and gearing, the higher risks connected with higher borrowing, the Chief Operating Officer clarified that the Council would need to abide by prudential code and this required looking at affordability. This was done in every annual Council meeting and calculations completed on what the Council could afford. The code allowed borrowing as much as needed, with the caveat that it is affordable within the Council's income levels.

The Leader invited Cabinet Members asked to put forward their questions.

A question was raised in relation to the involvement of the trade union in the process. The Cabinet Member advised that trade unions would be engaged in the next 5 months where the Council would be clearer on the TUPE position. However, the anticipated number posts likely to tuped transferred would be low.

The Cabinet Member for Communities discussed meeting the aspirations of families and the people part of the regeneration. The Cabinet Member for Housing, Regeneration and Planning, advised that given the press coverage and mis - information, it was important to be honest with residents on Council estates and realise that the decent homes impact was minimal and did not solve the type of long term construction problems of some estates. It was evident that a solution was needed to satisfy ambitions of local people including: providing new homes and jobs,

a firm commitment on skills, apprenticeships, increase of GP surgeries, more community facilities. Also, through master planning, providing more green and play space, and children centres. Schools would continue to be engaged with about the Haringey Development Vehicle, also offered the opportunity to build a new school in Northumberland Park.
Cabinet agreed families need more facilities and better homes and would work hard with Councillors and residents on examining what people want in their areas and what the Haringey Development Vehicle should be considering.

The Cabinet Member for Economic Development, Social Inclusion and Sustainability enquired about: the potential homes to be built by the Haringey Development Vehicle, the criteria included for social dividend, as the place where people live was important to them, in terms of having an opportunity to work. In response, it was noted that a minimum of 6000 homes could be provided by the Haringey Development Vehicle, but the hope was to increase this number when looking in further detail at sites.

Unless the Council worked with partners then they would only be able to build a small number of homes when thousands were needed. So without a partner the process would be slower with no control on what happened and not a share of profits. The Council would remain guardians of land setting out the clear dividend to be achieved to invest in housing and social schemes.

The criteria for the procurement had also included social economic scoring which was equally weighted with the other regeneration priorities. Therefore, it was clear to the bidders that social economic criteria would need to be worked to and the Council had been clear on this.

The Cabinet Member for Finance and Health referred to the concerns raised on the financial risks of the Haringey Development Vehicle, and spoke about considering the future financial sustainability of the Council given the overspend and government grants currently being phased out. Councillor Arthur highlighted the increased risk of not having a clear way of delivering new homes. There currently was no risk free way to build homes, and it was not financially prudent for the Council to take a housing development venture forward alone.

The proposed decision would in future bring financial sustainability for the Council with increased business tax revenue and additional Council tax income to deliver the services needed across the borough. The Council would be eligible for 50% of the profits, allowing them to recycle this income into housing or back into the Council for investment in services.

The Leader concluded the discussion by speaking about the importance of providing a sense of certainty to people in the borough with no security of homes and to those who do not live in Council homes. There were only 1300 Council homes built in the whole country, in the last year, and the Council would need to be bold whilst taking proportionate risks to increase housing.

Cabinet considered the outcome of the Competitive Dialogue Procedure under the Public Contracts Regulations 2015 as outlined in the report.

Cabinet unanimously **RESOLVED:**

1. To agree to the selection of Lendlease as preferred bidder with whom the Council will establish the joint venture HDV.

2. To agree to the selection of a reserve bidder as set out in the exempt part of this report.

3. To agree to proceed to the Preferred Bidder Stage ('PB Stage') so the preferred bidder's proposal can be refined and optimised, in particular to formalise the structure of the vehicle, finalise legal documents and further develop site and portfolio business plans, as required to establish the HDV; and gives Delegated Authority to the Director of Regeneration, Planning and Development after consultation with the Leader of the Council to agree any further documentation as is required at the PB Stage.

4. To note the emerging arrangements for governance of the vehicle and its likely shadow implementation, and emerging issues informing the management of the Council's relationship with the vehicle.

5. To agree to receive a further report recommending approval of the final documentation to support the establishment of the Haringey Development Vehicle, and agreement of the relevant business plans, following further refinement at preferred bidder stage.

Reasons for decision

<u>The case for growth</u>

The Council's corporate plan makes a strong commitment to growth. Specifically, it identifies the need for new homes to meet significant housing demand which is making decent housing unaffordable for increasing numbers of Haringey residents, and causing more and more families to be homeless. It also identifies the need for more and better jobs, to revitalise Haringey's town centres, increase household income for Haringey residents and give all residents the opportunity to take advantage of London's economic success. This commitment to growth is further reflected and developed in the Council's Housing Strategy and Economic Development & Growth Strategy.

Growth is also essential to the future sustainability of the Council itself. With Government grant dwindling, local authorities are increasingly dependent on income from Council tax and – in light of recent reforms – business rates. Without growing the Council tax and business rate base, the Council will increasingly struggle to fund the services on which its residents depend. Improvement in the living conditions, incomes, opportunities and wellbeing of Haringey residents will also not only improve their quality of life, but also reduce demand for Council and other public services.

The risks of failing to secure growth in homes and jobs – or of securing growth at low quantities, quality and/or pace – are significant:

Failure to meet housing demand will lead to more and more families unable to afford a home in the borough, either to rent or buy, deepening the already stark housing crisis.

Failure to meet housing demand will also drive up levels of homelessness, not only leading to more households finding themselves in crisis, but also increasing the already significant pressure on the Council budget through increased temporary accommodation costs.

Failure to increase the number of jobs in the borough will lead to fewer opportunities for Haringey residents to boost their incomes and job prospects, less vibrant and successful town centres with less activity and spending during the working day, and increased risk of 'dormitory borough' status as working residents leave the borough to work elsewhere.

Insufficient or poor quality housing, low employment and poor quality urban environments are all linked to poor public health outcomes which in turn place a burden on Council and other public services; improved outcomes for residents also create reductions in demand-driven public sector costs.

Low levels of development reduce the Council's receipts in s106 funding and Community Infrastructure Levy, in turn reducing the Council's ability to invest in improved facilities and infrastructure (like schools, health centres, open spaces and transport) and in wider social and economic programmes such as those aimed at improving skills and employability.

Failure to grow the Council tax and business rate base will increasingly lead to a major risk of financial instability for the Council, and to further, deeper cuts in Council budgets and hence to Council services as Government grants dwindle to zero over the coming years.

<u>Options for driving growth on Council land</u>

The Council cannot achieve its growth targets without realising the potential of unused and under-used Council-owned land. Accordingly, in autumn 2014 the Council commissioned work from Turnberry Real Estate into the options for delivering these growth objectives, either on its own or in partnership with the private sector. Turnberry also examined the market appetite for partnership with the Council to deliver new housing and economic growth.

In February 2015 Cabinet, on the basis of this work, agreed to commission a more detailed business case to explore options for delivery. At the same time, the Member-led Future of Housing Review concluded (as set out in its report to Cabinet in September 2015) that a development vehicle was 'likely to be the most appropriate option' for driving estate renewal and other development on Council land.

The business case developed following Cabinet's February 2015 decision compared a number of options for achieving the Council's objectives, and ultimately recommended that the Council should seek through open procurement a private sector partner with whom to deliver its objectives in an overarching joint venture development vehicle. This business case, and the commencement of a procurement process, was agreed by Cabinet on 10 November 2015.

The joint venture development vehicle model

The joint venture model approved by Cabinet on 10 November 2015 is based on bringing together the Council's land with investment and skills from a private partner, and on the sharing of risk and reward between the Council and partner. The Council accepts a degree of risk in that it will commit its commercial portfolio to the vehicle, and will (subject to the satisfaction of relevant pre-conditions) also commit other property, as its equity stake in the vehicle. It has also to bear the costs of the procurement and establishment of the vehicle, and a share of development risk. However, in return, the contribution to its Corporate Plan objectives, including high quality new jobs, new homes including affordable homes and economic and social benefits, would be at a scale and pace that would otherwise be unachievable. The Council will also receive a financial return, principally through a share of profits that it can reinvest in the fulfilment of its wider strategic aims as set out in the Corporate Plan.

Under this model, the development partner matches the Council's equity stake, taking a 50% share of the vehicle and hence a 50% share of funding and development risk. In return, and by maintaining strong relationships and delivery momentum, they obtain a long term pipeline of development work in an area of London with rising land values, and with a stable partner.

The preferred bidder decision

As well as approving the business case for establishing the Haringey Development Vehicle, at its meeting on 10 November 2015 Cabinet also resolved to commence a Competitive Dialogue Procedure under the Public Contracts Regulations 2015 to procure an investment and development partner with which to establish the Haringey Development Vehicle. Following a compliant procurement process, the preferred bidder is recommended in this report.

By approving the final stage of work with a single preferred bidder, paving the way for a final agreement and establishment of the vehicle later in 2017, Cabinet will be taking the next vital step in unlocking the considerable growth potential of the Council's own land and meeting a number of core Council ambitions.

Alternative options considered

In November 2015, Cabinet considered and approved a business case for establishing an overarching joint venture vehicle to drive housing and job growth on Council land. That business case identified and assessed a number of alternative options for achieving the Council's objectives, and found that the overarching joint venture vehicle would be the most effective mechanism of achieving those goals.

The Council has reserved its position to not appoint any of the bidders in the event of the bids not being satisfactory, or otherwise not wishing to proceed. The report outlines the benefits and projected outcomes that will arise from the appointment of the proposed preferred bidder, and how they meet the Council's objectives and aspirations as set out in the November 2015 report to Cabinet. If the Cabinet chooses not to appoint any bidder, it will not obtain these likely benefits.

Notwithstanding the above, choosing a preferred bidder does not at this stage commit the Council to enter into an agreement or indeed to the establishment of the Haringey Development Vehicle at all. That decision is taken after the close of the preferred bidder stage and will be the subject of a further report to Cabinet.

The Council has within its procurement documentation made clear to bidders that bidders' participation in the process is at their own expense, that the Council will not be responsible for bid costs and that it is not obliged to accept any tender.

Report for: Cabinet, 14 February 2017

Item number: **10**

Title: Haringey Development Vehicle – Appointment of Preferred Bidder

Report authorised by: Lyn Garner, Director of Regeneration, Planning & Development

Lead Officer: Dan Hawthorn, Assistant Director for Regeneration

Ward(s) affected: All

Report for Key/ Non Key Decision: Key

1. Describe the issue under consideration

1.1 The purpose of the report is to advise Cabinet of the outcome of the Competitive Dialogue procurement process under the Public Contracts Regulations 2015 authorised by Cabinet on 10 November 2015, to procure an investment and development partner with which to establish the Haringey Development Vehicle ('HDV').

1.2 Cabinet is asked to approve the selection of the preferred and reserve bidders; to approve the next stage of work to refine and clarify the preferred bidder's proposal, with a view to establishing the HDV; and to note the emerging arrangements for governance of and management of the relationship with the HDV.

2. Cabinet Member Introduction (Cllr Strickland, Cabinet member for Housing, Regeneration & Planning)

2.1 Haringey has a proud track record as well as an ongoing commitment to regeneration, social inclusion and poverty reduction and it is crucial we continue to develop innovative and bold plans that improve housing standards, educational outcomes and life opportunities for everyone in the borough, including the most vulnerable and disadvantaged.

2.2 Growth is at the heart of our ambitions for Haringey. Our residents need new homes to tackle the rising cost of housing and increased homelessness, and new jobs to improve their incomes and prospects. And growth in council tax and business rates is essential to a sustainable future for the Council and the services on which its residents depend. As a result of years of funding cuts and the removal of housing subsidy grant, Haringey, like many London boroughs, does not have enough funding to build large numbers of homes. Haringey faces a huge housing funding shortfall, with remaining Housing Revenue Account borrowing of £50m, but a repairs shortfall over 30 years of £250m against the full Decent Homes standard, and regeneration costs of around £900m on Love Lane and more than £1.5bn on Northumberland Park alone for new homes, associated infrastructure and community facilities.

2.3 There is of course a need to strike a careful balance between our ambitious plans to see significant and sustainable regeneration, including the building of many more affordable homes across Haringey in general, and in Tottenham and Wood Green in particular, with an equal focus on detailed project planning, risk management and value for money. The purpose of the development vehicle is to deliver on the commitments we have made to Haringey - creating new jobs, new business space, new green space, and ensuring there are schools, GP surgeries and community facilities. The Council will also retain democratic control, and decisions about each site will be made by the Cabinet, in public.

2.4 In agreeing this approach, we make clear commitments: to do our utmost to re-house council tenants in the area where they currently live and on similar terms, if that's what they want; that a Resident's charter is adopted, which sets out the expectations of Northumberland Park residents and is written by the residents themselves; that the development vehicle will be bound by our planning policy requiring 40% affordable housing; and that consultation with residents is guaranteed, with a commitment that sites can only be transferred to the vehicle once that has taken place.

2.5 This decision – to approve a preferred bidder with which to establish that vehicle – is a critical and exciting step towards delivering our growth ambitions. Crucially, the process which has led to this stage, and the work that lies ahead, have at their core the aims of securing the best possible growth outcomes for Haringey and the best possible financial position for the Council, while minimising and managing the risks to the greatest possible extent. While there remains inevitable risk in any development project, I am clear that the alternative path – of turning our back on growth, investment and opportunity – presents the far greater and graver risk, to the Council and to the people of Haringey.

3. Recommendations

It is recommended that Cabinet:

3.1 Notes the outcome of the Competitive Dialogue Procedure under the Public Contracts Regulations 2015 as outlined in this report.

3.2 Agrees to the selection of Lendlease as preferred bidder with whom the Council will establish the joint venture HDV.

3.3 Agrees to the selection of a reserve bidder as set out in the exempt part of this report.

3.4 Agrees to proceed to the Preferred Bidder Stage ('PB Stage') so the preferred bidder's proposal can be refined and optimised, in particular to formalise the structure of the vehicle, finalise legal documents and further develop site and portfolio business plans, as required to establish the HDV; and gives Delegated Authority to the Director of Regeneration, Planning and Development after consultation with the Leader of the Council to agree any further documentation as is required at the PB Stage.

3.5 Notes the emerging arrangements for governance of the vehicle and its likely shadow implementation, and emerging issues informing the management of the Council's relationship with the vehicle.

3.6 Agrees to receive a further report recommending approval of the final documentation to support the establishment of the HDV and agreement of the relevant business plans, following further refinement at preferred bidder stage.

4. Reasons for decision

The case for growth

4.1 The Council's corporate plan makes a strong commitment to growth. Specifically, it identifies the need for new homes to meet significant housing demand which is making decent housing unaffordable for increasing numbers of Haringey residents, and causing more and more families to be homeless. It also identifies the need for more and better jobs, to revitalise Haringey's town centres, increase household income for Haringey residents and give all residents the opportunity to take advantage of London's economic success. This commitment to growth is further reflected and developed in the Council's Housing Strategy and Economic Development & Growth Strategy.

4.2 Growth is also essential to the future sustainability of the Council itself. With Government grant dwindling, local authorities are increasingly dependent on income from council tax and – in light of recent reforms – business rates. Without growing the council tax and business rate base, the Council will increasingly struggle to fund the services on which its residents depend. Improvement in the living conditions, incomes, opportunities and wellbeing of Haringey residents will also not only improve their quality of life, but also reduce demand for Council and other public services.

4.3 The risks of failing to secure growth in homes and jobs – or of securing growth at low quantities, quality and/or pace – are significant:

- Failure to meet housing demand will lead to more and more families unable to afford a home in the borough, either to rent or buy, deepening the already stark housing crisis.
- Failure to meet housing demand will also drive up levels of homelessness, not only leading to more households finding themselves in crisis, but also increasing the already significant pressure on the council budget through increased temporary accommodation costs.
- Failure to increase the number of jobs in the borough will lead to fewer opportunities for Haringey residents to boost their incomes and job prospects, less vibrant and successful town centres with less activity and spending during the working day, and increased risk of 'dormitory borough' status as working residents leave the borough to work elsewhere.
- Insufficient or poor quality housing, low employment and poor quality urban environments are all linked to poor public health outcomes which in turn place a burden on Council and other public services; improved outcomes for residents also create reductions in demand-driven public sector costs.

- Low levels of development reduce the Council's receipts in s106 funding and Community Infrastructure Levy, in turn reducing the Council's ability to invest in improved facilities and infrastructure (like schools, health centres, open spaces and transport) and in wider social and economic programmes such as those aimed at improving skills and employability.
- Failure to grow the council tax and business rate base will increasingly lead to a major risk of financial instability for the Council, and to further, deeper cuts in council budgets and hence to council services as Government grants dwindle to zero over the coming years.

Options for driving growth on Council land

4.4 The Council cannot achieve its growth targets without realising the potential of unused and under-used council-owned land. Accordingly, in autumn 2014 the Council commissioned work from Turnberry Real Estate into the options for delivering these growth objectives, either on its own or in partnership with the private sector. Turnberry also examined the market appetite for partnership with the Council to deliver new housing and economic growth.

4.5 In February 2015 Cabinet, on the basis of this work, agreed to commission a more detailed business case to explore options for delivery. At the same time, the member-led Future of Housing Review concluded (as set out in its report to Cabinet in September 2015) that a development vehicle was 'likely to be the most appropriate option' for driving estate renewal and other development on Council land.

4.6 The business case developed following Cabinet's February 2015 decision compared a number of options for achieving the Council's objectives, and ultimately recommended that the Council should seek through open procurement a private sector partner with whom to deliver its objectives in an overarching joint venture development vehicle. This business case, and the commencement of a procurement process, was agreed by Cabinet on 10 November 2015.

The joint venture development vehicle model

4.7 The joint venture model approved by Cabinet on 10 November 2015 is based on bringing together the Council's land with investment and skills from a private partner, and on the sharing of risk and reward between the Council and partner. The Council accepts a degree of risk in that it will commit its commercial portfolio to the vehicle, and will (subject to the satisfaction of relevant pre-conditions) also commit other property, as its equity stake in the vehicle. It has also to bear the costs of the procurement and establishment of the vehicle, and a share of development risk. However, in return, the contribution to its Corporate Plan objectives, including high quality new jobs, new homes including affordable homes and economic and social benefits, would be at a scale and pace that would otherwise be unachievable. The Council will also receive a financial return, principally through a share of profits, that it can reinvest in the fulfilment of its wider strategic aims as set out in the Corporate Plan.

4.8 Under this model, the development partner matches the Council's equity stake, taking a 50% share of the vehicle and hence a 50% share of funding and development risk. In return, and by maintaining strong relationships and delivery momentum, they obtain a long term pipeline of development work in an area of London with rising land values, and with a stable partner.

The preferred bidder decision

4.9 As well as approving the business case for establishing the HDV, at its meeting on 10 November 2015 Cabinet also resolved to commence a Competitive Dialogue Procedure under the Public Contracts Regulations 2015 to procure an investment and development partner with which to establish the HDV. Following a compliant procurement process, the preferred bidder is recommended in this report.

4.10 By approving the final stage of work with a single preferred bidder, paving the way for a final agreement and establishment of the vehicle later in 2017, Cabinet will be taking the next vital step in unlocking the considerable growth potential of the Council's own land and meeting a number of core Council ambitions.

5. Alternative options considered

5.1 In November 2015, Cabinet considered and approved a business case for establishing an overarching joint venture vehicle to drive housing and job growth on council land. That business case identified and assessed a number of alternative options for achieving the Council's objectives, and found that the overarching joint venture vehicle would be the most effective mechanism of achieving those goals.

5.2 The Council has reserved its position to not appoint any of the bidders in the event of the bids not being satisfactory, or otherwise not wishing to proceed. The report outlines the benefits and projected outcomes that will arise from the appointment of the proposed preferred bidder, and how they meet the Council's objectives and aspirations as set out in the November 2015 report to Cabinet. If the Cabinet chooses not to appoint any bidder, it will not obtain these likely benefits.

5.3 Notwithstanding the above, choosing a preferred bidder does not at this stage commit the Council to enter into an agreement, or indeed to the establishment of the HDV at all. That decision is taken after the close of the preferred bidder stage and will be the subject of a further report to Cabinet.

5.4 The Council has within its procurement documentation made clear to bidders that bidders' participation in the process is at their own expense, that the Council will not be responsible for bid costs and that it is not obliged to accept any tender.

6. Background information

The importance of growth

6.1 As set out in section 4 above, growth in housing and jobs is key to the Council's long term strategy for the future of the Borough. Growth is needed to meet the needs and expectations of current and future residents, and to help them prosper. Housing and employment will improve the quality of life for residents, reduce demand for Council and other public services. Further, the resulting growth in Council tax and business rate income will help to put the Council's finances on a more sustainable long term footing as grant funding and other revenues decrease.

6.2 The Council has made a major commitment to growth in housing and employment through the Council's own Corporate Plan 'Building a Stronger Haringey Together', and through its own contribution to the London Plan, which says that the Borough needs to provide 20,000 new jobs and 19,000 new homes over the next 15 years. The nature and scale of these ambitions are further set out in the Council's Economic Development and Growth Strategy and Housing Strategy. For Tottenham, the Strategic Regeneration Framework sets out the need to deliver at least 10,000 new homes and 5,000 new jobs in Tottenham over the next twenty years. In Wood Green, a draft Area Action Plan – based on a high growth vision for the town centre – was approved by Cabinet in January 2017 and will be the subject of further public consultation later in 2017.

Delivering growth on Council land

6.3 To deliver economic growth and provide new housing on the scale required, the Council has to use its own landholdings. Estate renewal on the Council's large and medium sized estates also provides a major opportunity to increase the number of homes, to improve the mix of tenures and sizes and to address the condition of the housing stock.

6.4 Strategically there are a number of factors that demonstrate Haringey's readiness for development of new homes and jobs on a scale that such a vehicle could deliver: in planning policy terms, with the development of the Local Plan, site allocations and Area Action Plans for Tottenham and Wood Green; from the Council's work on regeneration with the Strategic Regeneration Framework for Tottenham, and the emerging Wood Green Investment Framework; and with the Housing Strategy and the Housing Investment and Estate Renewal Strategy.

6.5 The Council does not have the financial resources to achieve its Corporate Plan objectives on its own land alone. In common with many local authorities and public sector bodies, the Council has a demonstrable shortage of investment capacity and expertise to deliver the schemes required.

6.6 The value of seeking a private investment partner is that they will bring both capital resources, and skills and expertise to help achieve the Council's objectives. Financial returns will accrue on a phased basis giving the Council the option to spend these on further development (including affordable housing), on wider social and economic benefits or on other corporate plan objectives. During the Future of Housing Review, the member review group felt that in principle, some kind of development vehicle was needed as the Council has little choice of option to achieve its objectives.

6.7 In autumn 2014, the Council commissioned Turnberry Real Estate to carry out a high level feasibility study of the options for driving development, as well as soft market testing to see if there was interest from potential private sector partners in taking forward development in Haringey. Exploratory discussions with a range of developers, investors and development managers – the potential private sector partners – confirmed that this was indeed the case. The market sees Tottenham and Wood Green as areas of high potential, believes in the Council's 'affordable London' message and shares the interest and belief in mixed tenures including private rented housing. The market has a growing confidence in the Council's leadership.

6.8 Following the approval of Cabinet on 10 February 2015, the Council appointed commercial advisers (Bilfinger GVA with Turnberry Real Estate) and legal advisers (Pinsent Masons) to examine in detail the feasibility of a joint venture development vehicle for Haringey, alongside other options for driving development, and to work with officers and advise the Council on the procurement of the investment and development partner and the establishment of the HDV.

The Future of Housing Review Group

6.9 At the same time as this work was underway, the Council's separate review of the Future of Housing demonstrated forcibly that there is insufficient capital funding available to deliver all the Council's aspirations, and because of that the potential options for maintaining homes, delivering new housing and economic growth are extremely limited. It also concluded that a joint venture development vehicle may be a potential solution.

6.10 The report of the independent advisor supporting the review noted that:

- a range of development vehicles has been established country wide. These are predicated on carrying out regeneration and development through use of local authority assets. They can be local authority owned companies which operate outside the Housing Revenue Account, borrowing and ultimately holding assets in the General Fund. Alternatively, they can involve the private sector in a number of forms usually in some form of partnership or joint venture, generally on a 50:50 shared basis. In this case, the Council puts its land or buildings into the vehicle, and the private sector partner brings finance, skills and business acumen.

- where a development company is established, it is most likely to be developing new housing, frequently through demolition and redevelopment of existing properties. It is unlikely to be established principally as a refurbishment vehicle. The premise of the company is likely to be based on enhancing land values, predominantly by intensification of development. They will not only deliver housing but often employment and retail uses as well. The purpose of this model is to increase the available stock of socially rented and affordable housing, and there is not likely to be a net loss of social housing, at least on a room by room basis, when considered across the area as a whole.

- as far as the housing produced by such a vehicle is concerned, the review noted that tenure will vary from social housing, through ranges of affordable to open market housing. The ultimate ownership of such social and affordable housing can also differ. It may be returned to the Council, or passed to a housing association or indeed held in the company. At present local authority controlled companies can hold property exempt from the right to buy, but the Government has signalled its intention to remove this exemption. This will leave joint venture vehicles, part owned by the private sector, as the only mechanism whereby properties can be protected for social use. The relationship with tenants, where a development vehicle is proposed will be one of rehousing and return, rather than of transfer. Leaseholders will effectively negotiate on an open market sale basis; with of course the ultimate possibility of compulsory purchase.

- the governance and financial structures will vary from case to case. Subject to the viability of their schemes such vehicles have a significant part to play in increasing new build homes, and of bringing about regeneration. The down side is that Councils taking part in such vehicles do take on some development risk. When such vehicles are successful, they can provide Councils with a long term revenue return, and the opportunity to enhance social and community provision in an area.

- the overall viability of the proposals will depend significantly on the location of the estate and existing / potential density of the estate. It will also depend on the scope to produce some market sales and market rented properties in order to cross subsidise the replacement social (or affordable) rented dwellings.

6.11 The member review group that drove the Future of Housing project concluded that '*To deliver improvements to homes on major estates, the Review Group recommends that a development company is likely to be the most appropriate option. A proposal should be brought forward for a development vehicle, either Council owned or a joint venture. Given the importance of improving major estates, we recommend that a proposal is brought forward swiftly for consideration*.'

6.12 At its meeting in September 2015 Cabinet endorsed the recommendation that:

'a development vehicle is potentially the best solution to progress major estate renewal, maximise the potential for investment in the Council's housing stock, and the delivery of new social and affordable housing. That the Council should aim to replace the same number of affordable habitable rooms and that the deal for tenants is broadly comparable under the Vehicle. A separate report will be brought to Cabinet on this.'

The development vehicle concept

6.13 At its meeting on 10 November 2015, Cabinet considered a detailed report which outlined the various options for progressing its ambitions, based on the business case it had commissioned in February 2015. It noted that following soft market testing by Turnberry Real Estate Ltd, there was market interest in a

development vehicle, and that the Council's member-led Future of Housing Review group felt that some kind of development vehicle was an option to help the Council achieve its objectives, given the financial constraints and the limited choice of options available.

6.14 Cabinet also approved the objectives that had been developed by officers and Cabinet members, against which the options for driving development were tested in the business case, and which were subsequently incorporated into the procurement documentation. These were:

- To deliver growth through new and improved housing; town centre development; and enhanced use of the Council's property portfolio.
- To achieve and retain a long term stake and control in the development of the Council's land, maintaining a long term financial return which can be reinvested in accordance with the Council's statutory functions, on new housing, on social and economic benefits or on other Corporate Plan objectives.
- In partnership with the private sector, to catalyse the delivery of financially unviable schemes.
- Achieve estate renewal by intensification of land use and establishment of a range of mixed tenures, together with tenure change across the Borough where appropriate.
- To secure wider social and economic benefits in areas affected, including community facilities, skills and training, health improvement or crime reduction for the benefit of existing residents.
- To incorporate land belonging to other stakeholders, both public and private sector, into development.

6.15 The report was clear that as well as the housing and employment outcomes, and the financial returns, the wider social and economic benefits of the vehicle were critical to its success and that these would be central to the evaluation of potential partners.

6.16 The business case considered by Cabinet assessed the pros and cons of six potential options for driving growth on Council land. These were:

<u>Option1: Base Case</u>
The Council continues with its current approach i.e. taking forward and developing out sites, including undertaking the restructuring of the commercial portfolio. The Council continues to provide funding and uses available grant funding to work up sites in conjunction with the relevant stakeholders as appropriate.

Under this option, the Council would continue to take forward assets itself. This could be done through site sales/disposals, the Council developing out sites itself, through development agreements with clawback provisions etc. This option would therefore involve the use of conventional structures to take forward sites, and would to an extent be dependent on the Council's appetite for risk and the availability of funding (including grant funding) to take sites forward.

This option carries limited risk to the Council, but stands no chance of delivering the Council's aspirations particularly given that there appears little likelihood of sufficient funding being available to facilitate this option in any realistic timetable.

Option 2: Disposal of Individual Sites

The Council takes forward sites (subject to available resources, financial resources and grant funding) and then sells the sites into the market. Sites could be sold individually or packaged up and sold as portfolios e.g. the commercial portfolio. Sites could be sold on a phased basis over time through development agreements (with or without overage provisions) to the private sector or other public sector stakeholders, or through straight disposals.

This would involve the Council marketing sites so that they could be disposed of on a straight sale basis e.g. disposal on the open market as freehold or leasehold assets. It is likely that those sites which do not fit the objectives of the Council would be sold on a straight sales basis. However, the large regeneration schemes and town centre sites would be marketed with appointment of a strategic development partner i.e. entering into a development agreement with a development partner in the short/medium term.

Under this structure the Council would enter into a traditional development agreement with a development partner and the site would be drawn down as development pre-conditions are satisfied i.e. the site is drawn down in phases as specific "development criteria" are satisfied. The development partner would need sufficient financial and resource capability to provide the necessary funding for the site development, achieving planning etc.

The Council is able to exercise control through planning powers and is able to insert conditions as to when development should commence, albeit this will impact on sale value. The Council would also receive sale proceeds and overage as the site is developed out.

There are serious questions as to whether the Council's aspirations are deliverable through this route:

- This option would produce considerably less financial benefit for the Council, reducing the amount to be reinvested or used to cross-subsidise the stated socio-economic objectives and Corporate Plan outcomes.
- While there is little development risk to the Council through this approach the private sector will consider these developments more risky without the appeal of a guaranteed pipeline of development, with consequent increased costs and lower returns.
- In the bigger schemes such as Northumberland Park Regeneration Area it is doubtful given the level of initial funding required that the market would be interested in the short term, if at all.
- Without the opportunity for a development vehicle to mitigate borrowing for Compulsory Purchase Order (CPO) costs, it is likely that the impact on the Council's borrowing requirement will be higher, and given the risk issues discussed above, it will be harder to persuade a developer to fully indemnify the Council for these costs.

- Given the support of the Mayor for vehicle-type approaches further Housing Zone funding may be less likely.
- The ultimate result of this will be significantly less delivery, for example in the number of housing units delivered.

Option 3: Outsource Asset Management and Services

The Council outsources the management of its entire development portfolio, including the commercial portfolio (which is currently managed in-house) and the responsibility for development of the large estate renewal sites, to a third party provider who provides services on behalf of the Council. This could include sale and leaseback and services provision, increased asset management and facilities management, refurbishment programmes, undertaking surplus property disposals and development of key sites as part of a full outsourcing service. A key focus would be on maximising returns from the portfolio, usually through 'sweating' the assets i.e. increased asset management of investment generating assets.

This option is relatively low risk but suffers from the same issues with regard to deliverability as the previous two options. While this would bring financial benefits it is impossible to see them being sufficiently significant to deliver the Council's stated socio–economic objectives and Corporate Plan aspirations.

Option 4: Council Wholly-Owned Vehicle

A vehicle is established which is wholly owned by the Council. This vehicle is an independent company (i.e. wholly owned by the Council, albeit as an arm's length organisation) which is not controlled by the borrowing limitations, and therefore funding implications, of the HRA restrictions. It has the potential to offer greater flexibility on tenure and the ability to develop mixed tenure schemes including homes for sale, shared ownership, and most importantly, rented accommodation at social/affordable/market rents. This flexibility can enable cross subsidy between tenures, with market sale or rent homes enabling the provision of more affordable homes which would be the priority for the company. The assets and debts of the company will remain on the public sector balance sheet, with private sector involvement limited to works and services paid for by the company. A local example of this approach is Broadway Living, the local authority company wholly owned by the London Borough of Ealing.

To achieve the Council's aspirations through a wholly-owned company, the Council would need to support all the costs (of compulsory purchase, development, sales and marketing etc) through borrowing. All this money, and all the development risk, would be the Council's responsibility throughout the process, so this is clearly a high risk option. This option is not feasible from the Council's point of view on a financial basis, because of the high levels of borrowing required and consequent costs of servicing the borrowing.

In addition, it is highly unlikely that a wholly-owned company could deliver the scale of outputs required. The wholly owned companies set up by other London authorities are generally delivering significantly fewer homes than we anticipate building through this vehicle, without considering the town centre, economic and growth ambitions that the Council has. The range of delivery varies, but is typically less than 500 homes over a five year period, though the sponsoring Councils will aspire to higher in due course.

It remains unlikely that a wholly-owned vehicle would be able to address the skills and capacity issues more effectively than the Council itself. Further, housing kept in a wholly-owned company would also create potential exposure to the right to buy, as it is understood that the Government is closely monitoring the situation with these types of vehicles and may bring forward legislation in due course to enforce the right to buy and compulsory disposal.

Option 5: Site Specific or Asset Focused Vehicles

Under this option the Council would establish site or asset specific vehicles, predominantly for the estate renewal sites, and the town centre assets, with different private sector delivery partners. Each individual vehicle would take the form of a special purpose vehicle, which would be owned equally by the Council and different private sector partners. Each vehicle would be for a specific asset, for example carrying out estate renewal at Northumberland Park Regeneration Area; or town centre redevelopment in Wood Green; or development of individual medium sites.

Each vehicle would need to be procured separately and would require its own governance structure with associated management resource and costs.

The Council could invest particular sites into specific individual vehicles for example a housing vehicle, which would develop the Council's large housing estates such as Northumberland Park Regeneration Area, and smaller estates across the Borough that have proved uneconomical to invest in. The private sector partner would invest the equity. The vehicle would then work up the site up according to a pre-agreed business plan. The site could revert back to the Council if the vehicle does not progress the site as specified.

A separate vehicle could be bought forward using the council's assets to support Town Centre regeneration, which would seek to reinvigorate Wood Green. A partner would invest equity and the Vehicle would then develop the site according to a pre-agreed business plan. Again, the site(s) could revert back to the Council if the Vehicle does not progress the asset as specified.

Having a number of separate vehicles would make it more difficult for the Council to include receipts from profitable schemes to support more financially challenging opportunities in a State aid compliant manner than would be possible with a single vehicle. Managing a stake in several difficult vehicles may also place a greater governance burden on the council than would a single vehicle.

Option 6: Overarching Vehicle

This option builds on the initial concept set out at Option 4. However, under this option the Council and a strategic partner e.g. a development partner or strategic funding investment partner, create an overarching strategic partnership through an Overarching Vehicle ("OV"). The OV can then take assets forward by way of different delivery mechanisms beneath the overarching level through for example development agreements, joint ventures etc. Assets could be taken forward individually, as portfolios or through sub portfolios of assets. The structure would also allow for the cross funding of

income from the commercial portfolio and quick win projects (i.e. value release properties) to be used to fund projects such as the key estate renewal sites.

The OV could also provide an asset management role to enhance returns from the assets in this portfolio or be established with an investment partner with delivery of sub portfolios beneath this using development partners and local services providers.

This model is already used by a number of local authorities and public agencies in the UK to bring forward major development on their land, where those authorities do not have the investment capacity and skills to achieve the best possible regeneration outcomes for the council without a partnership approach of this kind. A joint venture development vehicle can combine Council land with private investment and expertise while maintaining an appropriate degree of Council control over the pace and quality of development. It can also potentially give the Council a long term income stream as well as capital returns, which may be reinvested in accordance with the Council's statutory functions, on new housing, on social and economic benefits or on other Corporate Plan objectives.

The OV could also act as a development manager, asset manager and fund manager and provide a strategic funding role in taking schemes forward. The model would also allow the Council involvement in those schemes where it has limited land ownership. This is the approach taken by the LB Hammersmith and Fulham, and by Sunderland Council.

The preferred option

6.17 Cabinet considered the business case and the strengths and weaknesses of each of these options in detail, and examined the qualitative analysis attaching weightings based on the Council's objectives and scores to each option.

6.18 As a result of the analysis, Cabinet accepted the recommendation to proceed with Option 6 (the overarching vehicle), because it is the model that best provides a means by which the Council can achieve its objectives. Specifically:

- This option gives the greatest chance of achieving regeneration and development on a scale consistent with the council's ambitions, in turn encouraging further growth and enabling the wider social and economic benefits to which the Council aspires.
- The option allows the Council to retain influence and control over the pace and quality of development through its 50% stake in the vehicle, including nominations to the board of the joint venture vehicle.
- This approach is projected to achieve a considerable financial return which can be invested in accordance with the Council's statutory functions, in the further development of the stated socio-economic objectives or spent on the delivery of wider Corporate Plan objectives. This is significantly as a result of the bringing in of private sector resources to enable and make viable development. The other options project a significantly lower return in the event that they can be made to work at all.

- This approach also provides the flexibility to combine the benefits of the other options, by allowing for the use of different mechanisms such as asset management, development management, fund management, joint venture and services provision under the overarching structure.
- Value can be extracted from the commercial portfolio and the town centre market led opportunities (at Wood Green) to be used to cross fund other projects, such as more financially challenging estate renewal sites. Money can also be retained within the vehicle and used to cross subsidise or fund other projects.
- While the Council will undertake a measure of development risk, it has in return the opportunity for reduced costs, and a share in very likely increased profits which may be reinvested in accordance with the Council's statutory functions in the promotion of the stated socio-economic objectives. This level of risk, which is limited to the extent of land committed to the vehicle, and the commercial portfolio which is proposed to go in at day one, is significantly less than if the Council bears the whole burden of borrowing and cost to finance development. It is however, not a risk free situation and is the price paid for ongoing influence and control together with financial returns.
- The vehicle would also have the ability to adapt and respond, particularly to changes in market conditions, but also to any changes in requirements that the Council itself requires. The report recommended and Cabinet agreed that Option 6, the overarching joint venture Development Vehicle, was the best solution because it is the model that best provides a means by which the Council can achieve its objectives.

6.19 In particular respect of the Council's aspirations to deliver the greatest possible amount of high quality affordable housing, this approach has two key strengths. First, it enables the Council – via its stake in the vehicle – to ensure that the vehicle's development proposals secure not only the greatest possible amount of affordable housing from this land, but that this housing meets the particular housing demand in Haringey as set out in the Council's Housing Strategy. This can always start with the presumption that sites delivered through the vehicle would meet council policy – for example to yield 40% affordable housing overall – with a strong governance position from which to secure those outcomes. Second, the Council will always have the option, on a case by case basis, to reinvest its financial returns from the vehicle in affordable housing, allowing future developments promoted by the vehicle to achieve better outcomes – whether larger overall amounts of affordable homes, a different tenure mix, or lower rents – than would be possible based on those developments' basic viability.

6.20 Similarly, the Council's governance stake in a vehicle of this nature puts it in a stronger position than might be possible through some other delivery methods to deliver other key policies. For example, via a vehicle of this nature the Council would seek to secure and deliver its aims of protecting the rights of existing tenants to return to a new home in an estate renewal scheme, and to do so on similar rents and tenancy terms.

The procurement process

6.21 On 10 November 2015, Cabinet approved the Business Case for the establishment of the HDV and agreed to the commencement of a Competitive Dialogue Procedure under the Public Contracts Regulations 2015 and gave delegated authority to the Director of Regeneration, Planning and Development after consultation with the Leader of the Council to agree procurement documentation and deselect bidders in accordance with evaluation criteria throughout the procurement process, and to return to Cabinet for approval of the preferred bidder.

6.22 Cabinet also agreed that the procurement process would be conducted on the basis of a first phase of sites – referred to as the 'Category 1' sites – proposed for development by the vehicle. These were:

- The Northumberland Park Regeneration Area
- The Civic Centre, Station Rd office buildings and Library in Wood Green
- The former Cranwood Care Home

Cabinet also agreed that the Council's commercial property portfolio would transfer to the vehicle, to improve the performance of the portfolio and to give the vehicle working capital from the start.

6.23 A second list of sites – referred to as Category 2 – was agreed as having potential for subsequent development by the vehicle, subject to Cabinet approval at the time. It was also agreed that any other site in the Council's current or future ownership ('Category 3') could be brought forward for development by the vehicle, again subject to Cabinet approval at the time.

6.24 A Prior Indicative Notice was published on 30 November 2015, advising the market of the forthcoming procurement. On 7 January 2016 the Director of Regeneration, Planning and Development, after consultation with the Leader, approved the OJEU Notice, Pre Qualification Questionnaire with Guidance Notes and scoring matrix, Memorandum of Information and Draft Invitation to Participate in Dialogue. The OJEU Notice was published on 11 January 2016. To introduce bidders to the Council and the process, a well attended Bidder Day was held on 1 February 2016.

6.25 The pre qualification questionnaires were returned on 22 February 2016 and evaluated in accordance with pre-determined criteria. The evaluation panel was formed of the Council's lead officers, together with internal and external advisers (Bilfinger GVA, Turnberry Real Estate and Pinsent Masons) (the 'Evaluation Panel'). The evaluation process was moderated by the Council's Head of Procurement. The top six bidders received an Invitation to Participate in Dialogue ('ITPD') and an Invitation to Submit Outline Solutions ('ISOS'), in accordance with the delegation.

6.26 Those bidders proceeding to the ISOS stage were announced and notified on 16 March 2016 and the relevant documents were issued on 21 March 2016, following approval, in accordance with the Delegation, by the Director of Regeneration, Planning and Development, in consultation with the Leader.

6.27 Three sessions of dialogue were held with each bidder, and queries and clarifications dealt with through the Council's procurement portal. Bidders then submitted their outline solutions to the Council on 8 June 2016.

6.28 Submissions were evaluated by the Evaluation Panel in accordance with the guidance issued at ITPD/ISOS stage. On 4 July 2016, the Director of Regeneration, Planning and Development, following consultation with the Leader, approved three successful bidders to proceed to the Invitation to Submit Detailed Solutions ('ISDS') stage. On 6 July 2016, it was announced that the following three bidders had been invited to proceed to the ISDS stage:

- Lendlease
- Morgan Sindall with Clarion Group (formerly Affinity Sutton and Circle)
- Pinnacle with Starwood Capital and Catalyst Capital

6.29 Documentation for this stage was approved and issued on 28 July 2016, including updated draft legal documents and a draft Invitation to Submit Final Tenders document, again with the necessary approvals in accordance with the delegation.

6.30 The selected bidders then engaged in producing detailed solutions. An introductory dialogue session and four full dialogue sessions were held, together with additional financial and legal dialogues with the three bidders. Queries and clarifications during the ISDS stage were dealt with through the procurement portal.

6.31 The Invitation to Submit Final Tender ('ISFT') was updated and finalised to reflect the dialogue sessions and clarifications, and issued on 9 December 2016. The issue of this document brought dialogue to a close, meaning that negotiations and discussions on detailed solutions were at an end.

6.32 Final submissions of the detailed solutions were received from the three bidders on 16 December 2016. These were evaluated by the Evaluation Panel on 5, 11 and 13 January 2017, in accordance with the evaluation methodology and criteria as set out below. The Council's Head of Procurement again performed a moderating role, and both internal and external legal advisers were in attendance when required.

Requirements of bidders

6.33 The detailed requirements of the final tender documents, including the evaluation methodology and criteria, are set out in the appendices to this report.

6.34 To make the final submissions as meaningful as possible, to enable effective evaluation, and to facilitate the preferred bidder and vehicle establishment process, bidders were asked to submit the following:

- Strategic Partnership Business Plan
- Development Business Plans for all Category 1 sites
- Investment Business Plan for the commercial property portfolio
- Financial Model

- Legal Documentation

Bidders were obliged to base the Strategic Partnership Business Plan on the Council's over-arching strategic objectives for the vehicle. All the business plans were to contain sections on delivery, resourcing and key performance indicators. The business plans, between them, were also to articulate the bidders' response to the Council's requirements on wider social and economic outcomes.

6.35 In addition each bidder was required to submit a final mark-up of all the draft legal contractual documents that had been initially prepared by the Council and its legal advisers, reflecting each bidder's positions reached during dialogue.

Evaluation Methodology and Criteria

6.36 The evaluation criteria are set out in detail in the appendices to this report. In summary the available marks for assessment are split between Outcomes (40%), Deliverability (40%) and Funding (20%). The available marks for Outcomes are split between Place Making (20%) and Social and Economic Benefits (20%) and those for Deliverability are split between Delivery (20%) and Legal Structure and Governance (20%). All bids were required to achieve a minimum (or 'floor score') of 40% for each individual score under the headings of Place Making, Social & Economic Benefits, Delivery, Legal Structure & Governance and Funding.

The preferred bidder

6.37 The recommended preferred bidder is Lendlease on the basis that this bidder received the highest overall score across all the criteria from the Evaluation Panel, and satisfied the minimum (or 'floor score') requirement across all five criteria set out above.

6.38 The key elements of the preferred bidder's proposal are:

- A single bidding organisation as prospective partner, as opposed to a consortium of organisations.
- A depth of experience, strong team and track record of delivering similar schemes – including housing estate renewal – in a London context.
- A clear appreciation of the scale and nature of the Council's ambition, and a clear demonstration of how the Haringey Development Vehicle ('HDV') can manifest and deliver that ambition.
- Flexibility on the model and provider of housing management services.
- A commitment to position the HDV's work as an externally accredited exemplar of low-carbon development.
- Use of the commercial property portfolio to promote and deliver Council objectives on economic development, public health and childcare.
- A 'social impact vehicle' as a mechanism to secure social impact investment and deliver large parts of the HDV's social and economic programme, with a 'social return on investment' tool to measure outcomes, and a significant investment in the vehicle from the HDV.

- A construction exclusivity agreement, whereby the preferred bidder's construction arm will be guaranteed a proportion of construction contracts, subject to satisfying value for money requirements.
- Willingness to see the HDV take a role in delivering the Council's proposed new office, library, civic and customer services accommodation in Coburg Rd.
- Agreement to the Council's preferred Limited Liability Partnership (LLP) structure for the HDV itself, with subsidiary LLPs created to deliver specific elements of the HDV's work programme.
- The Council forward-funding land acquisition costs, to be repaid (with interest) from development proceeds.

The key commercial elements of the preferred bidder's proposal are set out in the exempt part of this report. The reasons for this information being in the exempt part of the report are set out in section 10 below.

The reserve bidder

6.39 A reserve bidder is also recommended. This bidder came second in the overall scoring, and submitted a viable bid, scoring satisfactorily on all evaluation criteria. Hence, this bid is held in reserve and could be reactivated in the event that it is not possible to reach final agreement with the preferred bidder. The reserve bidder is named in the exempt part of this report. The reasons for this information being in the exempt part of the report are set out in section 10 below.

Scoring of bids

6.40 All bids were scored out of 100 according to the evaluation criteria set out above. The preferred bidder scored 64.92 marks overall.

6.41 The exempt part of this report sets out the detailed scoring of bids, and therefore provides the reasons for choosing the preferred bidder over the other bidders, and for choosing the reserve bidder. The reasons for this information being in the exempt part of the report are set out in section 10 below.

Governance and relationship management

6.42 The arrangements for the governance of the vehicle itself – covering matters such as the constitution of the Board, the decisions reserved to members of the company, the arrangements for resolving deadlocks etc – will be set out in the Members' Agreement and other legal documents which have been negotiated during procurement dialogue and which will be finalised with the preferred bidder before being presented to Cabinet for approval.

6.43 At the same time, the Council will need to make its own internal arrangements, both formal (including nominating members of the HDV board and agreeing any delegation of decision-making for those decisions reserved to members of the HDV) and informal (including the agreement of staffing structures and establishment of working arrangements).

6.44 It is intended that shadow board arrangements will be put in place with the preferred bidder ahead of financial close to enable the board to form, establish itself and begin to function in an informal way (though the board cannot take any formal decisions until the HDV is formally incorporated).

6.45 The Council is currently putting in place staffing structures and working arrangements in order to best support the engagement that will be necessary with the vehicle and its work. While this work will be co-ordinated from within the Regeneration, Planning & Development directorate, given the scope of the vehicle's anticipated work it is expected that officers from across the Council, and from Homes for Haringey, will be closely involved in the Council's collaborative working relationship with the HDV. This work will be co-ordinated by a Steering Group of Directors and Assistant Directors.

6.46 All decisions taken by the Council, and all internal processes associated with the vehicle (especially in relation to risk management) will be subject both to the Council's formal audit procedures, and to the Council's scrutiny arrangements. Any necessary new or changed processes will be put in place prior to the incorporation of the HDV.

Next steps

6.47 The next stage of the procurement process is the Preferred Bidder stage ('PB Stage'), to finalise the legal documentation with the Preferred Bidder in preparation for financial close.

6.48 The principal activities within this stage will include the finalisation of the contract documents, the completion of preferred bidder due diligence activities, the finalisation of the corporate, development and investment Business Plans, and the preparation and submission of the report and recommendation to Cabinet for approval prior to contractual close and the establishment of the vehicle.

6.49 All property due diligence in respect of the commercial portfolio and the Category 1 sites must be completed by the preferred bidder during this stage. All risk in relation to property due diligence will sit with the HDV from financial close and the Council will accept no liability or cost in relation to property issues not raised by the preferred bidder during this stage, other than those liabilities to which the Council is exposed through its 50% membership of the HDV.

6.50 At the outset of the PB Stage, the Council intends to seek explicit confirmation on a number of important issues prior to entering into the legal agreements to set up the HDV. This confirmation will be secured by requiring the preferred bidder and, if deemed appropriate by the Council, any principal subcontractors to countersign a detailed letter prepared by the Council and its advisory team (the Preferred Bidder Letter). The Preferred Bidder Letter will seek to confirm that:

- The draft legal documentation as at that date are accepted;
- The draft Business Plans and underpinning Financial Model as set out in the Final Tender as at that date are fixed and will not vary thereafter, other than in accordance with the provisions of the draft legal documentation; and

- The impact of any errors discovered subsequently in the Financial Model will be borne by the Preferred Bidder.

6.51 The key issues on which the Council will need to work with the preferred bidder to refine the proposals during the PB Stage are set out in the exempt part of this report. The reasons for this information being in the exempt part of the report are set out in section 10 below.

6.52 There will be a standstill period at the end of the PB Stage, after which, subject to completion of these tasks, it is anticipated that a further report will be brought to Cabinet in summer 2017 seeking authority to close the deal, agree the legal documentation and establish the HDV.

7. Contribution to strategic outcomes

7.1 The proposal to establish the HDV contributes to achieving the strategic outcomes set out across the full scope of the Corporate Plan 'Building a Stronger Haringey together', and in particular Priorities 4 (Growth) and 5 (Housing), as well as to the more detailed expression of these ambitions in the Economic Development and Growth Strategy and Housing Strategy.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance

8.1 In undertaking evaluation of the bids from a Finance point of view, it is important to understand that although bidders were asked to provide forecasts of the returns to the both the Council and the private sector partner, these projections represent the best estimate at a point of time of returns that could be received and are not a fixed figure.

8.2 The actual returns received will be dependent on variables such as construction costs and house prices in the future which cannot be known at this point, along with other factors such as the level of external grant received for areas like affordable housing, where bidders were asked to model on the basis of assumptions given to them by the Council to ensure comparability of bids. In practice the actual level of grant available over the lifetime of the Development Vehicle will vary as Government policy and funding changes and hence the returns to the partners will also change. The Council undertook sensitivity analysis on some of these key variables to analyse how the ultimate returns change as the key variables change over time, as the timing and certainty of the returns are just as important as the indicative figure proposed by the bidder at this point of time.

8.3 It is also important to note that the existing financial projections are based on the indicative scheme designs and masterplans that bidders have submitted. These plans will inevitably undergo significant change as consultation with residents commences and the sites move through the planning process and the associated returns will also change as the schemes are redesigned.

8.4 Therefore in addition to reviewing the projected returns from the bidders the financial analysis also focused on the fixed elements of the bids from the prospective development partners, as these would be prime determinants of what returns would actually be received.

8.5 Examples of such variables would include:

- The profit level that the partner would expect from each discreet development or phase of development, as although the Council would share any profit on a 50-50 basis, the profit would help determine the residual land value to the Council and would influence the viability of individual phases and hence the pace of development.

- The share of uplift of land value. Any land that is to pass to the Vehicle will be independently valued at two points. Firstly at the point at which business plans are initially presented and secondly at the point of drawdown on the land once all conditions precedent have been met. Between these times the value of the land may have increased due to the activity of the Development Vehicle, for example in gaining planning permission and bidders were asked what proportion of this increase in land value would be allocated to the Council and what proportion would be shared by the HDV partners.

- The interest rate offered on land assembly and un-matched Council equity. Although the majority of the direct returns from the Development Vehicle are expected to be in the form of a 50% share of profits generated, the Council will also generate income in the form of interest received. This is likely to derive in two main areas, firstly where the Council incurs costs to provide vacant possession of its sites and the Development Vehicle then reimburses those costs plus interest at a later date and secondly where the Council receives interest on any un-matched equity in the form of loan notes.

- The level of fees charged to the Vehicle. The Development Partner will provide certain services where they have specific expertise to the Development Vehicle; an example of such fees would be a development management fee. In this case a higher fee would reduce the profit achieved by the Vehicle and hence the Council's returns.

By assessing these and other similar variables, the Council and its advisors were able to make a judgement of which bids were the most robust and liable to lead to the greatest returns to the Council.

8.6 As well as direct returns in the form of profit share and interest payments, the Council will also receive an indirect financial benefit from the Development Vehicle in the form of increased Council Tax and Business Rates received. As grant funding from Central Government is effectively phased out in coming years, the Council will be entirely dependent on Council Tax and Business Rates receipts to fund its activities. Therefore it is important that the Council also assessed the expected level and timing of income received from these sources. This is a particularly important source of income, as they represent base income that will be received every single year as opposed to one-off income such as profits. Ultimately the Council's long-term financial position will

be heavily dependent on its ability to increase its Council Tax base and thus evaluation considered both the quantum of such receipts the Development Vehicle is expected to deliver and the confidence that the Council had in the bidders being able to deliver to the timescales they had outlined above.

8.7 As explained above the Council would expect to receive returns in the form of interest on equity investment and it is important at this stage to consider the funding structure of the vehicle. The Development Vehicle will require significant amounts of funding across its lifetime, far in excess of the level of funding that the Council on its own could secure. The funding solution would be a mixture of Senior Debt (effectively borrowing from a financial institution such as a bank) and Equity (which is effectively investment of cash or land from the Joint Venture partners, and which is made in equal quantities by each partner to constitute their ownership share). Generally Senior Debt funding is 'cheapest' if it is around 65% of the total funding of the project, meaning that the Equity contribution required would be up to 35%. This would be similar to how a mortgage rate gets cheaper as the deposit available increases.

8.8 The Council's initial equity investment will be the value of the Commercial Portfolio that transfers to the Development Vehicle at the outset. This would be matched with cash funding by the Development partner, and it would be expected that this will provide sufficient funding to enable the vehicle to undertake all initial planning and consultation work.

8.9 As the Vehicle work programme progresses and land is drawn down, after being independently valued, then this will be added to the Council's equity contribution and again will be matched by the development partner.

8.10 Where the funding needs of the Vehicle are particularly large, for example on a large phase of Northumberland Park, it is entirely possible that the value of the Council's equity and the partner's match-funding is not sufficient to get to the 35% of development costs required to acquire senior debt at the most efficient rate. In this case the partners will have the option of providing additional funding known as mezzanine funding. There would be no obligation on the Council to provide this funding, but it may well be in the Council's financial interests to do so, as due do its low cost of borrowing it could well borrow the money and lend it on to the vehicle at a rate satisfying State Aid considerations and make an additional return. This would be for the Council to consider at the time such funding is required.

8.11 In order to enable development the Council will need to provide vacant possession of the Category 1 sites to the Development Vehicle. The costs of providing vacant possession are significant particularly in the case of Northumberland Park estate. An initial estimate of these costs was included in the Capital Strategy agreed by Cabinet on 14 June 2016. All bidders were asked to provide their own estimate of likely costs of providing vacant possession based on their specific masterplans, along with predicted timescales of when the Development Vehicle would expect to draw the land down, when the Council would be reimbursed these costs and what level of interest the Development Vehicle would pay to the Council on its land acquisition costs. It is expected that these estimates will be further refined at

preferred bidder stage and thus the Capital Strategy should be updated at the point the HDV is established.

8.12 As the properties that are required to be acquired on Northumberland Park estate are largely residential in nature, the Council and the Development Vehicle will have the option of using these properties for Temporary Accommodation in the short-term, which would help relieve the pressure on Council budgets due to the high-cost of private sector rented accommodation. As the Development Vehicle progresses the Joint Vehicle structure will enable the Council to control the level of expenditure on land acquisition to ensure it remains affordable within the wider Medium Term Financial Strategy, however as the Council will be refunded by the Development Vehicle with interest, the issue is largely a cash flow management issue.

8.13 In addition to the Land Assembly costs, the Capital Strategy report in June 2016 also includes a budget of £35,700,000 for reprovision of schools in North Tottenham to be funded with £18,200,000 of Council monies and £17,500,000 of external grant funding. The design and cost of any new school will evolve during the consultation process and external funding is not guaranteed. Therefore it will be important for the Council to work with the Development Partner to secure external funding for the school as this will impact on the returns that can be achieved.

8.14 The Capital Strategy also includes funding for a new Corporate Headquarters in Wood Green and a new Wood Green Library / Customer Services centre totalling £42,000,000, as well as £3,000,000 for the vacant possession of the Civic Centre site. As set out in a report to Cabinet in October 2016 on the Council's Office Accommodation Strategy, new accommodation for the Council is required in order to reduce the Council's running costs and provide fit-for-purpose modern facilities. The move to new facilities would also release the potential of the Wood Green sites currently under-occupied by the Council to drive regeneration in the town centre, provide new homes and employment space, and generate financial returns for the Council. Although the procurement focused on the delivery arrangements for the Council facilities and did not require the bidders to provide designs and costings, these facilities are clearly on the critical path to enable development within the identified Category 1 Wood Green sites. Therefore the Council will need to work closely with the Development Vehicle on these projects to ensure a mutually beneficial outcome is achieved.

8.15 The Development Vehicle is expected to provide significant levels of additional funding to the Council in future years, through profit share and increases in the Council Tax base as explained above. However, in the short-term as the Council transfers the Commercial Portfolio to the Development Vehicle there is the potential for the Council to suffer an initial reduction in funding due to the loss of the net income that the portfolio generates. To mitigate this risk, the bidders were all requested to ensure that the vehicle was able to make a return of £3m per annum to the Council in the initial 5 years until development profits are achieved. This will ensure there is no significant impact on the Council's budgets in the short term due to the establishment of the Development Vehicle.

8.16 Both the Council's land holdings and Commercial Property portfolio comprise a mixture of general fund and housing revenue account assets. In allocating income received from the Development Vehicle between the General Fund and Housing Revenue Account, the Council will need to ensure it follows the appropriate Accounting regulations which will ensure both the General Fund and Housing Revenue Account are appropriately compensated for the loss of these assets.

8.17 The financial benefits of the Vehicle extend beyond the direct income the Council will receive. In the Housing context the report to Cabinet on 15 September 2015 on the Future of Housing Review identified that due to enforced rent cuts within the HRA and the ongoing loss of stock due to Right to Buy legislation that the costs of maintaining the Housing stock in future years would exceed the rental income generated. Northumberland Park Estate is one of the areas where future expenditure would be expected to exceed income received and hence the estate had an existing use valuation of -£14,206,382 in summer 2015. Therefore if this estate is transferred to the Vehicle and out of the HRA, it will reduce the liability due to those properties needing repair and hence benefit the wider HRA.

8.18 The Council is also likely to benefit financially due to the socio-economic activities of the Development Vehicle. The interventions proposed by the preferred bidder are dealt with elsewhere in this report, but can be expected to have a beneficial impact across many Council budgets and Corporate Plan objectives due to increases in economic activity, improvements in Education and Health services and wider economic growth benefits.

8.19 Finally the creation of the Development Vehicle has also enabled some restructuring of Council Departments particularly in the Property Management area, which has enabled some savings included within the wider budget process to be achieved.

8.20 The total cost of undertaking the Development Vehicle process, from initial options appraisal to financial close is expected to be £1,610,179. This has been funded from funding allocated by Cabinet in February 2015 and November 2015, along with Transformation Funding allocated in August 2016. At this point the project is still expected to be delivered within that budget, although this is dependent on the level of legal support required to achieve financial close if the recommendation of preferred bidder is approved by Cabinet.

Procurement

8.21 The procurement team has been closely involved throughout the procurement process described in this report, engaging with the project team throughout the procurement. The Head of Procurement has moderated at each selection stage of the procurement process, including the final evaluation of tender returns. The Head of Procurement is satisfied that a fair, transparent and compliant process has been followed and therefore supports the recommendations of this report.

Legal

8.22 The Council will be relying upon the General Power of Competence ("general power") contained in Section 1 of the Localism Act 2011 in conjunction with other powers referred to in the Cabinet Report of 10 November 2015 in order to set up and participate in the HDV.

8.23 Section 1 of the Localism Act 2011 is a very broad based power which allows local authorities to do anything that an individual may do. There are some limits on the power set out in section 2 of the Act. If exercise of a pre-commencement power (i.e. power in existence before the general power became law) is subject to restrictions then these restrictions also apply to the exercise of the general power so far as it is overlapped by the pre-commencement power. This general power also does not enable the Council to do anything which the Council is unable to do by virtue of a pre-commencement limitation. It further does not allow the Council to do anything which the Council is unable to do by virtue of a post-commencement power which is expressed to either apply to this general power, to all the Council's powers or to all the Council's powers but with exceptions that do not include the general power.

8.24 Section 4 of the Localism Act 2011 provides that if an authority is exercising the general power for a commercial purpose then the local authority must do it via a company. In this instance the Council is proposing creating the HDV for the purposes set out in the Cabinet report of 10 November 2016 and the primary purposes of each are non-commercial. In addition the objectives of the project are to comply with the objectives of Corporate Plan. These objectives are non-commercial socio-economic objectives. It has been accepted by all of the bidders following dialogue that the HDV would be a Limited Liability Partnership ("LLP"). The position remains therefore (based on the initial advice provided by Pinsent Masons LLP) that the Council may rely on the general power as legal authority for the setting up of the HDV as an LLP.

8.25 On 10 November 2015 Cabinet agreed to the commencement of a Competitive Dialogue Procedure in accordance with the Public Contracts Regulations 2015 and the Assistant Director of Corporate Governance has been consulted throughout the procurement process and during dialogue and the lead legal officer was also on the Evaluation Panel.

8.26 The report seeks authority from members to select the preferred bidder and proceed to the PB stage as outlined in section 6 of this report under 'Next steps'. Members should note the matters referred to in that part of the report, and that the legal documentation will be finalised at the PB Stage provided that this does not materially modify the essential aspects of the tender or the procurement and does not risk distorting competition or causing discrimination.

Equality

8.27 An Equalities Impact Assessment was carried out for the purposes of the decision by Cabinet to establish the vehicle in November 2015; this is attached as an appendix to this report. There are no further Equalities Implications as a result of this report, although the company documentation will require the Haringey Development Vehicle to comply in all respects with legislation and good practice in this area.

8.28 Scheme business plans and proposals on a project by project basis will require and will contain appropriate Equalities Impact Assessments. At the establishment of the Haringey Development Vehicle, Business Plans will be approved for the initial sites, and accordingly EqIAs for those sites will be included in the report to Cabinet requesting authority to establish the vehicle.

9. Use of Appendices

Appendix 1: Memorandum of Information & Pre Qualification Questionnaire
Appendix 2: Extract from the Invitation to Submit Final Tenders (ISFT), showing final tender return requirements & evaluation methodology
Appendix 3: EqIA from the November 2015 Cabinet report

10. Local Government (Access to Information) Act 1985

Relevant documents

10.1 The following Cabinet decisions are referred to in this report, and are central to its recommendations:

- February 2015: Development vehicle feasibility study and business case (item 822)
  http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MId=6977&Ver=4

- September 2015: Report of the Steering Group on the Future Housing Review (item 68)
  http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MId=7299&Ver=4

- November 2015: Haringey Development Vehicle (item 112)
  http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MId=7301&Ver=4

- October 2016: Office Accommodation Strategy (item 98)
  http://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MId=7846&Ver=4

Reasons for exemption

10.2 Part B of this report is not for publication by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

10.3 Specifically, it contains information about the scores and relative merits of the proposals made by each of the three bidders, including the areas of the

preferred bid which need further refinement and the identity of the reserve bidder, which is considered to relate to their financial and business affairs.

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Haringey LONDON

Memorandum of Information & Pre-Qualification Questionnaire

For the appointment of a Strategic Investment & Development Partner to form the Haringey Development Vehicle with Haringey Council

Contents

Foreword

The future of London depends on places like Haringey. Our potential for growth, matched by the energy and confidence of our residents and businesses, exemplifies the very best that London has to offer. With our outstanding rail and tube connections – bringing central London within twenty minutes' reach for thousands of homes and businesses – and our huge potential for development, we proudly stake our claim to be the next major chapter in London's growth story.

And we at the council are embracing growth. We are clear that new homes and new jobs are central to meeting the serious challenges which many of our residents still face, and to attracting future generations of people and businesses to Haringey.

Tottenham and Wood Green – our two major regeneration areas – exemplify the challenges and opportunities across Haringey. The quality of homes, opportunities, services and the environment is improving fast. Local residents and businesses take ever-greater pride in both their heritage and their changing character. Small creative businesses – always the foundation of Haringey's economy – are finding offices and factories that work for them. New homes, in new improved neighbourhoods, are offering something better to old and new residents alike. And Crossrail 2 is still to come, with its exciting promise to increase the potential and transform the profile of these growth areas, and to accelerate the pace of change.

While we at the council are proud of the role we have played in driving and steering this change, there is much more to do. And it is more true now than ever before that a council cannot on its own make the change that its residents want and need. We have no shortage of confidence and ambition, but we also know we cannot achieve our ambitions alone. Our significant landholdings – large and small, east and west, housing estate or brownfield site – have fantastic potential to play a part in the next chapter of Haringey's growth. But the council cannot match them with the investment or the skills needed to fulfil that potential. It is that challenge that brings us to this key moment in our growth story.

Our vision and objectives are clear: we have carefully set them out in our Corporate Plan to 2018, in discussion with local residents and businesses, and have now distilled them in this document and the others that sit with it. We naturally expect that the successful Bidder or Bidders for this partnership will show a full appreciation of our particular circumstances and requirements. At the same time we know that there are many ways to achieve our goals, and that the council will achieve more by combining its ideas and efforts with those of a partner than it will on its own. That is why this process also asks you to surprise us with innovative ideas that will put our partnership – and Haringey more widely – at the cutting edge of development and regeneration.

I look forward to seeing you rise to that challenge.

Cllr Claire Kober
Leader of the council

Executive Summary

Haringey Council (the"council") is pleased to launch the process for the selection of a strategic investment and development partner to establish the Haringey Development Vehicle (the "HDV") – a joint venture vehicle partnership between the council and the Partner.

The council is seeking to establish the HDV to facilitate estate renewal, brownfield development and economic growth on its land within the Borough. This new approach will seek to complement the council's existing regeneration strategies whilst using the council's extensive commercial portfolio and key assets to fulfill the Borough's potential for growth.

The selected partner will need to share in the council's objectives for the HDV, building on the vision set out in the Corporate Plan, Housing Strategy and Economic Development and Growth Strategy. The HDV must commit to the council's wider social and economic vision for the Borough. Together, the council and its partner will harness the Borough's potential to become a more balanced and prosperous area and an important part of the future of London.

Red line areas are indicative of Haringey Council's freehold ownerships and should not be relied upon for commercial decision making

Introduction

The Borough has huge potential for growth. Haringey is today seen as London's next big growth opportunity. It is believed Tottenham alone is capable of delivering 10,000 new homes and 5,000 new jobs by 2025.

However, the council is aware that although it is 'land rich', due to increased funding constraints, lack of council capacity, expertise and resource, it is unable to deliver the sought-after scale and quantum of regeneration and development on its own land without input from the private sector.

The council's objectives for the HDV, delivering on by the council's Corporate Plan and the London Plan, are:

- **To deliver growth through new and improved housing; town centre development; new employment space and enhanced use of the council's property portfolio;**
- **To achieve and retain a long term stake and control in development of the council's land, maintaining a long term financial return which can be reinvested in accordance with the council's statutory functions, on new housing, on social and economic benefits or on other Corporate Plan objectives;**
- **In partnership with the private sector, to catalyse delivery of financially challenging schemes;**
- **To achieve estate renewal by intensification of land use and establishment of a range of mixed tenures, together with tenure change across the Borough where appropriate;**
- **To secure wider social and economic benefits in areas affected, including community facilities, skills and training, health improvement and crime reduction for the benefit of existing residents; and**
- **To incorporate land belonging to other stakeholders, both public and private sector, into development.**

The successful partner will be required to demonstrate its innovation and a strong commitment to the understanding of these objectives.

These will be incorporated into the legal documentation establishing the HDV between the council and its partner.

Haringey

Haringey combines some of the capital's most desirable neighbourhoods – Highgate, Muswell Hill and Crouch End – with its most exciting regeneration areas in Tottenham and Wood Green.

It enjoys outstanding connections, not only to central London but also to Stansted Airport and Cambridge, while boasting parks, high streets and hidden treasures that offer a quality of life to match any in the capital. And of course Haringey is home to the iconic and historic Alexandra Palace.

Haringey can, and must, play a central role in meeting London's urgent need for new housing. And, like the rest of London, housing need in Haringey has reached the point where homes of all tenures and price brackets are required. The council has embraced the challenge from the Mayor to build over 1,500 new homes in the Borough every year, its confidence based on careful analysis of the available land, the increasing interest of the private development sector and registered housing providers and the strong trends in the housing market itself.

At the same time, Haringey enjoys close proximity and connections to central London, the City, the Olympic Park and Tech City, and has a long legacy of creative and artistic talent with a diverse mix of cultures. This makes it uniquely placed to nurture new businesses, or to offer expanding businesses from those in-demand locations, space to grow and breathe while maintaining the London location and workforce.

Based on these strengths and this potential, the council has successfully established the Borough – and particular its priority regeneration areas of Tottenham and Wood Green - as a major centre for London's much-needed housing and employment growth based on an 'affordable London' offer. Commitment to this growth is embedded in the council's vision and Corporate Plan, on the basis that it meets both London's strategic needs, and the particular needs of Haringey's current and future residents and businesses.

The Mayor of London has designated Tottenham as London's first and biggest Housing Zone.

Haringey is attracting major investment based on this potential and vision. Radical improvements at Tottenham Hale station and major investment in the West Anglia main line from Liverpool Street

are already underway. The Mayor of London has designated Tottenham as London's first and biggest Housing Zone. New and existing businesses are already benefitting from a £4 million Opportunity Investment Fund to support new workspace. The council has also created its own £50 million Acquisition Fund to acquire key sites, either to develop itself or facilitate land assembly on larger schemes. Crossrail 2 will also take Tottenham and Wood Green, which already boast excellent connections, into a new league altogether.

The council has already laid much of the important groundwork for bringing forward its developable land within the Borough, through the Local Plan, Site Allocations, Tottenham Strategic Regeneration Framework and Area Action Plan (AAP), and the emerging Wood Green Investment Framework and AAP.

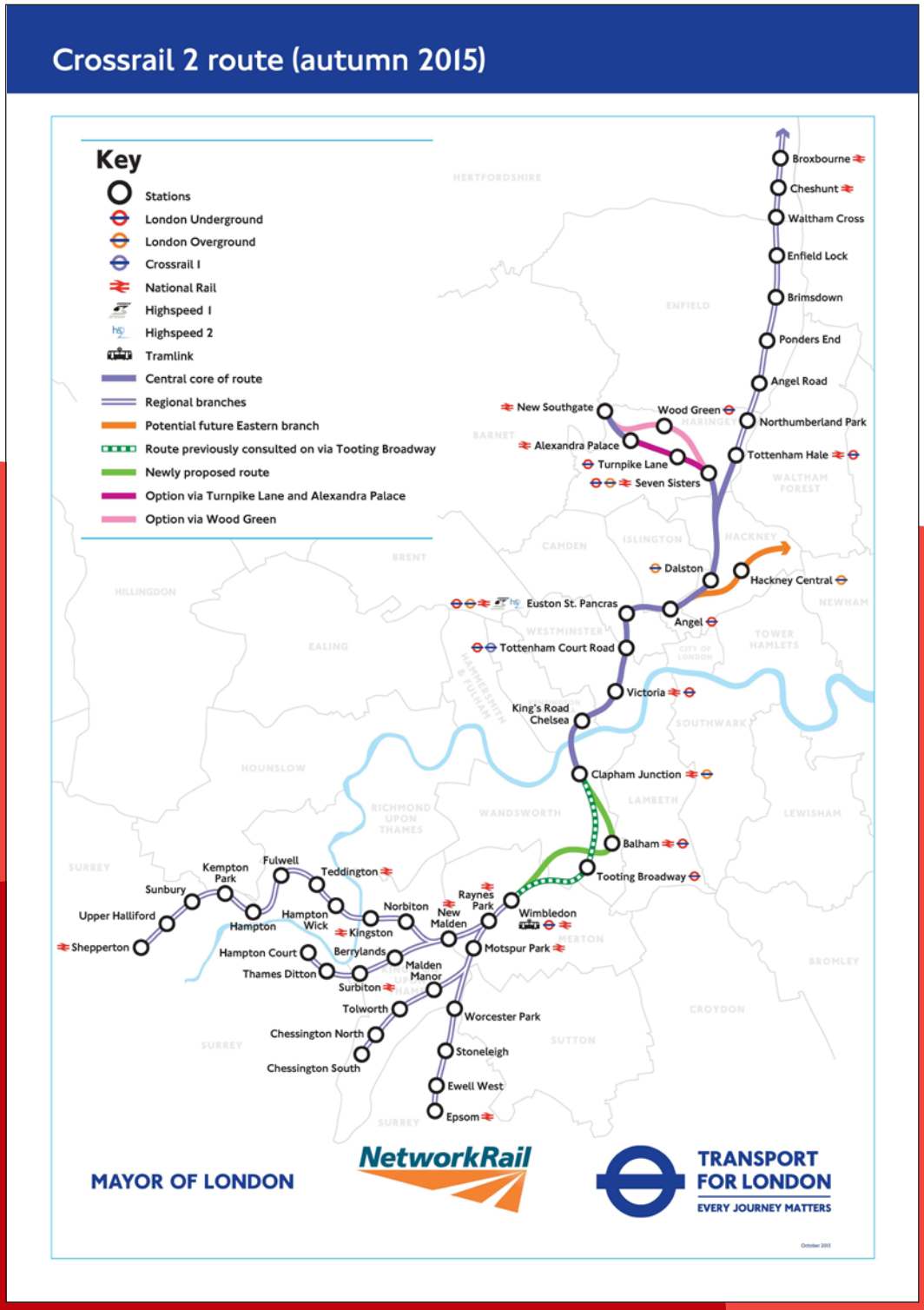
The property and development markets, and individual families and businesses, are already responding positively, but as in many parts of London demand for homes and employment space is now fast outstripping supply. Now is the right time to harness the potential of the council's land.

"It enjoys outstanding connections, not only to central London but also to Stansted Airport and Cambridge, while boasting parks, high streets and hidden treasures that offer a quality of life to match any in the capital."

Crossrail 2

Up to five stations are planned for Haringey as part of Crossrail 2. This will not only improve the already-impressive journey times from the Tottenham and Wood Green areas to central London, but also act as a major driver of growth, development and regeneration around the stations.

The council is working closely with Transport for London and the Crossrail 2 Growth Commission to agree the best route and station configuration. This will ensure that the Borough has the right connections for the future to support growth, a priority for both organisations.



Property Portfolio

The council owns a substantial and diverse property portfolio within the Borough which includes residential estates, development sites, council occupied / civic assets and a commercial portfolio.

A portfolio of priority development assets has been identified for initial inclusion in the HDV, comprising large and medium sized estate renewal and brownfield development sites.

In addition a significant proportion of the council's commercial property portfolio will be included on inception. Set out below is detailed commentary on those development sites and the commercial assets that it is intended will be transferred on inception.

Wood Green Estate

Site area:

Site	Address	Area/ ha
Haringey Civic Centre	High Rd, N22	1.1
Station Road Offices	225 Wood Green High Rd, N22; 10-48 Station Rd, N22; 40 Cumberland Rd, N22	0.9
Library Site	Wood Green Library and Shopping Centre, Wood Green High Rd, N22	1.4

Existing Use:

Council offices, library, customer services and civic functions.

Proposed Use:

Together, these sites have potential for combining major residential development with much-needed commercial floorspace. The Library site will also have a vital role to play in redefining the way that the High Street links to the area to the west and to a potential Crossrail 2 station.

The emerging Area Action Plan, underpinned by the council's Investment Framework, will define the plans for these sites in the context of a wider vision, public realm strategy and economic plan for the area, all building on the transformational impact of Crossrail 2.

Council Vision:

The council has identified Wood Green as one of its two priority regeneration areas, alongside Tottenham. In January 2016, the council will start consultation on a draft Area Action Plan for the area – based on the evidence in its emerging Investment Framework – bringing together already identified potential for at least 4,600 new homes with a new look, feel and role for the town centre. The area will be significantly shaped by the transformational impact which Crossrail 2 promises to bring.

The council owns an extensive portfolio of assets within Wood Green's town centre, in three clusters at the Library, River Park House/ Station Road and the Civic Centre. With new plans emerging for the council's own accommodation, these unlocked development sites represent a major opportunity to exploit their town centre location and transport links, while driving regenerative change and defining the council's ambition for housing, employment, connectivity and public space.

Northumberland Park Regeneration Area

Site Area:

33.6 hectares within the Northumberland Park Ward, the majority of which is within council control.

Existing Use:

Predominantly housing (c 1,300 existing homes) with ancillary commercial and community uses.

Proposed Use:

This site offers the opportunity for thousands of new homes and the creation of a new, mixed and sustainable residential neighbourhood for London as part of a comprehensive estate renewal programme. In February 2015, the council commissioned Fletcher Priest architects to produce a Strategic Masterplan Framework which shows the potential for a development scheme of 3,000+ new residential units.

Currently most of the housing estates in the area were designed in the 1950s and 1960s, which are ineffective in their uses of the urban space and have not encouraged thriving or sustainable neighbourhoods. Through redesigning and comprehensive redevelopment of the area, the current low density of housing could be replaced with not only an increase in homes but also the potential to create a higher standard of quality homes for a range of communities.

Council Vision:

The Tottenham Strategic Regeneration Framework (SRF) identifies the area as a place that has huge potential for new homes and jobs and identifies it as a site where estate renewal is most needed. Delivering growth, regeneration and improvement to Northumberland Park is a key priority for the council. The SRF also identifies that additional funding must be leveraged to generate this housing renewal by use of the council's public assets and Tottenham existing housing stock.

Northumberland Park has a number of advantages that could be maximised to fully realise the area's potential. It is close to a busy London High Road, planned to be on the Crossrail 2 line, next to two major regeneration and investment programmes at High Road West and the £400 million Tottenham Hotspur FC Stadium development, and close to the open spaces and waterways of the Lea Valley Park.

Development of Northumberland Park will complement the new commercial and leisure space being created at the Stadium development and will:

- Be a fantastic new residential destination for London, taking advantage of the new sports, health and wellbeing and leisure activities being created in north Tottenham;
- Deliver over 3,500 new high quality homes for a mix of incomes, tenures and lifestyles;
- Have a world class public space network, centered around new, active public and community space next to the new THFC stadium;
- Be home to mixed and sustainable communities and be a great place where people want to work, live and visit;
- Retain and enhance its diverse character and strong community identity; and
- Have a mix of urban and landscaped settings with improved access to a busy London High Road, the open spaces of the Lee Valley Park and better connections to the rest of London.

Cranwood Care Home and 102-116 Woodside Avenue, Muswell Hill N10

Site Area:

The site comprises two adjacent, separate parcels of land, located at the junction of Muswell Hill Road and Woodside Avenue N10 8NP, extending to 1.2 hectares.

Existing Use:

Former purpose built school and residential care home for the elderly built in the 1970s. In July 2011, the council approved that the care home should close in order to deliver budget savings.

Proposed Use:

The site is allocated for residential use and the council has commissioned Pellings to undertake a scheme option analysis to RIBA Stage 2. The options show that at the appropriate density the site can support c 65 new residential dwellings.

Council Vision:

The site is in the attractive residential area of Muswell Hill and has a prominent position on the corner of Woodside Avenue and Muswell Hill Road. The council is open to design solutions that meet the delivery objectives of maximum quantum of development, attractive public realm, high quality architecture and good value.

The council requires the development to deliver at least 50% affordable housing with a tenure split of 70% affordable rent and 30% intermediate housing.

Commercial Portfolio

The council owns a large commercial property portfolio comprising 146 assets (offices, industrial and retail) with a value of c £48 million, generating an annual gross income of £5.2 million.

The portfolio includes a mix of secondary and tertiary office, industrial and retail properties, offering various asset management and value improvement opportunities. The assets are located across the Borough.

	Asset Valuation (Q2 2014)	%	No. of Assets	No. of Units
Total Value	47,904,374		146	532
Tenure				
Freehold	42,798,268	89.3	137	414
Leasehold	5,106,106		9	118
Use				
Shop	20,458,025	42.7	54	194
Industrial	12,372,338	25.8	29	223
Land	3,695,984	7.7	27	42
Office	3,685,013	7.	12	20
Clinic	3,348,571	7.0	3	3
Residential	3,100,737	6.5	10	32
Community	524,435	1.1	6	6
Shop & Flat	177,995	0.4	1	1
Park	105,983	0.2	2	2
Misc	435,293	0.9	2	9

Proposed Use:

The opportunity exists to rationalise the portfolio, improve the income profile and intensify employment uses. The portfolio could also be leveraged to facilitate and/or influence redevelopment opportunities, including opportunities for land assembly with other public sector landowners/creation of more comprehensive development sites.

Further Assets

The HDV will be structured with the flexibility for further assets to be included in the future as appropriate. Other development sites that may be offered at a later stage include:

- **Broadwater Farm Estate Improvement Area N17**
- **Leabank / Lemsford Close N15**
- **Park Grove (including Durnsford Road) N11**
- **Tunnel Gardens (including Blake Road) N11**
- **Turner Avenue / Brunel Walk N15**
- **Reynardson Court N17**
- **Demountables – Watts Close N15 and Barbara Hucklesbury N22**
- **Fred Morfill House, Bounds Green Road N11**
- **Land to the rear of Muswell Hill Library N10**
- **Land opposite the Crematorium, Great Cambridge Road EN1**
- **Commercial property adjacent to Clarendon Square N15**
- **Ashley Road Depot N19**

Haringey Development Vehicle

The HDV will be established between the council and its selected partner. This is based on the 50:50 form of a joint venture vehicle, for the specific purpose of carrying out regeneration and development.

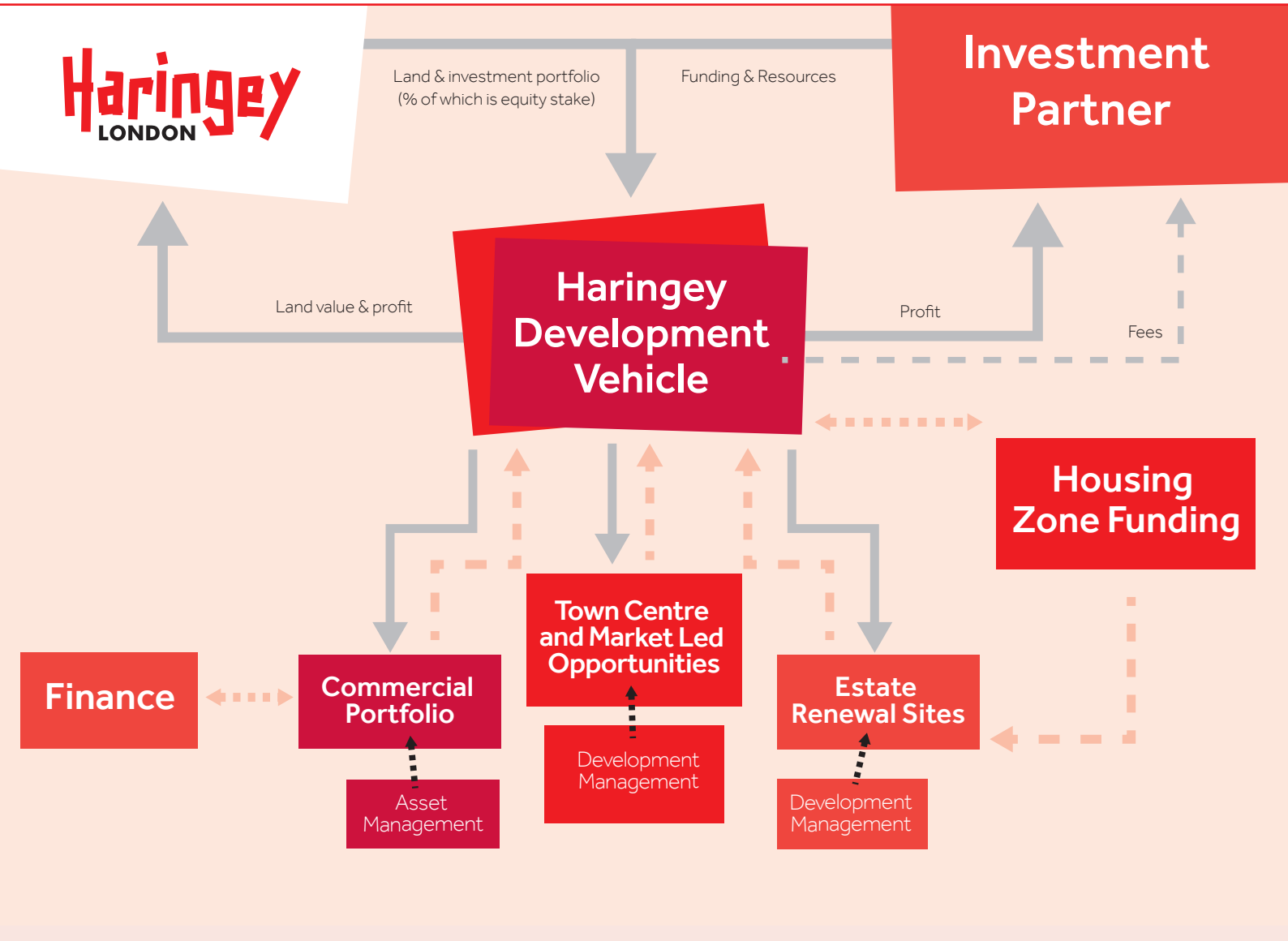
The key principles of this structure are set out below:

- **The HDV is established between the council and a private sector partner with each holding a 50% equity interest**
- **The HDV will be established as a long term vehicle, most likely for a period of 15 – 20 years with the option to renew if the partners elect to do so after the end of this period**
- **As equal stakeholders, the partners share the risks, rewards and controls**
- **The HDV may perform its activities through different subsidiary vehicles i.e. commercial portfolio, town centre and market led opportunities, estate renewal sites**
- **The private sector partner will provide, or secure the provision of, development management; asset management; fund management; management of residential accommodation; development/contractor services**
- **The services provider will receive fees for providing these services with remuneration based on incentivised targets**
- **The council will contribute development sites and the commercial portfolio to the HDV. In the case of the commercial portfolio, this could be by means of transfer on day one of establishment and, in the case of the estate renewal and development sites, future transfer subject to conditions precedent being satisfied**
- **TUPE is likely to apply. This will be explored at the next stage of the procurement process**
- **The development sites will be transferred on a long leasehold basis**
- **The council's commercial portfolio and land interests in the development sites will form its equity contribution**
- **The private sector partner will be required to input funding to match the council's equity interest and potentially other forms of funding to support development**
- **Profits are distributed equally between the partners following repayment of debt and interest**
- **The business plans of the HDV will enshrine the site and vehicle objectives**
- **The HDV will be expected to own, and secure high quality management of, the rented housing stock developed by the vehicle**

The council is seeking to establish the HDV as part of its work to implement its growth and regeneration strategy for the Borough, in particular by using the council's extensive commercial portfolio and key developable assets to assist in achieving its aims. The HDV's work will be rooted in the ambitions of the council's Corporate Plan, and the more detailed policies set

out in the Economic Development and Growth Strategy (adopted in January 2015), the Housing Strategy (due to be adopted in its final form in March 2016) and its place-specific plans for Tottenham and Wood Green. Critically, its work will take account not just of the imperative to develop homes and employment space, but also the wider social and economic elements of the council's vision for the Borough.

It is intended that the HDV will be able to apply tailored delivery mechanisms to unlock the council's development and commercial portfolios, whilst adopting a cohesive approach. The use of private sector funding and expertise will act as a catalyst in regenerating key areas in the Borough.



Timetable and Information

The council intends to follow a competitive dialogue process for the selection of its partner. This will involve the following stages:

- **Issue of notice in the Official Journal of the European Union (OJEU)**
- **Memorandum of Information and Pre-Qualification Questionnaire (PQQ)**
- **Invitation to Participate in Dialogue (ITPD) and Invitation to Submit Outline Solutions (ISOS)**
- **Invitation to Submit Detailed Solutions (ISDS) and Invitation to Submit Final Tenders (ISFT)**
- **Preferred Bidder Stage (PB)**

Pre-Qualification Questionnaire Stage

The main aim of this stage in the procurement process is to identify a long list of between six and eight potential Bidders to participate in the next stage of the procurement process. The long listing process will involve the council reviewing the information provided by Bidders in response to the Pre-Qualification Questionnaire. This document has been developed to test the financial, technical, organisational and operational capabilities of Bidders.

The selected long list will be invited to the next stage of the procurement process – the Invitation to Participate in Dialogue (ITPD) resulting in the submission of an Invitation to Submit Outline Solutions (ISOS) document. Please note, the council reserves the right to amend this number at its discretion depending upon the quality of submissions received.

Invitation to Submit Outline Solutions Stage

At the commencement of this stage, Bidders will be issued with an Invitation to Participate in Dialogue (ITPD) document, containing instructions and information for participation in this stage, and an Invitation to Submit Outline Solutions (ISOS) document, setting out response requirements. This stage has been developed to test Bidders' proposals and approach in respect of the opportunity, and will include opportunities for dialogue between the council and Bidders.

At the end of this stage, ISOS submissions made by Bidders will be evaluated against the evaluation criteria set out in the ITPD document, and it is intended that three parties will be taken through to the next stage. Please note, the council reserves the right to amend this number at its discretion depending upon the quality of submissions received.

Invitation to Submit Detailed Solutions Stage

At the commencement of this stage, Bidders will be issued with an Invitation to Submit Detailed Solutions (ISDS) document. This stage will include finalisation by Bidders of proposals and will include dialogue between the council and Bidders.

This stage will end with the issue of the Invitation to Submit Final Tenders (ISFT) document.

Invitation to Submit Final Tenders Stage

Final tenders submitted by bidders in response to the ISFT document will be evaluated against the criteria set out in the ISFT document.

Programme

The current programme sets out the following procurement timetable in this respect:

Stage	Date
PIN	
Issue PIN	30 November
OJEU, MOI and PQQ	
Issue OJEU Notice – MOI and PQQ	w/c 11 January 2016
Bidder Briefing Day	1 February 2016
Return of PQQs	22 February 2016
Evaluation of PQQs	March 2016
ITPD	
Issue ITPD and ISOS	21 March 2016
ISOS clarification sessions (3 anticipated per bidder)	w/c 4 April 2016 w/c 25 April 2016 w/c 23 May 2016
Submission of ISOS responses	8 June 2016
Evaluation of ISOS responses	June 2016
ISDS	
Issue ISDS	4 July 2016
ISDS bidder sessions	July 2016 / August 2016 / September 2016
ISFT	
Issue ISFT	October 2016
Submission of ISFT responses	October 2016
Evaluation of ISFT responses	November 2016
PREFERRED BIDDER	December 2016

The Bidder Briefing Day will be held on 1 February 2016 at River Park House (225 High Road, London N22 8HQ) and will include the following:

- **Welcome and Introduction to Haringey**
- **Haringey – The Place and the Transformation**
- **The Haringey Development Vehicle – Background and Concept (sites and opportunities)**
- **The Procurement Process – Approach, Dates and Contacts**
- **Questions**

Bidders will be required to confirm their attendance (including names of attendees) via the electronic Delta e-sourcing portal.

Please note the dates in the timetable are indicative only and the council reserves the right to change any or all of the dates as necessary at its absolute discretion. In the event of any such changes, the council will notify all Bidders.

The council reserves the right not to make any appointment following this process. All Bidders are responsible for their own costs and the council will not fund the costs of any Bidder in applying for this opportunity.

Project Team Structure

The project team is made up of a panel of senior council officers and professional advisors to support the council in the delivery of this opportunity.

The advisors to the council are:

- **Turnberry Real Estate: commercial**
- **Pinsent Masons LLP: legal**
- **Bilfinger GVA: property**

Information to be provided

All information available to Bidders at this stage is accessible through the Delta portal system.

Successful Bidders, following evaluation of the Pre-Qualification Questionnaire, will be given further access to the electronic data room at the ISOS Stage. The data room will provide further detailed project and site specific information.

Access will only be provided to successful Bidders upon the Bidder's agreement to the project terms and conditions and signing of a Confidentiality Agreement.

The electronic data room will be updated as and when required throughout the procurement process. Email alerts will automatically notify Bidders of any updates. However, Bidders should continually check the electronic data room to keep fully appraised of additional information uploaded on to it during the course of the selection process.

Please note any information provided in the MOI and PQQ documents available on the electronic Delta e-sourcing portal supersedes that provided within the hard copy versions available.

Enquiries

All enquiries regarding this project should be addressed through the Delta e-sourcing portal and should arrive no later than 17.00 hours on 17 February 2016.

All enquiries which are of a procedural nature or a request for additional information and are applicable to all Bidders will be circulated with answers to all Bidders.

Enquiries which we believe are of a commercially sensitive nature will be dealt with on an individual basis. The council and its advisors make no guarantee that such information can and will be made available. The council and its advisors will ensure that compliance is made in respect of principles of transparency and non-discrimination in responding to any enquiries.

Responses

Bidders who wish to be considered for selection as the strategic investment and development partner are required to complete and submit the Pre-Qualification Questionnaire together with all relevant supporting documents by 12.00 noon on 22 February 2016.

Bidders should note that responses should be in electronic format only through the Delta e-sourcing portal system. Instructions for submission are included within the Pre-Qualification Questionnaire.

Pre Qualification Questionnaire (PQQ)

Stage 1

Applicant details only

(for information only)

1.1 Bidder details

1.1.1 Full name of the Bidder completing the PQQ

1.1.2 Registered company address

1.1.3 Registered company number

1.1.4 Registered charity number

1.1.5 Registered VAT number

1.1.6 Name of immediate parent company

1.1.7 Name of ultimate parent company

1.1.8 Please indicate your trading status

i) a public limited company ☐ Yes

ii) a limited company ☐ Yes

iii) a limited liability partnership ☐ Yes

iv) other partnership ☐ Yes

v) sole trader ☐ Yes

vi) other (please specify) ☐ Yes

1.1.9 Please indicate whether any of the following classifications apply to you

i) Voluntary, Community and Social Enterprise (VCSE) ☐ Yes

ii) Small or Medium Enterprise (SME)[1] ☐ Yes

iii) Sheltered workshop ☐ Yes

iv) Public service mutual ☐ Yes

1.2 Bidding model

Please indicate whether you will

1.2.1 Deliver 100% of the key contract deliverables yourself ☐ Yes

1.2.2 Use third parties (key subcontractors) to deliver *some* of the services ☐ Yes

1.2.3 If you answer Yes to question 1.2.2 please provide details of your proposed bidding model as a separate appendix (using the template set out in Appendix 1) that includes members of the supply chain, the percentage of work being delivered by each sub-contractor and the key contract deliverables each sub-contractor will be responsible for.

1.2.4 Operate as a Managing Agent and will use third parties to deliver all (or substantially all) of the services ☐ Yes

1.2.5 If you answer Yes to question 1.2.4 please provide as a separate Appendix details of your proposed bidding model that includes members of the supply chain, the percentage of work being delivered by each sub-contractor and the key contract deliverables each sub-contractor will be responsible for.

1.2.6 Bidding as a consortium but not proposing to create a new legal entity ☐ Yes

[1] See EU definition of SME: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/

1.2.7. If you answer Yes to 1.2.6, please provide:

i) details of your consortium within a separate appendix to explain the alternative arrangements i.e. why a new legal entity is not being created.
ii) consortium applications are also required to complete Appendix 2.

Please note that the Authority may require the Consortium to assume a specific legal form if awarded the contract, to the extent that it is necessary for the satisfactory performance of the contract

1.2.8 Bidding as a consortium and intend to create a Special Purpose Vehicle (SPV). ☐ Yes

1.2.9 If you answer Yes to 1.2.8, please provide:

i) details of your Consortium (in a seperate appendix) current lead member and intended SPV and provide full details of the proposed bidding model.
ii) consortium applications are also required to complete Appendix 2

1.2.10 Any other bidding model not outline above ☐ Yes

1.2.11 If you answer Yes to 1.2.10, please provide:

i) full details of the proposed bidding model as a separate Appendix
ii) consortium applications are also required to complete Appendix 2.

1.3 Contact details

Bidder contact details for enquiries about this PQQ

1.3.1 Name

1.3.2 Postal Address

1.3.3 Country

1.3.4 Phone

1.3.5 Mobile

1.3.6 Email

1.3.7 Website

1.4 Licensing and registration

1.4.1 Registration with a professional body

If applicable, is your business (or any member of the consortium, if applicable) registered with the appropriate trade or professional register(s) in the EU member state where it is established (as set out in Annex XI of directive 2014/24/EU) under the conditions laid down by that member state). ☐ Yes

1.4.2 If you answer Yes to 1.4.1 , please provide the registration number

1.4.3 Is it a legal requirement in the state where you are established for you to be licensed or a member of a relevant organisation in order to provide the requirement in this procurement? ☐ Yes

If you have answered Yes to 1.4.3, please provide additional details of what is required and confirmation that you have complied with this.

Policies And Financial Standing Assessment

(Pass / Fail)

Stage 2

Bidders are required to respond to each of the following questions, only compliant applications which have passed Stage 2, will have their Stage 3 submissions evaluated.

The Authority reserves the right to adjust the minimum requirements in accordance with Regulations and to reject responses from Bidders who are unable to meet them.

2. Grounds for mandatory exclusion

You (or any member of the consortium, if applicable) will be excluded from the procurement process if there is evidence of convictions relating to specific criminal offences including, but not limited to, bribery, corruption, conspiracy, terrorism, fraud and money laundering, or if you have been the subject of a binding legal decision which found a breach of legal obligations to pay tax or social security obligations (except where this is disproportionate e.g. only minor amounts involved).

If you (or any member of the consortium, if applicable) have answered "yes" to question 2.2 on the non-payment of taxes or social security contributions, and have not paid or entered into a binding arrangement to pay the full amount, you may still avoid exclusion if only minor tax or social security contributions are unpaid or if you have not yet had time to fulfil your obligations since learning of the exact amount due. If your organisation (or any member of the consortium, if applicable) is in that position please provide details using a separate Appendix. You may contact the Authority for advice before completing this form.

2.1 Within the past five years, has your organisation (or any member of your proposed consortium, if applicable), Directors or partner or any other person who has powers of representation, decision or control been convicted of any of the following offences?

Please indicate your answer by marking 'X' in the relevant box.

a) conspiracy within the meaning of section 1 or 1A of the Criminal Law Act 1977 or article 9 or 9A of the Criminal Attempts and Conspiracy (Northern Ireland) Order 1983 where that conspiracy relates to participation in a criminal organisation as defined in Article 2 of Council Framework Decision 2008/841/JHA on the fight against organised crime;

☐ Yes ☐ No

b) corruption within the meaning of section 1(2) of the Public Bodies Corrupt Practices Act 1889 or section 1 of the Prevention of Corruption Act 1906;

☐ Yes ☐ No

c) the common law offence of bribery;

☐ Yes ☐ No

d) bribery within the meaning of sections 1, 2 or 6 of the Bribery Act 2010; or section 113 of the Representation of the People Act 1983;

☐ Yes ☐ No

e) any of the following offences, where the offence relates to fraud affecting the European Communities' financial interests as defined by Article 1 of the Convention on the protection of the financial interests of the European Communities:

☐ Yes ☐ No

(i) the offence of cheating the Revenue;

Yes No

(ii) the offence of conspiracy to defraud;

Yes No

(iii) fraud or theft within the meaning of the Theft Act 1968, the Theft Act (Northern Ireland) 1969, the Theft Act 1978 or the Theft (Northern Ireland) Order 1978;

Yes No

(iv) fraudulent trading within the meaning of section 458 of the Companies Act 1985, article 451 of the Companies (Northern Ireland) Order 1986 or section 993 of the Companies Act 2006;

Yes No

(v) fraudulent evasion within the meaning of section 170 of the Customs and Excise Management Act 1979 or section 72 of the Value Added Tax Act 1994;

Yes No

(vi) an offence in connection with taxation in the European Union within the meaning of section 71 of the Criminal Justice Act 1993;

Yes No

(vii) destroying, defacing or concealing of documents or procuring the execution of a valuable security within the meaning of section 20 of the Theft Act 1968 or section 19 of the Theft Act (Northern Ireland) 1969;

Yes No

(viii) fraud within the meaning of section 2, 3 or 4 of the Fraud Act 2006; or

Yes No

(ix) the possession of articles for use in frauds within the meaning of section 6 of the Fraud Act 2006, or the making, adapting, supplying or offering to supply articles for use in frauds within the meaning of section 7 of that Act;

Yes No

f) any offence listed—

(i) in section 41 of the Counter Terrorism Act 2008; or

Yes No

(ii) in Schedule 2 to that Act where the court has determined that there is a terrorist connection;

Yes No

g) any offence under sections 44 to 46 of the Serious Crime Act 2007 which relates to an offence covered by subparagraph (f);

Yes No

h) money laundering within the meaning of sections 340(11) and 415 of the Proceeds of Crime Act 2002;

Yes No

i) an offence in connection with the proceeds of criminal conduct within the meaning of section 93A, 93B or 93C of the Criminal Justice Act 1988 or article 45, 46 or 47 of the Proceeds of Crime (Northern Ireland) Order 1996;

Yes No

j) an offence under section 4 of the Asylum and Immigration (Treatment of Claimants etc.) Act 2004;

Yes No

k) an offence under section 59A of the Sexual Offences Act 2003;

☐ Yes ☐ No

l) an offence under section 71 of the Coroners and Justice Act 2009

*as repealed by the Modern Slavery Act 2015

☐ Yes ☐ No

m) an offence in connection with the proceeds of drug trafficking within the meaning of section 49, 50 or 51 of the Drug Trafficking Act 1994; or

☐ Yes ☐ No

n) any other offence within the meaning of Article 57(1) of the Public Contracts Directive—

(i) as defined by the law of any jurisdiction outside England and Wales and Northern Ireland; or

☐ Yes ☐ No

(ii) created, after the day on which these Regulations were made, in the law of England and Wales or Northern Ireland.

☐ Yes ☐ No

2.2 Non-payment of taxes

2.2.1 Has it been established by a judicial or administrative decision having final and binding effect in accordance with the legal provisions of any part of the United Kingdom or the legal provisions of the country in which your organisation is established (if outside the UK), that your organisation (or any member of the consortium, if applicable) is in breach of obligations related to the payment of tax or social security contributions?

☐ Yes ☐ No

2.2.2 If you (or any member of the consortium, if applicable) have answered Yes to this question, please use a separate Appendix to provide further details. Please also use that Appendix to confirm whether you have paid, or have entered into a binding arrangement with a view to paying, including, where applicable, any accrued interest and/or fines?

3. Grounds for discretionary exclusion

The Authority may exclude any Bidder (or any member of the consortium, if applicable) who answers 'Yes' in any of the following situations set out in paragraphs (a) to (j);

3.1.1 Within the past three years, please indicate if any of the following situations have applied, or currently apply, to your organisation (or any member of the consortium, if applicable).

a) your organisation has violated applicable obligations referred to in regulation 56 (2) of the Public Contracts Regulations 2015 in the fields of environmental, social and labour law established by EU law, national law, collective agreements or by the international environmental, social and labour law provisions listed in Annex X to the Public Contracts Directive as amended from time to time;

☐ Yes ☐ No

b) your organisation is bankrupt or is the subject of insolvency or winding-up proceedings, where your assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended or it is in any analogous situation arising from a similar procedure under the laws and regulations of any State;

☐ Yes ☐ No

c) your organisation is guilty of grave professional misconduct, which renders its integrity questionable;

☐ Yes ☐ No

d) your organisation has entered into agreements with other economic operators aimed at distorting competition;

☐ Yes ☐ No

e) your organisation has a conflict of interest within the meaning of regulation 24 of the Public Contracts Regulations 2015 that cannot be effectively remedied by other, less intrusive, measures;

☐ Yes ☐ No

f) the prior involvement of your organisation in the preparation of the procurement procedure has resulted in a distortion of competition, as referred to in regulation 41, that cannot be remedied by other, less intrusive, measures;

☐ Yes ☐ No

g) your organisation has shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract, a prior contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, damages or other comparable sanctions;

☐ Yes ☐ No

h) your organisation—

i. has been guilty of serious misrepresentation in supplying the information required for the verification of the absence of grounds for exclusion or the fulfilment of the selection criteria; or

☐ Yes ☐ No

ii. has withheld such information or is not able to submit supporting documents required under regulation 59 of the Public Contracts Regulations 2015; or

☐ Yes ☐ No

i) your organisation has undertaken to:

i. unduly influence the decision-making process of the contracting authority, or

☐ Yes ☐ No

ii. obtain confidential information that may confer upon your organisation undue advantages in the procurement procedure; or

☐ Yes ☐ No

j) your organisation has negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award.

☐ Yes ☐ No

3.2 Conflicts of interest

In accordance with question 3.1.1 (e), the Authority may exclude the Bidder if there is a conflict of interest which cannot be effectively remedied. The concept of a conflict of interest includes any situation where relevant staff members have, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure.

Where there is any indication that a conflict of interest exists or may arise then it is the responsibility of the Bidder to inform the Authority, detailing the conflict in a separate Appendix. Provided that it has been carried out in a transparent manner, routine pre-market engagement carried out by the Authority should not represent a conflict of interest for the Bidder.

3.3 Taking Account of Bidders' Past Performance

3.3.1 In accordance with question 3.1.1 (g), the Authority may assess the past performance of a Bidder (through a Certificate of Performance provided by a customer or other means of evidence). The Authority may take into account any failure to discharge obligations under the previous principal relevant contracts of the Bidder completing this PQQ. The Authority may also assess whether specified minimum standards for reliability for such contracts are met.

In addition, the Authority may re-assess reliability based on past performance at key stages in the procurement process (i.e. Bidder selection, tender evaluation, contract award stage etc.). Bidders may also be asked to update the evidence they provide in this question to reflect more recent performance on new or existing contracts (or to confirm that nothing has changed).

3.4 'Self-cleaning'

3.4.1 Any Bidder (or any member of the consortium, if applicable) that answers 'Yes' to any part of questions 2.1, 2.2 and 3.1 should provide sufficient evidence, in a separate Appendix, that provides a summary of the circumstances and any remedial action that has taken place subsequently and effectively "self cleans" the situation referred to in that question. The Bidder (or any member of the consortium, if applicable) has to demonstrate it has taken such remedial action, to the satisfaction of the Authority in each case.

If such evidence is considered by the Authority (whose decision will be final) as sufficient, the economic operator concerned shall be allowed to continue in the procurement process.

In order for the evidence referred to above to be sufficient, the Bidder shall, as a minimum, prove that it has;

- paid or undertaken to pay compensation in respect of any damage caused by the criminal offence or misconduct;
- clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities; and
- taken concrete technical, organisational and personnel measures that are appropriate to prevent further criminal offences or misconduct.

The measures taken by the Bidder shall be evaluated taking into account the gravity and particular circumstances of the criminal offence or misconduct. Where the measures are considered by the Authority to be insufficient, the Bidder shall be given a statement of the reasons for that decision.

4. Economic and Financial Standing

The consortium member providing the equity commitment must be able to demonstrate that it can meet the financial requirements set out below

However, Bidders should note that all members of the Consortium are required to submit a response to each question within this Section 4.

4.1.1 Please provide in a separate appendix one of the following to demonstrate your economic/financial standing;

a) A copy of the audited accounts for the most recent two years
b) A statement of the turnover, profit & loss account, current liabilities and assets, and cash flow for the last three years of trading for this organisation
c) A statement of the cash flow forecast for the current year and a bank letter outlining the current cash and credit position

4.2. Please provide details of your annual turnover and net assets after tax for the past 3 financial years. The Authority requires that the Bidder is able to evidence: i) Turnover of at least £25 million per annum each year for the last two years; and ii) its current net assets have been valued at least £100 million per annum within its accounts each year for the last two years.

Where the Bidder is not able to demonstrate it is able to meet one or either of these requirements, the Bidder is invited to provide details of alternative means of guaranteeing financial performance within a separate Appendix.

4.3.1 Please provide details of current banking facilities (including any covenants attached) and levels of drawdown as at the date of response, together with any commentary you wish to provide on your current debt and drawdown position:

4.3.2 Please provide confirmation as to whether the Bidder has met the terms of its banking facilities and loan agreements (if any) as they fall due during the past year. If not met, please provide details including the reasons for this arising and set out what remedial action has been taken.

4.3.3 Confirmation as to whether the Bidder has met all its obligations to pay its creditors and employees as they fall due during the past year. If not met, please provide details including the reasons for this arising and set out what remedial action has been taken.

The Authority reserves the right to request any further additional information following analysis of the financial information provided.

4.3.4 **The Bidder will be required to provide a financial and/or performance guarantee as principal obligor in relation to those obligations required to be guaranteed under the suite of contracts to be entered into by the successful Bidder. Please confirm that you would be willing to provide such a guarantee. (Where the 'Bidder' is a consortium, one or more of the members which have passed the financial assessment must indicate whether those parties would be willing to provide such a guarantee).**

☐ Yes ☐ No

5. References

5.1.1 Bidders must provide details of two referees (each consortium member to provide two referees).

The referees must relate to the case studies provided in response to question 10.

Please confirm the following contact details of your referees who the Authority can contact for further information if required (please repeat for each consortium member, if the 'Bidder' is a consortium). The Authority reserves the right to call upon these references at any point during the procurement process:

- Name of customer organisation
- Point of contact in customer organisation
- Position in the organisation
- E-mail address

6. Insurance

6.1 Please self-certify whether you already have, or can commit to obtain, prior to the commencement of the contract, the levels of insurance cover indicated below:

6.1.1 Employer's (Compulsory) Liability Insurance = £10 million per occurrence

☐ Yes ☐ No

6.1.2 Public Liability Insurance = £10 million per occurrence

☐ Yes ☐ No

6.1.3 Professional Indemnity Insurance = £5 million per occurrence

☐ Yes ☐ No

7. Compliance with equality legislation

For organisations working outside of the UK please refer to equivalent legislation in the country that you are located

7.1.1 Please self-certify that your organisation (or any member of the consortium, if applicable) has a Equality Policy that complies with current legislative requirements

☐ Yes ☐ No

7.1.2 In the last three years, has any finding of unlawful discrimination been made against your organisation (or any member of the consortium, if applicable) by an Employment Tribunal, an Employment Appeal Tribunal or any other court (or in comparable proceedings in any jurisdiction other than the UK)?

☐ Yes ☐ No

7.1.3 In the last three years, has your organisation (or any member of the consortium, if applicable) had a complaint upheld following an investigation by the Equality and Human Rights Commission or its predecessors (or a comparable body in any jurisdiction other than the UK), on grounds of alleged unlawful discrimination?

☐ Yes ☐ No

7.1.4 If you (or any member of the consortium, if applicable) have answered "yes" to 7.1.2 or 7.1.3 please provide, as a separate Appendix, a summary of the nature of the investigation and an explanation of the outcome of the investigation to date.

If the investigation upheld the complaint against your organisation (or any member of the consortium, if applicable), please use an Appendix to explain what action (if any) you have taken to prevent unlawful discrimination from reoccurring.

You may be excluded if you are unable to demonstrate to the Authority's satisfaction that appropriate remedial action has been taken to prevent similar unlawful discrimination reoccurring.

7.1.5 If you use sub-contractors, do you have processes in place to check whether any of the above circumstances apply to these other organisations?

☐ Yes ☐ No

8. Environmental Management

8.1. Please self-certify that your organisation (or any member of the consortium, if applicable) has an Environmental Policy that complies with current legislative requirements

☐ Yes ☐ No

8.1.2 Has your organisation (or any member of the consortium, if applicable) been convicted of breaching environmental legislation, or had any notice served upon it, in the last three years by any environmental regulator or authority (including local authority)?

☐ Yes ☐ No

8.1.3 If you answered Yes to 8.1.2, please provide details in a separate Appendix of the conviction or notice and details of any remedial action or changes you have made as a result of conviction or notices served.

The Authority will not select bidder(s) that have been prosecuted or served notice under environmental legislation in the last 3 years, unless the Authority is satisfied that appropriate remedial action has been taken to prevent future occurrences/breaches.

8.1.4 If you use sub-contractors, do you have processes in place to check whether any of these organisations have been convicted or had a notice served upon them for infringement of environmental legislation?

☐ Yes ☐ No

9. Health and Safety

9.1.1 Please self-certify that your organisation (or any member of the consortium, if applicable) has a Health and Safety Policy that complies with current legislative requirements

☐ Yes ☐ No

9.1.2 Has your organisation (or any member of the consortium, if applicable) or any of its Directors or Executive Officers been in receipt of enforcement/remedial orders in relation to the Health and Safety Executive (or equivalent body) in the last 3 years?

☐ Yes ☐ No

9.1.3 If you answered Yes to 9.1.2, please provide in a separate Appendix details of any enforcement/remedial orders served and give details of any remedial action or changes to procedures you have made as a result

The Authority will exclude bidder(s) that have been in receipt of enforcement/ remedial action orders unless the bidder(s) can demonstrate to the Authority's satisfaction that appropriate remedial action has been taken to prevent future occurrences or breaches.

9.1.4 If you use sub-contractors, do you have processes in place to check whether any of the above circumstances apply to these other organisations?

☐ Yes ☐ No

10. Project Examples

For questions 10.1.1-10.1.4 below please provide details of example projects in which your organisation has had a significant involvement, to include the following:

- Description and location details;
- Project commencement and completion date; (where applicable);
- Structure detail;
- Quantum, sources and terms of funding;
- Details of role undertaken;
- Specific reference to the roles and responsibility of Key Personnel
- Names and details of other partners involved;
- Relevance to the opportunity proposed by the Council;
- Key challenges and how these were addressed; and
- Identify what the objectives of the project were and whether they were successfully delivered to date (e.g. jobs created, housing units delivered).

Project examples should be on-going or completed within the last 5 years. Consortium Bidders should indicate to which member of the consortium the example relates and the nature of the consortium member involvement.

10.1.1 The Bidder should provide three examples demonstrating its experience of delivering complex, mixed-use regeneration and estate renewal development projects in partnership with the public sector (including development management experience) and in fulfilling public sector objectives and outputs indicating performance against programme (responses should be no more than five sides of A4, font size 12.

10.1.2 The Bidder should provide three examples demonstrating its experience of working in partnership with public sector and/or private sector organisations, stakeholders and local strategic partners in joint venture / delivery vehicle structures. This should demonstrate the Bidder's approach to long term partnerships; understanding / experience of joint venture / delivery vehicles; and understanding of the requirements of the public sector in establishing and operating such structures, including any workforce issues (responses should be no more than five sides of A4, font size 12).

10.1.3 The Bidder should provide three examples demonstrating its experience of funding or procuring funding (in relation to specific projects); managing (fund management) funding to facilitate regeneration and development projects; and leveraging investment / funding at the early stages of a project to facilitate a portfolio of development (responses should be no more than five sides of A4, font size 12).

10.1.4 The Bidder should provide three examples demonstrating its experience of managing (asset management experience) investment portfolios, including experience of maximising the rental income and the value of the portfolio and exceeding budget targets and estate management performance indicators (responses should be no more than four sides of A4, font size 12).

11. Structure and Capability

Where the 'Bidder' is a consortium, the Authority requires only one response to each question within this section 11 on behalf of the consortium. However, where referring to previous experience, the Bidder should indicate to which member of the consortium the example relates.

11.1.1 Structure

Please give details of the structure of the Bidder (i.e. the legal entity that will be contracting with the Authority) by way of an organogram to be provided as a separate document. If the 'Bidder' is a consortium, please indicate the names of the key individuals of each consortium partner and provide a description of the relationship between the consortium members.

The Bidder should explain which skills are provided from within its own organisation (or consortium if bidding as a consortium) and which are provided from other organisations and how they are sourced (e.g. external parties/sub-contractors).

Where the 'Bidder' is a consortium, please clearly indicate in the organogram which role each Consortium member will take.

Responses should not exceed two sides of A4 font size 12.

11.1.2 Capability

The Authority wishes to obtain an understanding of the technical skills of the Bidder, in particular in relation to the staff which are involved in the delivery of property development projects. The Bidder should provide (as a separate document), a summary CV providing the following information:

- names of members of staff which have prior experience of delivering property development and estate renewal projects ("Key Personnel");
- details of the qualifications and relevant experience of the Key Personnel.

Responses should not exceed four sides of A4 paper font size 12 in total (i.e. responses should not be submitted as separate CVs)

12. Economic and Social Benefits

Where the 'Bidder' is a consortium, the Authority requires only one response to each question within this section 12 on behalf of the consortium. However, where referring to previous experience, the Bidder should indicate to which member of the consortium the example relates.

12.1.1 From the examples you have provided or from other projects and schemes undertaken, please give details of how you have provided or facilitated social and economic benefits for the communities involved, and of the results and outcomes of those activities. As part of this please indicate how you have delivered new employment opportunities, skills training, support to business, contribution to education, improvements in care and health, community capacity building and engagement and any other social or economic benefit that you believe demonstrates your skills in this area. Responses should not exceed two sides of A4 font size 12.

12.1.2 The Authority will be interested in project examples you consider to be particularly innovative, and those that demonstrate your ability to work effectively with key stakeholders involved in those projects including (but not limited to) providers, agencies, charities and funders. Responses should not exceed two sides of A4 font size 12.

13. Environmental Sustainability

13.1.1 Please give details of how you have addressed issues of environmental sustainability in completed or in-progress projects. Please provide details of your measures for ensuring ethical sourcing and sustainability throughout your supply chain. Please give examples of your experience of developments that aim towards carbon neutral status.

Please cross refer your response to the case studies given in the answer to question 10 above.

Responses should not exceed two sides of A4 font size 12.

14. Quality and Design and Quality Management

14.1.1 From the examples provided in question 10, please describe the approach that you have taken to delivering high- quality architecture and urban design which is integrated to the existing context and creates a sense of place including the delivery of high quality public realm. Responses should not exceed two sides of A4 font size 12.

14.1.2 What challenges have you faced in achieving high quality design and how have they been overcome? In particular, please state where you have overcome site constraints or delivered new or altered operational assets. Please cross refer to the examples given in the answer to question 10 above. Responses should not exceed two sides of A4 font size 12.

14.1.3 Please provide details of your quality attestation registrations (if any) for example under ISO9001 or equivalent. Responses should not exceed one side of A4 font size 12.

14.1.4 Please provide details of how you have approached contract and project management, and service delivery. Please also provide details of the person who is responsible for quality standards. Responses should not exceed two sides of A4 font size 12.

15. Declaration

I declare that to the best of my knowledge the answers submitted to these questions are correct. I understand that the information will be used in the selection process to assess my organisation's suitability to be invited to participate further in this procurement, and I am signing on behalf of

(Insert name of Bidder).

I understand that the authority may reject my submission if there is a failure to answer all relevant questions fully or if I provide false/misleading information. I have provided a full list of any Appendices used to provide additional information in response to questions.

I also declare that there is no conflict of interest in relation to the Authority's requirement.

PQQ COMPLETED BY

Name

Role in organisation

Date

Signature

EXTRACT ONLY

HARINGEY COUNCIL

INVITATION TO SUBMIT FINAL TENDERS

HARINGEY DEVELOPMENT VEHICLE

OJEU REFERENCE: 2016/S 008-010032

December 2016

3 FINAL TENDER (ISFT) RETURN REQUIREMENTS

Introduction

The Authority has set out below the requirements of Bidders in responding to the ISFT and preparing their Final Tenders.

Please note the Final Tenders will form the basis of the structural documentation that will be used to establish, manage and govern the HDV. As such, Final Tenders will take the form of the:

- Strategic Partnership Business Plan;
- Development Business Plans for all Category 1 sites (Northumberland Park, Wood Green and Cranwood);
- Investment Business Plan;
- Financial Model; and
- Legal documentation.

The Strategic Partnership Business Plan, the Development Business Plans and the Investment Business Plan are collectively referred to as 'the Business Plans'. The Authority is seeking Business Plans that best address and meet its stated Level 2 criteria in terms of Place Making, Social and Economic Benefits, Delivery and Financial Proposal. Bidders' responses on the legal documentation will confirm their approach to Legal Structure and Governance.

The structural and legal documentation must enshrine the agreed HDV objectives.

1. The Strategic Partnership Business Plan must incorporate the over-arching HDV strategic objectives; and
2. The Development Business Plans must incorporate the site specific objectives.

Suggested formats for the Business Plans are set out at Schedule 2 of the Members' Agreement. These formats are not fixed and Bidders are invited to tailor the format of each Business Plan as required, provided that it remains clear how the HDV objectives will be met and under which evaluation criterion/criteria Bidders would expect each element to be assessed.

Set out below are the key areas, within each of the Level 2 criteria, that the Authority expects to be covered (as a minimum) within the Business Plans. Bidders should also refer to the guidance and issues regarding the Authority's vision and objectives for the Borough as set out in Appendix 3.

1. Place Making

Development Business Plans should provide appropriate information relating to design and commentary on scheme proposals (schematic layouts and specifications). These should explicitly address the Authority's stated objectives as set out in Appendix 3 of this ISFT. These are expected to be provided to RIBA Stage 1 (Preparation and Brief) and should also include:

- Concept scheme designs;
- Masterplans at 1:1,250 (as site plans);
- Appropriate cost information;
- Project/phasing strategy (as relevant); and
- Visual representations via a mix of sketches and CGIs (which do not need to be fully rendered).

A Design Report which is expected to set out the architectural response to the following key themes:

- Interpretation of the brief;
- The vision for the area;
- The site;
- Massing studies;
- Layout;
- Master plan approach;
- Public realm / approach to landscape design;
- Access;
- Sustainability; and
- Character analysis and heritage.

Northumberland Park

In respect of Northumberland Park, however, the Authority has some particular requirements.

The Northumberland Park Business Plan should include, inter alia, the following key elements:

1) For the first phase of the Northumberland Park regeneration scheme (the existing Northumberland Park Community School site) more developed design proposals (including master plans at 1:500 and 1:200) are expected.

2) Ensuring that there is effective 'place integration' between the Northumberland Park regeneration scheme and the emerging Tottenham Hotspur FC and High Road West redevelopments will be a key challenge for the HDV. Bidders should set out how they would develop a design framework (including buildings; typologies; spaces) for Northumberland Park that would ensure there was link up and integration between the three schemes. The Northumberland Park Development Business Plan should reflect the need to consider security and crowd management controls.

Public Realm

The Northumberland Park Development Business Plan needs to set out three key elements in relation to public spaces, streets and open spaces:

1) Setting out a 'Streetscape Strategy' for the Northumberland Park regeneration scheme. As well as setting out street hierarchies and methodologies for design and activation, it should focus on:

- Setting out how Northumberland Park will connect, and be integrated with, the emerging Tottenham Hotspur FC and High Road West redevelopments; and
- The roles Park Lane and Northumberland Park (road) will have as 'public spaces' within the Northumberland Park regeneration scheme and as key routes linking with activity (the High Road; the stations) and open spaces (Bruce Castle Park; Lee Valley Park) to the east and west of the regeneration area.

2) Linked to number 1 above, the Lee Valley Park is one of Tottenham's best assets and should be exploited as a key value generator and part of the place making story for Northumberland Park. Please set out proposals for physical and perceptual (e.g. legibility improvements and the implementation of recreational uses in the Lee Valley Park) investment, infrastructure changes and projects which will effectively link the Northumberland Park regeneration scheme with the Lee Valley Park (Bidders should refer to the draft Green and Open Spaces Strategy for Tottenham Hale.)

3) Place management: please set out the approach to implementing a single, high quality maintenance regime across a phased redevelopment of the scheme, with a particular focus on Phase 1.

Outside Broadcast Facilities

The Authority is in the process of agreeing the terms of a deal to lease Tottenham Hotspur Football Club (the "Club") land for its outside broadcast requirements. This will require a Council Executive (Cabinet/Leader) decision. Bidders are asked to plan for this in the concept masterplan work for the Northumberland Park Community School site. As per previous documents the total space required is up to a maximum of 2,800 sqm. The position with regard to options involving St Paul's and All Hallows Church of England Junior and Infants School, and the consequent implications remain as per the ISDS document.

However, contrary to the provisions of the ISDS document, if Bidders wish to consider an integrated solution within new developments they are at liberty to do so. External surface solutions remain welcome. The outside broadcast space shall not be by the eastern entrance to the stadium. A summary of the terms of the lease is attached. This will be updated as necessary, and bidders informed following agreement by the Club. The necessary consents to enable this lease are applied for and it is anticipated they will be obtained in this calendar year.

As outlined by Tottenham Hotspur during dialogue, the Club has agreed to host NFL American Football matches and requires space to accommodate fanzone facilities on matchdays. The Authority is generally supportive of this principle, albeit it has not taken any formal decision on the suggested fanzone, and wishes bidders to allow for the potential use twice a year of a portion of the regeneration area for this purpose. This land is likely to be devoted to public realm. It is considered that this should be a minimum of 2,000 sqm, likely to be adjacent to the

eastern entrance to the stadium, and separate from the outside broadcast space, but the Authority has not fixed the design or extent of an area. Nor has the Authority agreed any commercial terms or the basis on which this will happen. The club does have aspirations to increase the number of matches. All of these matters will be for negotiation between the HDV and the Club.

Bidders are aware that the Club has further aspirations with regard to traffic movements, space for security checks and potential additional space to allow enhanced crowd control. In addition there are security, safety and transport implications which will need to be considered. Bidders are advised that all of these in terms of both design and commercial aspects are for discussion, negotiation and agreement between the Club and the HDV.

Education

The early delivery of a new school at Northumberland Park is a key imperative for the regeneration scheme – both in terms of phasing and as a value generator for the HDV. The funding of the school is currently assumed to come via the Authority's overall capital programme (the Authority's Capital Strategy identifies £18.2 million for this) with the balance from the Education Funding Agency (EFA). There is, though, no guarantee that the EFA would provide this funding.

Bidders are asked to set out an alternative funding strategy that could be implemented if the approach set out above does not come to fruition. Bidders should set out any impacts they believe this would have on scheme delivery.

Wood Green

Authority Office Accommodation

Bidders are referred to Appendix 3 for further background on the Authority's requirements for office accommodation. Bidders should provide a narrative as to how the HDV would deliver the Authority's requirements on either of the sites and should set out the preferred approach to funding the construction of the facility and the preferred funding of the accommodation.

The Authority expects that the HDV will build the facility for the Authority for transfer to the Authority's ownership on a turnkey basis. However, the Authority welcomes submissions outlining alternative or innovative solutions for the funding and payment of the accommodation. The Authority wishes to minimise the costs of both the construction and its long term financial obligations.

Bidders will be evaluated on their response to this task under the 'Delivery' and 'Funding' evaluation criteria. As no design work is required now, points will not be awarded under the 'Placemaking' criterion.

Sustainability and Energy

The Business Plans should identify innovative and deliverable approaches to overcoming financial and institutional barriers (perceived or otherwise) to achieving the best possible sustainability outcomes.

The Strategic Partnership Business Plan should set out how the HDV will actively deliver the Authority's ambition to improve the local environment and performance of new developments and existing building stock for which it will be responsible. Bidders are also encouraged to propose ways in which the HDV could contribute to improvements in other domestic and non-domestic stock in the Borough, and drive wider sustainability improvements that go beyond building performance. In all cases, Bidders are encouraged to exceed the requirements of planning policy where appropriate.

Detail should include, as appropriate, the approach to:

- New development to be bought forward by the HDV;
- The existing commercial portfolio to be transferred to the HDV;
- Other domestic and non domestic stock in the Borough;
- Delivering wider enhancements beyond the building stock;
- Indicative delivery models, for example considering resourcing, financing, supply chain, balancing potential viability tensions, as well as suggested key performance indicators and outcomes; and
- Best value, benchmarking, monitoring and continuous improvement.

Each site-specific or portfolio-specific Business Plan should set out a clear and detailed sustainability and energy strategy for the site/portfolio in question. The Northumberland Park Development Business Plan should set out a clear and detailed sustainability and energy strategy for the Northumberland Park site as a whole, not just the initial phases. These strategies should include:

- The reasoning for the approach chosen, including how the strategy addresses site and development specific opportunities and constraints, and balances sustainability with the Authority's other objectives;
- Illustration of how the energy hierarchy has been observed, illustration of the approach to site-wide energy and – where relevant – proposals for integration with the Authority's emerging plans for district energy networks in North Tottenham and Wood Green;
- A statement of key assumptions, including on the financial model and anticipated improvements to building regulations over the life of the build-out; and
- Details of other sustainability measures to be delivered and how any identified local environmental factors would be addressed.

2. Social And Economic Benefits

Bidders should identify at least two social and/or economic priority initiatives. At least one of these should be in the field of jobs and skills, whilst the other(s) should be based on the Authority's other published priorities, and any assessment of local need or opportunity identified by Bidders. These proposals should appear in the Strategic Partnership Business Plan, or in individual Development Business Plans, depending on whether they will be HDV-wide or site-specific.

The detail should include:

- Detailed, costed analysis as to how the HDV will contribute to these issues;
- Approach to delivery;
- Starting up;
- Integration with other Authority services;
- Resourcing (staffing and financial);
- Five year costings;
- Outputs and outcomes;
- Any mechanism for incentivising the HDV to deliver outputs and outcomes; and
- Post development exit / endowment plan.

As part of this, Bidders are required, within the Northumberland Park Development Business Plan, to respond to the three key themes for social and economic outcomes identified in Appendix 3. In particular, Bidders should identify:

- Under Theme 1 – *Create Better Prospects* – opportunities to maximise employment, training and apprenticeship opportunities and pathways to enable local people to access and benefit from these opportunities; proposals for commercial quantums and typologies; and proposals for ensuring that local businesses and the local economy in general are able to benefit from the regeneration and development opportunities the Northumberland Park scheme will provide;
- Under Theme 2 - *Enable Healthy and Safe Lives* - proposals for enabling healthy and safe lives by: improving connectivity and designing healthy and safe places that support active aging, wellbeing and healthy lifestyles; improving access to art, culture and sport facilities; supporting future community initiatives; and delivering social and community infrastructure that provides integrated services and supports community cohesion by enabling current and new communities to mix;
- Under Theme 3 – *Build Community Capacity* – proposals for ensuring that Northumberland Park becomes an area where: its people and communities are confident, resilient and able to shape the conditions that affect their local environment, family and social circumstances; all groups of residents feel empowered to access and take advantage of the new social and economic opportunities that

regeneration will bring; a stronger and more connected local community ensures that positive change in Northumberland Park is inclusive and lasting.

Community Engagement Strategy

The development of regeneration proposals and master plans require the input of the local community and stakeholders. Typically, this includes their involvement in the development of principles, options and a preferred option for regeneration. As well as being a legal requirement and a basic tenet of good planning, the effective involvement of local communities in shaping and owning regeneration plans will ultimately create a more optimal scheme and provide the platform for more expeditious delivery. It would not have been appropriate, though, at this stage of the HDV process for a community engagement process to take place that involved the three potential HDV partners, nor would it have been appropriate for the Authority to engage in a dialogue with the local community over any emerging aspects of the Bidders' proposals. This makes it particularly important that Bidders set out, in their Business Plans, their overall and site-specific proposals for community engagement, which (among other things) take account of the fact that the Business Plans agreed in early 2017 will not yet have been subject to such engagement.

There are particular sensitivities around engagement for estate renewal projects. Building on the work undertaken to date in Northumberland Park and the work undertaken by Bidders during dialogue, Bidders should provide a communications and engagement plan, as part of the Northumberland Park Development Business Plan, that sets out the key aspects of delivering a meaningful, comprehensive and legally compliant plan. This should include delivering a S105 (Housing Act 1985) consultation – a prerequisite in enabling any Authority decision regarding changes to the ownership or management of housing land. This also needs to include the key aspects of a tenant and leaseholder offer.

3. Delivery

Through the Business Plans, Bidders should set out clearly how the HDV will be resourced and managed in order to ensure delivery of the HDV objectives. The Business Plans should clearly identify the criteria set out below.

Strategic Partnership Business Plan

- Overarching development programmes, timescales and rationale to be included within the Strategic Partnership Business Plan;
- Mobilisation plan to demonstrate how the HDV will be resourced and funded in the early stages following establishment;
- Incentivisation proposals;
- Methodology for the drawdown of Category 1 (and future Category 2 and 3 sites), and a framework for agreeing and developing the HDV's longer term pipeline of sites including site acquisitions where considered appropriate together with an indicative timetable for the draw down of identified Category 2 sites; and

- HDV marketing and communications strategy.

Development Business Plans

- Development specific delivery programmes and timescales within each specific Development Business Plan;
- A forecast of the quantum, typology and timing of the housing delivery on each site;
- Incentivisation proposals;
- Schedules of key assumptions for each of the Category 1 development sites, together with supporting rationale / narrative. Business Plans must indicate the robustness and justification of the scheme proposals i.e. infrastructure works proposed, housing mix and tenure etc;
- Details of how the HDV will work with the Authority to meet the conditions precedent, including where relevant to engage with, and re-house, existing tenants;
- Where relevant, an appropriate level of detail on how the development process will be aligned with significant developments on neighbouring or nearby sites;
- Confirmed approach to CPO, where required, including division of resourcing and approach to costs;
- Site specific marketing strategies;
- Future housing and wider estate management strategy; and
- Management plan for engagement with Homes for Haringey in dealing with existing tenants and aligning management strategies to ensure continued service provision.

Investment Business Plan

- Investment strategy to include value creation through efficiency savings, rent review programme and consolidation where appropriate;
- Tenant engagement policy; and
- Asset management strategy and responsibilities schedule.

Resourcing

The Strategic Partnership Business Plan should also provide detailed information, including an organogram and resourcing plan, for the HDV to confirm:

- Staff commitments;
- Proposed location of the HDV office(s);
- Experience and quality of personnel (to include identified personnel for the Board);
- Initial professional team; and
- Supply chain.

The Authority also wishes to understand Bidders' approach to delivery of the proposed activities of the HDV and identify how the HDV will procure goods, works and services in an

open and transparent manner. The Authority wishes to ensure probity, quality and value for money in the context of the provision of such goods, works and services and envisages the implementation of robust and competitive processes.

Bidders must therefore provide a detailed methodology which demonstrates openness, fairness, transparency, non-discrimination, quality and value for money and should also demonstrate how this methodology will maximise social and economic benefits to the Borough (e.g. through supply chain opportunities, training and apprenticeships).

Any such methodology must be consistent with the Procurement Policy attached to the Members' Agreement, the evaluation of which forms part of the Legal Structure and Governance section.

Where Bidders are anticipating providing contractor services to the HDV, the envisaged quantum of services expected to be provided will be tested under 'Legal Structure and Governance' criterion.

The HDV will require the following services: fund management services; asset management services; development management services; legal, financial and corporate secretarial support; building and civil works contractors.

Where Bidders or their consortium members (or group companies thereof) wish to provide any of the above works and/or services direct to the HDV a detailed methodology must be prepared at this stage covering in respect of each area:

- The name of the proposed contractor;
- The proposed duration of the contract;
- A full description of the relevant works and/or services to be performed;
- Proposals for parent company guarantees to secure performance;
- A detailed methodology covering the provision of these works and/or services to the HDV, the key personnel to be deployed in the works and/or services and demonstrating how best practice in performance will be secured;
- The proposed fee payable by the HDV for the works/services;
- The proposed Key Performance Indicators in order to measure performance and payment for the works/services;
- How the proposed contract would represent value for money for the HDV;
- The contractor's approach to health and safety and to ensuring the highest standards of health and safety in accordance with all applicable legal requirements. The contractor must demonstrate that it has in place a robust Health & Safety Management System to ensure that all activities are conducted so as to eliminate or minimise so far as is reasonably practicable any health and safety risks to employees or others who may be effected by their work activities; and

- The contractor's approach to equality and diversity in respect of employment and service delivery, in particular:
    - Its policies and procedures for complying with relevant equalities legislation, including the need under the public sector equality duty to show due regard to eliminate discrimination, harassment and victimisation, advance equality of opportunity, and foster good relations between protected groups;
    - The arrangements in place for ensuring that any employees, agents and sub-contractors employed by the contractor comply with relevant equalities legislation;
    - How processes and procedures are kept up to date with changes in equality legislation;
    - The procedures in place to monitor compliance with the above;
    - The procedures in place to monitor equalities related complaints and customer feedback; and
    - The contractor's approach to business and service continuity in order to ensure continuous service delivery against the contract requirements.

It should be noted though that matters such as the contractual nature of these works/services, accompanying parent company guarantees, KPIs and VfM will be evaluated as part of the Legal Structure and Governance evaluation.

Key Performance Indicators

The Authority expects to agree with its Partner two tiers of Key Performance Indicators (KPIs): those for the operation of the HDV Board in delivering the Strategic Partnership Business Plan, and those on a project specific level for the delivery of each scheme through the Development and Investment Business Plans.

At Board level the KPIs may include:

- Annual deadlines for updating and adopting the Business Plans;
- Deadlines for the delivery of reports and update papers;
- Time permitted to review and respond to matters raised;
- Time to resolve disputes before being referred; and
- Rate of delivery of new homes, infrastructure and opportunities for employment.

At a project level, the KPIs and 'test' could include:

- Target returns;
- Priority returns;
- Share of surpluses or overage;

- DM fees;
- Timings / longstops;
- Caps and collars on expenditure;
- Corporate guarantees; and
- The definition of 'viable'.

4. Legal Structure and Governance

Final mark-ups of the Contracts must be submitted via the Portal in accordance with the specified date for submission of Final Tenders and should take the form of Word documents.

Where a Bidder accepts the stated position under any Contract and does not intend to provide a mark-up, it must confirm in writing that it has no comments and accepts the relevant document as drafted.

The Authority will assess submissions with reference to the Evaluation Methodology as set out in Appendix 4 to determine the extent and import of the proposed amendments to the Authority's stated position on risk allocation. Those assessments will be used to determine an overall score that takes into account the aggregate effect of all suggested amendments to the Contracts.

Bidders should set out their proposals in relation to the transfer of any staff from the Authority and specifically their approach in relation to pensions, taking into account instructions given by the Authority in the course of dialogue.

5. Financial Proposal

The Strategic Partnership Business Plan should include the overarching HDV funding strategy and proposals. Development Business Plans should include development specific funding strategies and proposals.

The HDV will be required to demonstrate transparency and value for money – particularly in respect of procuring any internal and external resources, both initially and during the life of the HDV. Bidders need to identify clear procedures to ensure best value for the HDV in procuring its supply chain.

The Authority's key funding requirements remain:

- Certainty over the receipts equivalent to £3 million per annum over the first five years;
- Securing long term revenue income and a share of profits; and
- Enhancing the quantum of Council Tax and Business Rates income for the Borough.

The Strategic Partnership Business Plan must include:

- Funding strategy (including return expectations, ranking of each level of financing – including upfront site and partnership costs, approvals required prior to obtaining funds);
- HDV working capital requirements;
- Profit / return on equity requirements (return expectations for the HDV – profit on cost, IRR etc);
- Projected overall revenue / capital expenditure for the HDV in years 1 to 5 showing cash flow predictions and the Authority's stated minimum revenue requirement of £3 million per annum;
- Proposed use of sale proceeds / profits to fund on-going development activity;
- Development management fee (remuneration for resourcing and provision of works and services);
- Loan note coupon rates;
- Minimum land payment methodology and approach to value share between the Authority and the HDV; and
- Confirmation of parent company guarantee / covenant position for HDV cash requirements.

Financial Model

Bidders are required to submit financial proposals in respect of the HDV. Bidders are required to prepare a financial model based on the agreed quantum, quality and phasing of developments to be undertaken by the HDV. The financial model should identify anticipated infrastructure costs, phasing, development costs, growth forecasts etc. which in turn will inform the level and phasing of equity together with the quantum and phasing of senior debt /

development finance required by the HDV to take forward development activity in line with the agreed corporate and project specific Business Plans.

As part of the submission, Bidders must supply an Excel model (in accordance with the given template) detailing the finances of the proposed HDV to include the following:

- Total returns to the Authority, the Partner and HDV and by type of return;
- The split of profits between the Authority and the Partner;
- A summary of the assumptions included within the model;
- A full consolidated annualised cash flow for the duration of the HDV to include sites proposed to be included on establishment of the HDV as Category 1 only;
- The proposed programme for delivering housing units including quantums, typologies and timescales;
- Statement of the total returns (profit and loss);
- Profile of coupon payments and loan repayments;
- The proposed profit distribution arrangements, showing the retention of profit / recycling of profit into the HDV and any proposed subsidiary vehicles, repayment of equity contributions, dividend contributions;
- An output sheet derived directly from the financial model showing the key milestones; and
- Entry land value consideration for the development sites.

The financial model must:

- Show data inputs, data outputs and working areas completely separate;
- Only have hard coded data in the input area;
- Not incorporate a password protection, and no sheets or cells should be hidden, locked or subject to password protection;
- Not contain protected macros; and
- Be supported by a data book and user guide; setting out a summary of the content of the financial model on a sheet by sheet basis; and a table of all inputs to the financial model with the cell reference and source.

The financial information relating to the HDV returns should therefore, inter alia, include:

A Loan Coupon Rate %
B Loan Coupon Rate %
C Loan Coupon Rate %
Profit Split Authority %
Profit Split Partner %
DM Fee %

IRR Authority
IRR Partner
NPV Authority
NPV Partner
Consolidated forecast annualised cashflow for the duration of the HDV
Guaranteed minimum revenue return to the Authority (years 1 to 5 only)
Summary of Assumptions
Statement of Total Returns (profit and loss)
Returns to the Authority
Returns to the Partner
Returns to the HDV

The financial information relating to the Development Business Plans must include:

Development Appraisal Inputs	**Development Appraisal Outputs**
Units	Gross Development Value
Cost Inflation	Construction Costs
HPI	Infrastructure Costs
Rental Growth	Professional Fees
£/Sq ft - Build Costs	DM Fee
Profit on cost	Profit on Cost
Private Sales Values	Land Value
Private Rental Values	
Affordable Rents	
Entry land value for development sites	Total Funding Requirement
	Authority Loan Note
	Partner Loan Note
	Senior Debt
	Mezzanine Debt
	Equity

A summary audit of the financial models submitted by Bidders will be undertaken by GVA as part of the evaluation of Final Tenders. A full audit will be required for the relevant financial model at Preferred Bidder stage. This audit will be undertaken by a third party specialist organisation agreed between the Authority and the Preferred Bidder. The Preferred Bidder will pay for the cost of this audit. It is expected that the audited financial model will then become the financial model for use by the HDV.

Appendix 4 – ISFT EVALUATION METHODOLOGY AND CRITERIA

INTRODUCTION

The Authority has set out below its approach to the evaluation of Final Tenders.

The underlying principle of the Evaluation Methodology is to identify the Most Economically Advantageous Final Tender that meets the Authority's Requirements for the Project and from these to select the Preferred Bidder. The Evaluation Methodology is designed to provide a structured and auditable approach to evaluating the Final Tenders submitted by the Bidders.

The Authority has conducted dialogue meetings with the Bidders during the ISDS stage. For the avoidance of doubt, whilst assisting the Authority to understand a Bidder's Final Tender, information submitted by the Bidders in response to requests by the Authority during the dialogue meetings has not been scored. For example, the evaluation process will only take into account the information provided by Bidders in their Submissions at this ISFT stage and, if appropriate, responses provided to the Authority in the course of any subsequent clarification process.

Initial Assessment – ISFT Stage of the Competitive Dialogue Procedure

At this ISFT stage, the Final Tenders will be reviewed to ensure that:

- The Final Tender has been submitted on time and meets the Authority's submission requirements/instructions which have been notified to Bidders;
- The submission is sufficiently complete to enable the Final Tender to be evaluated in accordance with the Evaluation Methodology (the Authority, may at its discretion, request additional information in relation to a Final Tender where this requirement has been substantially met); and
- The Bidder has not contravened any of the terms and conditions of this ISFT or any Associated Documents.

Final Tenders that do not meet the submission requirements set out above may be rejected at this stage.

Detailed Assessment – Invitation to Submit Final Tenders

The table below sets out the Evaluation Criteria and weightings for these Criteria at the ISFT stage of the Competitive Dialogue Procedure.

Level 1 Criteria	Fixed Weighting (%)	Level 2 Criteria	Fixed Weighting (%)
Outcomes	40	Place Making	20
		Social and Economic Benefits	20
Deliverability	40	Delivery	20
		Legal Structure and Governance	20
Funding	20	Financial Proposal	20
TOTAL	**100**		**100**

The Criteria remain weighted to demonstrate the relative importance of each Criterion to the Authority.

Following Submission of the Final Tenders

Bidders may be asked to present their Final Tender to illustrate and clarify the scope of the proposals. For the avoidance of doubt, whilst assisting the Authority in its evaluation exercise, the presentation will not be scored.

The Authority may also issue clarification questions to clarify the Bidder's Final Tender. Information submitted by the Bidders in response to clarifications may be taken into account when evaluating the Final Tender.

Total Score for the Final Tender

Please note that consideration of the Final Tenders and the short-listing of successful Bidders to be issued with the Final Tender documentation does not amount to any representation by the Authority as to the acceptance of the Bidders' proposals, and the Authority will fully evaluate the suitability of proposals as part of the formal evaluation.

Following receipt of Final Tenders and any necessary clarifications/presentations, Bidders will be ranked according to their scores and the intention is to appoint the Bidder with the highest scoring Final Tender (the Most Economically Advantageous Tender) as the Preferred Bidder. The MEAT may not necessarily be the Bidder that proposes a tender that offers the highest

return. The Authority reserves the right to appoint a Reserve Bidder in the event of any breach by the Preferred Bidder of its obligations under the Preferred Bidder letter.

Principal Approvals

Please note that the decision to award the Contract will require the consent of the Authority's Cabinet.

FURTHER INFORMATION ON THE DETAILED ASSESSMENT AT THE ISFT STAGE

The Final Tender will form the basis of the structural documentation that will be used to establish, manage and govern the HDV. As such, the Final Tender will take the form of:

- Strategic Partnership Business Plan;
- Development Business Plans for all Category 1 sites (to comprise Northumberland Park, Wood Green and Cranwood);
- Investment Business Plan;
- Financial Model; and
- Legal documentation.

The Authority is seeking Business Plans that best address and meet its stated Level 2 Criteria in terms of Place Making, Social and Economic Benefits, Delivery and Financial Proposal. Bidders' responses on the legal documentation will confirm their approach to Legal Structure & Governance.

Each Business Plan has a total of 30 marks available when scored against each of the Level 2 Criterion (of Place Making, Delivery and Financial Proposal).

The weighting of each Business Plan, however, is varied and this is set out below.

Business Plan	**Weighting**
Strategic Partnership Business Plan	20%
Development Business Plan (Northumberland Park)	12.5%
Development Business Plan (Wood Green)	12.5%
Development Business Plan (Cranwood)	5%
Investment Business Plan	10%
Total	**60%**

Bidders' response to the Social and Economic Benefits Level 2 Criterion will be considered and evaluated by the Authority across of all the Business Plans. Accordingly only one score (which will comprise 20% of the total marks) will be given for the Social and Economic Benefits Level 2 Criterion. Similarly, only one score (which will comprise 20% of the total marks) will be given

by the Authority in marking and scoring Bidders' responses to Legal Structure and Governance Level 2 Criterion.

The table below sets out where each Level 2 Criterion will be scored and the weighting for each scored area.

Level 1 Criteria	Fixed Weighting (%)	Level 2 Criteria	Fixed Weighting (%)		SCORES OUT OF 10	WEIGHTING	TOTAL WEIGHTED SCORES	TOTAL WEIGHTED SCORE FOR LEVEL 2 CRITERIA
Outcomes	40	Place Making	20	Strategic Partnership Business Plan	10	6.67	6.67	20.0
				Development Business Plan NP	10	4.17	4.17	
				Development Business Plan WG	10	4.17	4.17	
				Development Business Plan Cranwood	10	1.67	1.67	
				Investment Business Plan	10	3.33	3.33	
		Social and Economic Benefits	20	Social and Economic Benefits	10	20.00	20.00	20.0
Deliverability	40	Delivery	20	Strategic Partnership Business Plan	10	6.67	6.67	20.0
				Development Business Plan NP	10	4.17	4.17	
				Development Business Plan WG	10	4.17	4.17	
				Development Business Plan Cranwood	10	1.67	1.67	
				Investment Business Plan	10	3.33	3.33	
		Legal Structure and Governance	20	Legal Structure and Governance	10	20.00	20.00	20.0
Funding	20	Financial Proposal	20	Strategic Partnership Business Plan	10	6.67	6.67	20.0
				Development Business Plan NP	10	4.17	4.17	
				Development Business Plan WG	10	4.17	4.17	
				Development Business Plan Cranwood	10	1.67	1.67	
				Investment Business Plan	10	3.33	3.33	
TOTAL	**100**	-	**100**	-	**170**	100.00	100.00	**100.0**

The total marks available and the weighting is summarised below.

	Total Marks Available	Weighting	Weighted Score
Strategic Partnership Business Plan	30	20.00	20.00
Development Business Plan NP	30	12.50	12.50
Development Business Plan WG	30	12.50	12.50
Development Business Plan Cranwood	30	5.00	5.00
Investment Business Plan	30	10.00	10.00
Social and Economic Benefits	10	20.00	20.00
Structure and Governance	10	20.00	20.00
	170	**100.00**	**100.00**

The Authority requires that each Level 2 Criterion will have a minimum weighted score requirement of 40% of the marks available (a "Floor Score"). Any Bidder scoring less than 40% for any Level 2 Criterion will be disqualified from consideration as Preferred Bidder.

DETAILED EVALUATION METHODOLOGY FOR THE SUBMISSION

With the exception of Legal Structure and Governance, in evaluating the Final Tenders, the Authority will adopt the following scoring system:

Score	Assessment	Interpretation
0	Unacceptable	Unacceptable response provided which completely fails to address the criteria and/or fails to demonstrate any understanding of the Authority's Requirements and gives significant cause for concern about the delivery of the objectives of the Project.
3	Poor	Poor response against the objectives of the project and the Authority's Requirements and/or creates a high level of disproportionate risk to the Authority or to the delivery of the Project. Response fails to demonstrate a substantive understanding of the Authority's Requirements and gives significant cause for concern about the delivery of the objectives of the Project.
6	Acceptable	Acceptable response provided against the objectives of the Project and the Authority's Requirements without creating significant risk to the Authority or the delivery of the Project. Response is broadly compatible with the Authority's Requirements and demonstrates a sound understanding of the objectives of the Project. Only moderate reservations about the response. The proposals demonstrate some innovation and aspiration.
8	Very Good	Very good response provided against the objectives of the Project and the Authority's Requirements without creating a disproportionate level of risk to the Authority or the delivery of the Project. Response inspires great confidence and exceeds or meets the Authority's Requirements with all Requirements being addressed thoroughly and convincingly. No significant reservations about the response. The proposals demonstrate significant innovation and aspiration.
10	Excellent	Excellent response provided against the objectives of the Project and the Authority's Requirements and/or minimises the level of risk to the Authority or the delivery of the Project. Response requires total confidence and exceeds the Authority's Requirements with evidence provided in support of all aspects of the response. No reservations about the response. The proposals are highly innovative and aspirational.

In evaluating the Legal Structure and Governance of the ISFT, the Authority will adopt the following scoring system:

Score	Assessment	Interpretation
0	Below requirements	Does not meet the requirement. Does not accept the material terms of the Contracts and risk allocation as proposed by the Authority – and/or the Bidder has proposed amendments which alter the risk allocation to a wholly unacceptable degree.

2	Significant reservations	Reservations of the Bidder's acceptance of some of the terms of the Contracts and risk allocation as proposed by the Authority – substantial deviations from the Authority's position that would materially adversely affect the Authority's position.
4	Some reservations	Demonstration by the Bidder of its acceptance of some the terms of the Contracts and risk allocation as proposed by the Authority with material deviations that would adversely affect the Authority's position.
6	Good	Demonstration by the Bidder of its acceptance of the majority of the material terms of the Contracts and risk allocation as proposed by the Authority. Some deviations whose cumulative effect adversely affects the Authority's position but not to a significant extent.
8	Excellent	Demonstration by the Bidder of its acceptance of the vast majority of the material terms of the Contracts and risk allocation as proposed by the Authority. No material deviations from the Authority's position except where the Bidder has demonstrated that there is no material detriment to the Authority in its proposals.
10	Exceptional	Demonstration by the Bidder of its acceptance of all the material terms of the Contracts and risk allocation as proposed by the Authority together with suggestions (and justification) which will offer significant added value.

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Haringey Council

Equality Impact Assessment

Name of Project	Development Vehicle	**Cabinet meeting date** ***If applicable***	20th October 2015
Service area responsible	Regeneration		
Name of completing officer	Julian Wain	**Date EqIA created**	21st September 2015
Approved by Director / Assistant Director	Lyn Garner	**Date of approval**	

The Equality Act 2010 places a '**General Duty'** on all public bodies to have '**due regard'** to:

- **Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act**
- **Advancing equality of opportunity between those with 'protected characteristics' and those without them**
- **Fostering good relations between those with 'protected characteristics' and those without them.**

In addition the Council complies with the Marriage (same sex couples) Act 2013.

Haringey Council also has a '**Specific Duty'** to publish information about people affected by our policies and practices.

All assessments must be published on the Haringey equalities web pages. All Cabinet papers MUST include a link to the web page where this assessment will be published.

This Equality Impact Assessment provides evidence for meeting the Council's commitment to equality and the responsibilities outlined above, for more information about the Councils commitment to equality; please visit the Council's website.

Stage 1 – Names of those involved in preparing the EqIA	
1. Project Lead – Dan Hawthorn	5. Julian Wain – Project Adviser
2. Equalities / HR – Kathryn Booth	6.
3. Legal Advisor (where necessary) – Patrick Uzice	7.
4. Trade union – Chris Taylor	8.

Stage 2 - Description of proposal including the relevance of the proposal to the general equality duties and protected groups. Also carry out your preliminary screening (Use the questions in the Step by Step Guide (The screening process) and document your reasoning for deciding whether or not a full EqIA is required. If a full EqIA is required move on to Stage 3.
In order to deliver the Council's regeneration, economic growth and housing objectives the Council needs to bring forward an approach that catalyses development, provides resources and the necessary skills and expertise to make it happen. Having considered the various options the Council is coming to the view that a development vehicle in partnership with the private sector is the right option for delivery. The purpose of the report is for Cabinet to approve the business case for the establishment of the 'Haringey development vehicle', to agree the preferred option, and to agree the start of a European procurement process. An EqIA is being undertaken due to the potential for the vehicle's activities to impact on tenants, leaseholders, other residents, and those in housing need, as well as business owners, including (in all categories) those from the protected groups. A detailed site by site EqIA will be carried out as the vehicle carries out its work, if members agree to the setting up of the vehicle. The impact on staff is likely to be extremely limited, as the vehicle is only likely to impact on the work of a very small number of staff, who might ultimately be subject to the potential of a transfer to the Haringey Development Vehicle, probably under the terms of the Transfer of Undertakings (Protection of Employment) Regulations

Stage 3 – Scoping Exercise - Employee data used in this Equality Impact Assessment **Identify the main sources of the evidence, both quantitative and qualitative, that supports your analysis. This could include for example, data on the Council's workforce, equalities profile of service users, recent surveys, research, results of recent relevant consultations, Haringey Borough Profile, Haringey Joint Strategic Needs Assessment and any other sources of relevant information, local, regional or national.**	
Data Source (include link where published)	**What does this data include?**
Equalities Profile of Haringey	This data provides gender , age, ethnicity, religion, disability marital status and civil partnership, and sexual orientation information for Haringey based on the 2011 census.
Haringey Council Employment Profile	This data provides gender, age, ethnicity and disability information for current Council staff.

Stage 4 – Scoping Exercise - Service data used in this Equality Impact Assessment **This section to be completed where there is a change to the service provided**	
Data Source (include link where published)	**What does this data include?**
2011 census data http://www.haringey.gov.uk/sites/haringeygovuk/files/130327_key_statistics_analysis_and_fact_sheets.xls	Tenure, ethnicity, sex, disability, age
Joint Strategic Needs Assessment Housing – http://www.haringey.gov.uk/social-care-and-health/health/joint-strategic-needs-assessment/other-factors-affecting-health/jsna-housing	Population, tenure, house prices and affordability, homelessness, ethnicity of homeless households
Equalities profile of tenants and leaseholders	This data provides gender, age, ethnicity, religion and disability information for current tenants and leaseholders.
Equalities profile of homeless population	This data provides gender, age, ethnicity and disability information for current homeless acceptances and temporary accommodation

Equalities profile of Haringey	This data provides gender, age, ethnicity, religion, disability, marital status and civil partnership, and sexual orientation information for Haringey based on the 2011 census.
Social Inclusion HaringeyStat :July 2015	Inter alia this data provides data relating to employment based on the above categories
NOMIS Annual Population /Labour Force Survey	Data on employment with regard to age and sex

Stage 5a – Considering the above information, what impact will this proposal have on the following groups in terms of impact on residents and service delivery: Positive and negative impacts identified will need to form part of your action plan.				
	Positive	**Negative**	**Details**	**None – why?**
Sex	The development vehicle proposal seeks to enable development to meet future housing need within the borough and should therefore have a positive impact across the protected characteristics The economic and growth aspects of the vehicle are intended to provide jobs, training, facilities and support into employment.	The detail of specific schemes which would fall under the development vehicle is still to be worked out. The impact – positive or negative – of individual schemes will need to be assessed on a site by site basis.	Female lone parents have the highest rate of homeless acceptance of all groups in Haringey indicating a high level of housing need amongst this group. The employment rate for females is lower than males, but unemployment figures for both sexes are similar.This may in part reflect differences in caring responsibilities. The overall unemployment rate is higher than that for females alone.	
Gender Reassignment	As above	As above	Information on gender reassignment is not currently available for our housing need and employment data	
Age	As above	As above	Homeless presentation for the 16-44 age group is high compared to the	

			expected profile from the census and there are a high number of children in TA indicating a high need for investment in new social and affordable housing amongst younger residents. The annual Labour force Survey indicates a slightly lower employment rate for the 50-64 age group at 62% compared to 78% for the 25-49 age group. The confidence interval for data on the 20-24 age group is low and accordingly data is of limited value at present.	
Disability	As above	As above	Homeless acceptances due to mental/ physical disability are high. People with disabilities are under – represented in employment compared to the estimated working age population	
Race & Ethnicity	As above	As above	Black households approach as homeless at a level more than twice	

			their representation in Haringey's population. The Annual Labour Force survey indicates there is a lower rate of employment amongst BME groups compared to White British. Black Caribbean, Black African and Black other groups are over-represented in terms of JSA claims compared to the estimated working age population. White British is under-represented.	
Sexual Orientation	As above	As above	Information on sexual orientation is not currently available for our housing need or employment data	
Religion or Belief (or No Belief)	As above	As above	Information on religion or belief is not currently available for our housing need or employment data	
Pregnancy & Maternity	As above	As above	Information on pregnancy and maternity is not currently available for our housing need or employment data	

Marriage and Civil Partnership (note this only applies in relation to eliminating unlawful discrimination (limb 1))	As above	As above	Information on marriage and civil partnership is not currently available for our housing need or employment data	

Stage 5b – For your employees and considering the above information, what impact will this proposal have on the following groups: Positive and negative impacts identified will need to form part of your action plan.				
	Positive	**Negative**	**Details**	**None – why?**
Sex			Extremely small numbers of staff, probably less than five will be affected by the establishment of the vehicle	The development vehicle has minimal impact on staff structures
Gender Reassignment			As above	As above
Age			As above	As above
Disability			As above	As above
Race & Ethnicity			As above	As above
Sexual Orientation			As above	As above
Religion or Belief (or No Belief)			As above	As above
Pregnancy & Maternity			As above	As above
Marriage and Civil Partnership (note this only applies in relation to eliminating unlawful discrimination (limb 1))			As above	As above

Stage 6 - Initial Impact analysis	Actions to mitigate, advance equality or fill gaps in information
The development vehicle proposal seeks to enable development to meet future housing need within the borough and should therefore have a positive impact across the protected characteristics,particularly where high levels of housing need have been identified as with younger age groups, lone female parents and black and minority ethnic households. Similiarly, the provision of other benefits through jobs and training, community facilities, and new commercial and retail facilities should have a positive impact across the protected characteristics. The detail of specific schemes which would fall under the development vehicle is still to be worked out. The impact – positive or negative – of individual schemes will need to be assessed on a site by site basis. At present, the decision, if agreed by members, will be to procure the vehicle. It does not at this time establish the vehicle, nor does it allocate particular sites for development at present.	EqIAs to be completed in relation to individual sites as they are brought forward

Stage 7 - Consultation and follow up data from actions set above	
Data Source (include link where published)	**What does this data include?**
Consultation will be undertaken on a scheme by scheme basis and used to informed EqIAs in relation to individual sites	

Stage 8 - Final impact analysis
Overall, the development vehicle proposal is considered to have a positive impact for disadvantaged and excluded groups, including those with the protected characteristics. However, individual schemes will need to be assessed as they are brought forward for their specific impact on equalities.

Stage 9 - Equality Impact Assessment Review Log

Review approved by Director / Assistant Director	Dan Hawthorn (Assistant Director for Regeneration)	Date of review	7 October 2015
Review approved by Director / Assistant Director		Date of review	

Stage 10 – Publication

Ensure the completed EqIA is published in accordance with the Council's policy.

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