

Report for: CABINET

Item number: 15

Title: High Road West Regeneration Scheme Update and Next Steps

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

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Ward(s) affected: Northumberland Park Ward

**Report for Key/
Non Key Decision: Key Decision**

1. Describe the issue under consideration

- 1.1 In December 2014, following three years of consultation with the local community, Cabinet agreed the High Road West Masterplan. The Masterplan sets out an overarching vision and principles for development for the High Road West Regeneration Scheme.
- 1.2 This report details the progress made with the High Road West Regeneration Scheme since the December 2014 Cabinet decision. It also presents a business case for the preferred delivery structure for High Road West and seeks approval to commence a procurement process to secure a development partner using the Competitive Dialogue procedure under the Public Contract Regulations 2015.

2. Cabinet Member Introduction

- 2.1 With the potential to deliver 10,000 new homes and 5,000 new jobs, Tottenham is London's next big growth opportunity. As set out in our Corporate Plan, we are committed to harnessing our assets and potential to drive the growth required not only for Haringey, but London as a whole.
- 2.2 Our commitment to delivering regeneration and investment to Tottenham, and transforming outcomes for local residents, is demonstrable. Through the announcement of Tottenham as London's first Housing Zone which will see the delivery of thousands of new homes in Tottenham Hale, significant investment in training, jobs and health programmes for existing communities and Cabinet's approval in November 2015 to initiate a procurement process for a Haringey

Delivery Vehicle, which will secure investment and expertise to unlock assets and drive growth through town centre regeneration, estate renewal and economic expansion, our commitment to positive change is clear.

- 2.3 In relation to High Road West, we have shown our commitment by agreeing the High Road West Masterplan. The delivery of the High Road West Masterplan will transform the Northumberland Park Ward, which currently experiences fundamental social and economic disadvantage (where male life expectancy is eight years lower than the borough average), and which is dominated by poorly designed and fragmented housing estates and industrial land, into a new leisure and residential destination for London. The housing offer, in a ward largely dominated by single tenure housing, will also be transformed through the delivery of at least 1,400 new, mixed tenure homes that will help create a genuinely mixed and sustainable community.
- 2.4 We have also made significant progress since agreeing the Masterplan. Indeed, with 45 Love Lane tenants already successfully rehoused, a supportive rehousing team in place, the acquisition of leasehold properties underway, negotiations progressing with businesses and positive dialogue established with HM Treasury in relation to public sector funding - the scheme is progressing at pace. As such, we are now in an exciting position to take the next crucial step towards delivering the significant growth and transformative change set out in the High Road West Masterplan.
- 2.5 This report recommends how we should secure a development partner to work in partnership with the Council to deliver our aspirations for the High Road West area. It is vitally important that we secure a development partner. We cannot bring transformative change alone. Against a back drop of increasing funding constraints with caps on, and significant costs associated with, prudential borrowing, as well as, the decrease in housing rents (1% per year for four years) and thus revenue streams, we must look to the private sector to help provide the new homes, employment opportunities and high quality community facilities that our residents require.
- 2.6 Through the delivery structure and procurement process detailed within this report, we are confident that we can find a partner who will share our objectives and vision and will be willing to establish a working partnership. As residents are a vital component of our partnership, members of the Love Lane Resident Design Panel will be invited to participate in the procurement process.
- 2.7 In early 2017, we expect to have finalised the procurement process and will return to Cabinet for approval to appoint the preferred development partner.

3. Recommendations

- 3.1 It is recommended that Cabinet:

- i. Approves the High Road West objectives (para 6.18) which will inform the High Road West delivery and procurement objectives.
- ii. Notes the business case (Appendix 1) setting out the preferred delivery approach for High Road West and gives delegated authority to the Director of Regeneration, Planning and Development, after consultation with the Cabinet Member for Housing and Regeneration to refine and finalise the delivery structure following the conclusion of the soft market testing exercise.
- iii. Agrees to the commencement of a Competitive Dialogue Procedure under the Public Contracts Regulations to procure a commercial partner, to deliver the High Road West Regeneration Scheme.
- iv. Gives Delegated Authority to the Director of Regeneration, Planning and Development, after consultation with the Cabinet Member for Housing and Regeneration to agree all documentation required to support the procurement process.
- v. Gives Delegated Authority to the Director of Regeneration, Planning and Development, after consultation with the Cabinet Member for Housing and Regeneration, to deselect bidders, in line with the evaluation criteria, throughout the procurement process and to return to Cabinet for approval of the preferred bidder following the conclusion of the procurement process.
- vi. Note the indicative phasing plan, which can be found at Appendix 2, and to agree to commence the re-housing process for phase 2 of the Love Lane Estate. This will require all secure Council tenants within phase 2 to be put on the housing register and awarded 'Band A' priority status for rehousing

4. Reasons for decision

- 4.1 The Council has set out in its Corporate Plan and associated strategies, a set of challenging social, economic and regeneration objectives. It also has challenging economic and housing growth targets from the London Plan.
- 4.2 Agreeing the business plan and initiating a procurement process to appoint a development partner, and thereby taking forward the delivery of the High Road West regeneration scheme in a timely and efficacious manner, will support the Council's objectives and delivery against these challenging economic and housing growth targets.
- 4.3 Agreeing to open up the second phase of the rehousing process will ensure that these residents' housing choices and options are maximised and this in turn will support the expeditious delivery of the development and regeneration process.

5. Alternative options considered

5.1 The potential alternative options are considered in detail in the business case attached as Appendix 1 and examined in the body of this report.

6. Background and summary information

Background

6.1 The Council has a major commitment to both housing and employment growth through the Council's Corporate Plan 'Building a Stronger Haringey together', and through its contribution to the London Plan's housing and jobs targets. The nature and scale of these ambitions are further set out in the Council's Economic Development and Growth Strategy and in the draft Housing Strategy. More specifically for Tottenham, the Strategic Regeneration Framework (SRF) - a landmark 20-year vision for the future - sets out the need to deliver at least 10,000 new homes and 5,000 new jobs in Tottenham over the next twenty years.

6.2 The agreement of the High Road West Masterplan, in December 2014, following three years of consultation with the local community, was a major first step in realising the Council's regeneration and growth ambitions and meeting the targets set out in the SRF. The successful delivery of the Masterplan will deliver:

- A minimum of 1200 new homes of different size and tenure to meet the needs of the community, in a new safe and attractive neighbourhood set around a new community park;
- A stronger business economy delivering hundreds of new jobs and training opportunities through the provision of modern, flexible workspaces in addition to new leisure, sports and culture related business and employment opportunities;
- A safe and welcoming gateway to north Tottenham through the provision of a high quality public square, which will provide an important new link between a realigned and improved White Hart Lane station entrance and the High Road. This spacious, high quality outdoor space will be the focus of community, cultural and leisure activities – bringing together existing and new residents, visitors and businesses;
- Improved quality of life and life chances of existing and future residents through provision of high quality community and leisure facilities to match the best facilities across London;
- An increase in the amount and the quality of both public and private open spaces ensuring that all residents have access to both public and private space; and
- Provides for an improved High Road with a wider range of shops and an improved environment.

6.3 The Masterplan not only responds to the regeneration and growth aspirations of the Council, but also the socio-economic and planning context of the area, which were set out in detail in the December 2014 Cabinet report.

6.4 Since agreeing the Masterplan, a number of important steps have been taken to facilitate the delivery of the regeneration scheme. These are detailed below.

Initial Demolition Notices

- 6.5 On February 9th 2015, Initial Demolition Notices were served on all properties on the Love Lane Estate. These notices set out the Council's intention to demolish the Love Lane Estate within the next five years and suspended any Right-to-Buy applications.

Rehousing

- 6.6 At the time that the Masterplan was agreed, there were 212 secure Council tenants living on the Love Lane Estate; 96 tenants in phase 1 and 116 tenants in phase 2. Since then, significant progress has been made in relation to the Rehousing process for Love Lane residents. This includes:

- All rehousing and compensation procedures developed and agreed by the Director of Regeneration, Planning and Development;
- Dedicated Rehousing Officers secured to support residents;
- Weekly rehousing surgeries for residents established at the Grange;
- A detailed move guide developed for residents;
- The Ambrose and Mallory Court Local Lettings Plan agreed by the Cabinet Member for Housing and Regeneration
- Detailed needs assessments completed with 91 residents
- 46 tenants successfully rehoused, this includes:
 - 33 tenants moved from phase 1
 - 13 tenants moved from phase 2

Love Lane Leaseholders

- 6.7 There were 85 leasehold properties on the Love Lane Estate when the Masterplan was agreed, this included 65 Leaseholders in phase 1 and 20 in phase 2. In relation to phase one, the Council has:

- Purchased two leasehold properties within Phase one of the Love Lane Estate.
- Agreed values with a further two properties and is currently finalising the conveyancing
- Completed valuations with a further 5 properties in phase one.

Love Lane Design Panel

- 6.8 The December 2014 Cabinet Decision gave approval for the Council to establish a Love Lane Design Panel. The Design Panel provides for the Love Lane residents' engagement in design of the High Road West development scheme. The process is based on the Residents Charter which was also agreed by Cabinet in 2014.

- 6.9 The Design Panel has now been established and is being supported by the Council and the Independent Tenant and Leaseholder Advisor (ITLA) working

for Love Lane residents. The ITLA has been working with residents to develop their capacity regarding architectural knowledge and skills and aim to produce an aspiration Design Guide, which will be incorporated into the procurement and design process promoted by the Council.

Summary Information

Delivery approach and financial modelling

- 6.10 In February 2015, Bilfinger GVA (GVA) were appointed as the Council's commercial advisors and were commissioned to work with the Council and its external legal advisors to develop a preferred delivery structure for High Road West and determine the most appropriate process for securing a development partner. The conclusion of this work is detailed in the business case attached at Appendix 1 and is explained in section 5 below.
- 6.11 As part of their commission, GVA have also tested the viability of the regeneration scheme. This has included investigation into the detailed costs associated with delivering the scheme and the likely future sales values. The financial assessment has shown that significant public sector funding will be required to deliver the scheme. This is due to the considerable land acquisition costs, including the costs of associated with rehousing residents and businesses, the large infrastructure costs and low sales values in the area.

Treasury Green Book Outline Business Case

- 6.12 To secure the necessary public sector funding to support the High Road West regeneration scheme, Officers have developed and submitted an Outline Business Case to Treasury and are in ongoing negotiations with the GLA. This Business Case seeks funding to support the delivery of regeneration in north Tottenham, including the High Road West Regeneration Scheme and any future regeneration scheme in the Northumberland Park Estate area.
- 6.13 In total the Council is seeking £166m of public sector funding to support physical regeneration in north Tottenham. There is an ongoing dialogue between the Treasury, the GLA and Council Officers and it is anticipated that a commitment to funding will be made ahead of initiating a procurement process in the new year.

Area Action Plan

- 6.14 As detailed in the December 2014 Cabinet report, the Planning Service have been developing the Tottenham Area Action Plan (AAP) – a statutory planning document which will guide future development in Tottenham. In relation to High Road West, the key principles of the High Road West Masterplan will be embedded in this document. Since December 2014, the AAP has been through a Regulation 18 consultation and Full Council will be asked to approve the next version of the document for Regulation 19 consultation in November 2015. The AAP is programmed for adoption in 2016.

Defining the delivery approach

- 6.15 As detailed above, GVA have been commissioned to work with the Council and its external legal advisors to develop a preferred delivery structure for High Road West and determine the most appropriate process for securing a development partner.
- 6.16 It has been clear from the outset that the Council will need to seek a development partner to work in partnership to deliver the scheme. Whilst the Council does have some land assets in the regeneration area (the Love Lane Estate), the Council is unable to carry out the regeneration on its own, it does not have the in-house capacity, experience or expertise to deliver the scale of change set out in the High Road West Masterplan. It is also the case that, despite potential funding support from the Treasury, the Council would still not be able to raise the funding for the significant costs associated with the development due to the increasing funding constraints with caps on, and significant costs associated with, prudential borrowing, as well as, the decrease in rents (1% per year for four years) and thus revenue streams.
- 6.17 The starting point for determining the optimum delivery structure and partnering arrangements for a development partner has been to consolidate the Council's objectives for the regeneration scheme. This has been achieved by reviewing the key elements of the High Road West Masterplan and related Cabinet decisions, and aligning the High Road West objectives with the objectives agreed by Cabinet in November 2015, in relation to the Haringey Delivery Vehicle.
- 6.18 This process has led to the development of the following objectives:
- To deliver comprehensive regeneration of the High Road West area that creates a vibrant, attractive and sustainable neighbourhood and a new sports and leisure destination for London.
 - To regenerate the Love Lane Estate, ensuring that all current secure tenants are rehoused in high quality homes within the area.
 - To deliver a broad mix of tenures including innovative new affordable housing products and PRS in a tenure blind development.
 - To provide new employment opportunities and deliver an increase in the number of jobs in the High Road West area.
 - To deliver new community infrastructure that meets the needs of an increased population, including a new library learning centre and social and if necessary health and educational facilities etc.
 - To deliver uplift in the amount and quality of public space in the area, including a new public square, which is activated with community and other uses, to link White Hart Lane station to the High Road.
 - To ensure the Council maintains influence and control, above and beyond planning powers, to deliver the maximum possible public value.

- To ensure that any future development partner is committed to facilitating the delivery of the objectives set out in the Tottenham People Programme.

6.19 Along with detailed Heads of Terms, still to be finalised these overarching objectives will inform the forthcoming procurement exercise to secure the right partner for the High Road West development.

What type of delivery structure does the Council require?

6.20 Having ascertained the objectives, the business case then considers three potential delivery structure options which the Council could implement in order to fulfil its objectives. These options take into account the Council's financial and investment capability, the type of partner the Council wishes to engage with and the need to meet the objectives of the Council. Consideration has also been given as to ensuring that the options are deliverable in that they meet the Council's objectives but are also attractive to the market.

- Option 1- A basic contractual development agreement

This structure passes development and financial risks onto the development partner and as a consequence limits the control and rewards the Council will receive. However, the contractual arrangements will protect the Council's interests and will set out how the Council can take a share in any value or profits made by the scheme.

- Option 2- A partnership development agreement

This structure enables the lead developer to deal with site preparation, planning and infrastructure to enable the development and create the 'development platform' that works alongside the Council and agrees to enable other specialist developers to participate in downstream development.

- Option 3- A joint venture entity

This structure presumes that the Council and the partner contribute land and funding and by which the JV becomes the developer with a (eg.) 50/50 decision making and development management arrangement with the partner.

6.21 It should be noted that consideration has been given as to whether High Road West should be included as part of the Borough-wide Delivery Vehicle. However, it has been concluded that High Road West should be delivered independently of the Delivery Vehicle because of the following:

- The council would like to accelerate delivery across both High Road West and the Northumberland Park Estate. Putting them into the same vehicle is likely to lead to more of a sequential approach to both estate renewal projects (given proximity and similarity in nature); and
- The council has high ambitions for qualitative outcomes on both projects. Delivering both through a single JV partner or consortium may create risk in this regard due to a number of factors including lack of diversity of product

and/or lack of market competition and/or undue pressure placed on single party/consortium to meet programme aspirations.

Analysis of options

6.22 As members will see the business case details a high level financial review of the three options as well as a strategic review of the delivery options. The strategic review, considers the following:

- The extent to which they will support the council in fulfilling the aims of the Corporate Plan and Strategic Regeneration Framework for Tottenham;
- The extent to which they meet the required project outputs and objectives of the council; and
- The high level pros and cons of each option.

6.23 Each option is assessed on a score range of 0-5, wherein zero is the lowest performing score relative to the assessment parameter, and five is the highest. The results of the strategic review are detailed in the table below:

Assessment Parameter	Option 1 – Conventional DA	Option 2 – Partnership Development Model	Option 3 – Joint Venture	Comment
Balancing the Council's capital receipts with long-term revenue	2	2	3	Option 3 offers the most flexibility to secure long-term revenue. However, this is based on putting the council's capital, i.e. land into the joint venture and returns i.e. profit is not guaranteed. All options offer opportunity for council debt-funding development, which will deliver a margin on lending for the council.
Extent to which option relies upon the skills and experience of council	4	2	1	Option 3 requires significant resource commitment from the council, which will require an on-going revenue budget. Option 2 will also require the same, but to lesser extent. Option 1 requires the least development skills and experience and will have the least revenue costs for the council.
Extent of private sector investment against council investment	5	4	3	In Option 3 there is a share split in investment between public and private sector.

Assessment Parameter	Option 1 – Conventional DA	Option 2 – Partnership Development Model	Option 3 – Joint Venture	Comment
				<p>Option 2 requires 100% private sector investment (following land assembly) however, the Council's land is placed at some risk.</p> <p>Options 1 requires 100% private sector investment (following land assembly) with no risk being placed on the Council's land.</p>
Extent to which facilitates the leveraging of external forms of public funding	4	2	4	<p>In option 2 the LDP (not owning land) is more constrained in terms of securing external public funding (e.g. Build to Rent Fund).</p> <p>In Option 3, as a private company a JV public/private vehicle is as able to secure such funding as in Option 1.</p>
Deliver a broad mix of tenures including innovative new affordable housing products and PRS in a tenure blind development	3	4	4	Both option 2 and 3 provide opportunities for innovation. Option 1 may meet these objectives but the lower level of control from the council means it will be difficult to control the development post-commercial close.
To ensure the council maintains influence and control, above and beyond planning powers, to deliver the maximum possible public value	2	3	4	<p>In Option 3 the council maintains a veto power on actions of the vehicle, in Option 2 it is able to influence the actions of the developer through a Project Exec Board (or similar).</p> <p>Through appropriate governance structures and contractual bases, in Option 1 it may also be possible to secure influence over some key decision making, albeit this is less pronounced than in Option 2.</p>
To ensure that any future development partner is committed to facilitating the delivery of the	4	4	5	A high degree of control in this respect can be achieved by way of the partner procurement competition (& resulting contract structure); albeit through a JV these powers of control and influence are greater.

Assessment Parameter	Option 1 – Conventional DA	Option 2 – Partnership Development Model	Option 3 – Joint Venture	Comment
objectives set out in the Tottenham People Programme				
The council wishes the developer partner to deliver affordable housing and community infrastructure.	4	4	4	All three options allow the council to specify and deliver such minimum requirements.
The council does not wish to take direct development risk.	5	3	1	In option 1 the council's risk is crystallised at the point of commercial close and it will not participate in development risk. In Option 2 the council takes some land price risk and in Option 3 the JV acts as developer and therefore is fully exposed to development risk.
The council seeks innovation in masterplanning within AAP parameters	3	4	4	Subject to the council providing for such flexibility, all three options allow for innovation in this respect, albeit in Option 1 the partner is typically asked to innovate and crystallise a scheme through the procurement process; whereas in options 2 and 3 the schemes tend to develop more following commercial close.
The council requires financial transparency and open book accounting	2	3	4	All three options allow for open book accounting. However, in Option 3 the council will have full access to the accounts of the vehicle. In Option 2 the council will have visibility such matters via a Project Executive Board. In Option 1 the council will inevitably have less access to the accounts of the developer.
Private sector appetite taking into account nature and scale of development	5	3	1	The relative lack of development scale, complexity of delivery, and extent of competing JV schemes across London (incl. the planned LB Haringey Delivery Vehicle) mean that JV approach carries significant market appetite risk. This noting that JVs of this kind attract a 'narrow field' of interest. Option 1 and 2

Assessment Parameter	Option 1 – Conventional DA	Option 2 – Partnership Development Model	Option 3 – Joint Venture	Comment
				are more conventional with wider appeal.
Total score	43	38	38	

The preferred option

- 6.24 As a result of the analysis, Option 1 (a development agreement) is the recommended option, because it is the model that best provides a means by which the Council can achieve its objectives.
- 6.25 This option allows the Council to retain the required level of control and responsibility including control of key aspects of the development (meeting assurances given to residents and land assembly) and the opportunity to share in any future additional value created through; uplift in the land value from obtaining planning permission and overage arrangements. However, it exposes the Council to the least amount of development and financial risk and the lowest ongoing revenue costs.
- 6.26 This option is also simpler and more cost effective to procure, both from a Council and a developer perspective. This will make it considerably more attractive to the market, which may consider a full-joint venture approach too expensive and complex for the development at High Road West.
- 6.27 It is also the case, that the council is promoting a separate joint venture delivery vehicle at the same time; HRW will be competing with this and other partnering opportunities across London.

Structure and Governance

- 6.28 With a development agreement scenario, the Council will enter into a Development Agreement with a Lead Developer Partner, with land transfer usually conditional on planning and other matters i.e. conditions precedent.
- 6.29 This proposal provides the Council, via a Project Steering Group (PSG) with control over certain elements of the scheme. The PSG will receive reports on the progress of the land assembly, masterplanning and other strategic outcome of the scheme from the lead developer partner. The Council envisages that the PSG will take collective decisions and agree the strategic direction of the phased development programme.
- 6.30 However, the exact make-up and roles/responsibilities and decision-making powers of the PSG will be determined through the course of the developer partner procurement process.

6.31 All of the above is protected legally within the Development Agreement. Plot covenants may be imposed in each land transfer which seeks to protect the community by setting out some basic rules of what is and what isn't acceptable. This will ensure that the Council can meet the assurances made to the community and protect the vision for the area, set out in the Area Action Plan.

Procuring a development partner

6.32 The Council's external Legal Advisors, Eversheds, have been working with the Council and GVA to determine the optimum procurement route for a development partner and section 2 of the business case sets out the recommended procurement route for High Road West.

6.33 Eversheds have advised that to secure a development partner and establish a partnership development agreement structure, the optimum procurement route would be a competitive dialogue, under the Public Contract Regulations 2015 European procurement process. A competitive dialogue procurement process will allow the Council to have detailed negotiations with bidders within a competitive environment, so that the Council can secure the most efficient partnership.

6.34 A number of work streams need to be progressed before a procurement process for High Road West can be commenced. The work streams include:

- Development of detailed Heads of Terms
- Development of an affordable housing specification
- Development of a library learning centre specification
- Infrastructure and topographical studies of the area to be completed (work already commissioned)
- Development of specification for a site and infrastructure to provide Decentralised Energy to the North Tottenham area
- Detailed title information collated
- Development of the scoring and evaluation criteria
- Development of the procurement documentation (PIN, OJEU notice, invitation to participate in dialogue (ITP), invitation to submit final tenders (ITFT))
- Establishment of a data room

6.35 Following the development of the work streams above the Council will be able to initiate the procurement process. The procurement process is likely to take between 10-12 months to complete, a summary of the key procurement stages is detailed below:

- Issue a PIN
- Developers day held
- The issue of an OJEU notice
- Memorandum of Information and Pre Qualification Questionnaire Stage
- Dialogue Phase
- Submission of final tender
- Evaluation
- Preferred bidder and documentation phase

- Contract award

6.36 Members will be fully briefed on the progress of the above stages of work. At this stage Cabinet's authority is not being sought to set to dispose of its land holdings in the High Road West area, but rather to move on to the next stage and embark on a formal procurement process. If Cabinet is minded to do that, it will be asked in due course to make two further decisions; firstly, following evaluation, to agree the preferred bidder, and finally, following appropriate due diligence and formal documentation, agree the terms of the disposal of the Council's land.

Involving Residents in the procurement process

6.37 As mentioned in paragraph 6.9 above, the Council has established a resident Design Panel. The purpose of the Design Panel is to involve residents in the design of the High Road West Regeneration Scheme. The Panel have been developing an aspiration Design Guide document which sets out their aspirations for new homes in the regeneration area.

6.38 Officers have agreed to issue the Design Guide to bidders as part of the suite of procurement documentation. This is to ensure that bidders are aware of residents' aspirations from the outset.

6.39 Officers have also agreed that three representatives from the Design Panel and the Chair of the Love Lane Residents Association will attend bespoke dialogue meetings with bidders relating to community engagement and design to ensure that the Council seeks residents' views and is meeting its assurance to involve residents in all stages of the regeneration scheme.

Land Assembly

6.40 To guarantee the successful implementation of the High Road West Regeneration Scheme the Council will need to secure all of the land required within the regeneration area.

6.41 The Council's principal and preferred method of acquiring land is through negotiation and private treaty agreements with individual landowners, and in this respect, negotiations have commenced with a number of land owners.

6.42 To help progress negotiations and dialogue with land owners in the High Road West area and to meet the assurances set out in the Business Charter (agreed at Cabinet in December 2014), as a next step, the Council will need to procure a property agent who has specialist knowledge of the property market in Haringey. This agent will be able to work with affected businesses to secure suitable relocation sites within the borough. The majority of affected businesses will not need to move for a number of years, but initiating the process of relocation early allows commercial and industrial sites, to be secured as and when they become vacant.

6.43 It should be noted that within the current draft AAP, the Council states that it will consider use of its statutory powers, including compulsory purchase, to deliver its planning and regeneration objectives as set out in the draft AAP. High Road West is identified within policy AAP1 of the draft AAP as a priority for comprehensive, masterplanned regeneration, and as a site where compulsory purchase may be required to deliver this comprehensive approach. This wording should provide potential development partners with some comfort that the Council is seeking to put in place the necessary planning policy underpinning to justify being able to secure all of the land within High Road West for regeneration before they commit to a lengthy and costly procurement process.

Love Lane Rehousing – Phase 2 tenants

6.44 As detailed in paragraph 6.6 above, the Council initiated the rehousing process for secure council tenants in phase 1 of the Love Lane Estate in December 2014. In February 2015, following the agreement of the Ambrose and Mallory Court Local Lettings Plan, tenants from both phase 1 and phase 2 had the opportunity to move to Ambrose and Mallory Court – new homes built by Newlon Housing Association in the north of the High Road West regeneration area.

6.45 The table below details how many tenants are left in phase 1 and phase 2 of the Love Lane Estate.

	Phase 1	Phase 2	Total
Remaining tenants	62	87	149

6.46 The council has undertaken to offer replacement homes to all those tenants who wish to remain in the area, however, it is clear that some tenants do not wish to stay and have other aspirations to move elsewhere. Phase 1 of the rehousing process has resulted in 29 tenants moving locally (to Ambrose and Mallory Court) and, a smaller number, moving elsewhere in the borough. To inform the future replacement housing requirement and to understand residents' rehousing needs and aspirations, the High Road West Rehousing Officers have been completing outline needs assessments with tenants in phase 2 of the Love Lane Estate. It is clear from the needs assessments that tenants in phase 2 would like the opportunity to bid and move to homes now.

6.47 Whilst this is likely to be a small number, increasing the number of tenants who are in Band A, increases the number of people bidding for properties, this will ultimately have an effect on tenants who are currently in temporary accommodation. However, vacant properties on the estate can be utilised for tenants requiring temporary accommodation (as well as meeting other objectives within the Housing strategy) at a much lower cost than the alternative private sector.

6.48 The rationale for initiating the rehousing process for tenants in phase 2 of the Love Lane Estate is set out below:

- The Council only has a finite (7 years from February 2015) period in which to rehouse all residents and demolish the Love Lane Estate;
- A development partner is expected to be in place in early 2017 and work could start on site in 2018; initiating the rehousing process soon as possible allows a broader choice for residents as the development work begins;
- Phase 2 tenants have expressed a desire to relocate now, delaying the decant process will reduce their options for re-housing;
- Within the Love Lane Resident Guide the Council has committed to maximising tenants' rehousing choice;
- The bidding for properties will be spread over a number of years. The Council has designated Rehousing Officers who will help manage the process and prevent unmanageable spikes appearing at either end of the programme;
- Vacant properties on the Love Lane Estate will be utilised to meet the objectives identified within the housing strategy, until such times as they are needed for regeneration. A detailed void strategy is currently being developed, this strategy will detail, for example, the percentage of void properties used for temporary accommodation and how properties will be vacated prior to demolition.

7. Contribution to strategic outcomes

7.1 The recommendations outlined in this report are key to delivering the High Road West regeneration scheme in a timely and efficacious way. The High Road West scheme, and the hundreds of millions of pounds of private sector investment it will bring to north Tottenham, supports the Council in the delivery of two of its corporate plan priorities - Priority 4: Drive growth and employment from which everyone can benefit; and Priority 5: Create homes and communities where people choose to live and are able to thrive. In terms of growth and employment, the major new leisure and commercial quarter located around Moselle Square and the new work spaces being created as part of the scheme, will deliver an increase in employment in the area and attract significant visitor spend. As importantly, the High Road West scheme will deliver at least 1400 new homes aimed at a variety of income levels and support our ambitions to deliver a truly mixed and sustainable community in north Tottenham.

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

Finance

8.1 This report largely concerns the immediate actions required to implement the next stage of the High Road West Regeneration scheme.

8.2 However, in addition to considering the costs (largely revenue) of facilitating the procurement process, the Council also needs to be aware of the need for wider funding support for this scheme due to the inherent viability gap. Unless this funding gap is addressed any procurement process is unlikely to be successful.

- 8.3 Any potential Development partner would expect the Council to provide vacant possession of the site. The cost of this is expected to be £93m in total, of this £8.4m of funding related to buying out of leaseholders and paying homeless costs has already been agreed by Cabinet in Dec 2014, leaving funding of £84.6m to be identified. The Council could seek to identify this funding for its own resources but is constrained by the borrowing cap within the Housing Revenue Account and the need for available General Fund capital to support several other Council priorities. Additionally the viability issues with this scheme mean that the Council could not expect this scheme to be able to pay back all of this funding.
- 8.4 Modelling of the preferred masterplan option has demonstrated that there is a viability gap of (details found on page 25 of the Exempt -Appendix 1 - High Road West Business Case) in delivering this Regeneration Scheme, this arises from costs of securing vacant possession of housing and commercial property and the infrastructure needs of the project exceeding the expected additional income expected from additional housing units.
- 8.5 Therefore, as detailed earlier in this report, to secure the necessary public sector funding, Officers have developed and submitted an Outline Business Case to Treasury. This Business Case seeks funding to support the delivery of regeneration in north Tottenham, including the High Road West Regeneration Scheme and any future regeneration scheme in the Northumberland Park Estate area.
- 8.6 Through the Treasury Green Book Appraisal Business Case the Council is seeking a total of £166m of public sector funding to support physical regeneration in north Tottenham and there is ongoing dialogue between the Treasury, the GLA and Council Officers about this bid. The Council is however, also engaged in negotiations with the GLA in relation to alternative public funding streams which could be available to bridge the High Road West funding gap if the Treasury do not agree the Business Case. Should the Council's Business Case and negotiations with the GLA be unsuccessful then Council will need to reconsider how to fund the regeneration scheme, before proceeding with any procurement process.
- 8.7 In terms of the next steps and recommendations within this report, there are two other main areas where there are financial implications; funding the procurement process to seek a development partner and initiating the rehousing process for phase 2 of the Love Lane Estate.
- 8.9 The High Road West Regeneration Scheme has an existing budget for 2016-17 totalling £538,000, which combines the £343,000 agreed as part of the 3 year Tottenham Team budget agreed in February 2014 and £195,000 for additional staffing resources agreed by Cabinet in December 2014,
- 8.10 The total cost of running the procurement process and supporting resident engagement and re-housing during 2016-17 is estimated to be £1,173,000, therefore there is a funding gap of £635,000. The funding required can be broken down as follows;

- £407,800 – Staffing resources including project management, re-housing and buy-back officers¹
- £500,000 – Commercial and Legal Advice
- £130,000 – Valuation and Business Support Advice
- £110,000 – Communications, Running Costs of the Grange.
- £25,000 – Library Learning Centre Feasibility

8.11 This cost can be funded by the existing approved budget for the High Road West Regeneration Scheme for 2016-17, which is £538,000, supplemented by agreed funding from the Transformation Reserve, which will be drawn down as spent is incurred.

8.12 Cabinet in December 2014, agreed a total budget of £2,480,000 to fund homelessness, disturbance and related expenditure for existing Council tenants. This was for Phase 1 and Phase 2 on the Love Lane Estate, and thus no additional budget is required to progress this element of the scheme.

Procurement

8.13 The Council has sought procurement advice from both the Council's Legal and Commercial advisors in relation to the procurement of a development partner for High Road West Regeneration Scheme.

8.14 The Council's Procurement Team is a member of the High Road West Procurement Team and will be fully involved in the procurement process going forward. The Procurement Team will continue to work closely with the Council's Legal and Commercial Advisors to ensure that the procurement is fair, transparent and adheres to the Public Contracts Regulations.

8.15 Legal

8.16 The Council wants to regenerate the High Road West area and this report seeks authority to carry out a procurement exercise using the Competitive Dialogue procedure and in doing so must comply with the Public Contracts Regulations 2015. There are a number of legal issues that would need to be considered and legal advice will need to be obtained as the procurement progresses.

8.17 Further legal advice will be provided as and when this matter is further reported to Cabinet.

Equality

8.18 The Council is required to complete an Equalities Impact Assessment (EqIA) for the purposes of meeting its obligations under the Section 149 of the Equality Act 2010. This requires the Council to have due regard to the need to:

¹ It should be noted that the staffing resource includes shared resources working on resident engagement on Northumberland Park Estate.

- eliminate discrimination, harassment and victimisation of persons protected under that Act (protected characteristics);
- advance equality of opportunity for protected characteristics; and
- foster good relations between groups who share a protected characteristic and those that do not share that characteristic.

- 8.19 As a first step in the EqIA process, officers have completed a high level screening exercise and believe that recommendations i-v set out in para 3.1 above, have no impact on the nine protected characteristics and as such a full EqIA has not been completed for these recommendations. This is due to the fact that the recommendations are in relation to initiating a process. Once the process has been completed and Officers have selected a preferred development partner and drafted a Development Agreement a detailed EqIA will be produced for Members to consider. This EqIA will be considered when Members decide whether to select the preferred bidder and enter into the Development Agreement.
- 8.20 Officers have completed an EqIA for recommendation vi in para 3.1 which seeks Cabinet approval to ‘commence the rehousing processes for phase 2 of the Love Lane Estate.’ The EqIA, found at Appendix 3, identifies whether there is an impact on any persons or groups protected under the Act and, if there is an impact explains how the impact will be mitigated.
- 8.21 The analysis conducted within the EqIA compares the profiles of Housing Register applicants and Love Lane tenants living in phase 2, with comparative information available in respect of gender, disability, ethnicity and age only. This demonstrates that both the Housing Register residents and tenants in phase 2 of the Love Lane Estate include similarly high proportions of disadvantaged groups.
- 8.22 It is clear from this analysis that initiating the re-housing process for tenants in phase 2 of the Love Lane Estate will have a positive impact for these groups (gender, disability, ethnicity and age) on the Love Lane Estate, as they will have more re-housing choice and are likely to secure a new home that meets their need quicker. It also shows that this decision will have a negative impact on these groups of households on the Housing Register as these households are likely to have to wait longer to secure permanent accommodation.
- 8.23 Officers will be seeking to mitigate any negative impact on households on the Housing Register by managing the number and speed for which Love Lane households are put into Band A and thus can bid for properties. Tenants can only be put into Band A once they have completed a needs assessment and the assessment has been assessed and verified. Therefore, the Love Lane Re-housing Officers will be able to control the number of re-housing needs assessments completed and assessed, so that the Council can control the number of tenants being put into Band A and bidding for properties.
- 8.24 Officers are also producing an annual supply and lettings plan, which will detail how many void properties will be allocated to the identified groups on the Housing Register. This will include the percentage of properties per year that will be let to residents who require re-housing as a result of estate regeneration

schemes (Band A) and percentage of properties that will be let to homeless households (Band B). This plan is due to be considered by the Council's Cabinet in the new year. If agreed at Cabinet, the plan will be reviewed and agreed on an annual basis and will set the total number of void properties which will be available to each housing waiting list group and will thus be able to ensure that proportionate amounts of housing is supplied to each group.

9. Use of Appendices

9.1 The table below details the appendices relevant to this report:

Appendix	Document
Appendix 1	High Road West Business Case (part of this appendices is exempt under Part 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information))
Appendix 2	Indicative phasing plan
Appendix 3	Equalities Impact Assessment

10. Local Government (Access to Information) Act 1985

10.1 Background Papers:

- 16th December 2014 Cabinet Report- High Road West Regeneration Scheme- Masterplan and Next Steps
- 15th July 2014 Cabinet Report- High Road West Regeneration Scheme Consultation.
- 28th November 2013- High Road West Regeneration Project - Master Plan Option Consultation Feedback and Next Steps.