

<b>Committee:</b> Cabinet	<b>Date:</b> June 2007	<b>Classification:</b> Unrestricted	<b>Report No:</b>	<b>Agenda Item No:</b>
<b>Report of:</b> Corporate Director of Development and Renewal		<b>Title:</b> Ocean New Deal for Communities Delivery Plan		
<b>Originating Officer(s):</b> Chris Holme - Service Head Resources		<b>Wards Affected:</b> Limehouse, St. Dunstons & Stepney Green, Mile End and Globe Town		

## 1. SUMMARY

- 1.1 This report seeks Members approval for the detailed Ocean NDC Delivery Plan for 2007/08 in line with the priorities approved by Cabinet in April. An agreed final delivery plan for the year is required by the end of June, to satisfy Community for Local Government's conditions to enable a funding agreement for this financial year, between the Council and Government Office for London, to be finalised.
- 1.2 The report also sets out more details for members' consideration with regard to the housing regeneration consultation arrangements, the partner procurement timetable and proposed Ocean Regeneration Trust arrangements.

## 2. RECOMMENDATIONS

The Cabinet is recommended to:

- 2.1 Note the arrangements for consultation on the Council's proposals for regeneration of the Ocean Estate.
- 2.2 Agree that the Community Land Trust model (notionally referred to as the Ocean Regeneration Trust), as set out in paragraph 6 of the report, be the appropriate special purpose vehicle for delivery of the future regeneration of the Ocean Estate.
- 2.3 Agree the detailed NDC Delivery Plan as set out in Appendix 1.

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<b>Local Government Act, 1972 Section 100D (as amended)</b>	
<b>List of "Background Papers" used in the preparation of this report</b>	
Brief description of "Background paper"	Name and telephone number of holder and address where open

Ocean NDC files

Chris Holme (ext 4987  
and Niall McGowan (ext 2538)

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### **3. BACKGROUND**

- 3.1 Cabinet last considered a report on the Ocean NDC in April 2007. That report detailed the outcome of the Communities and Local Government rapid review, and the Council's response, in terms of a new housing regeneration financial model, that would meet the Government's requirements for access to the housing and community facilities tranche of NDC grant funding. That funding was held in abeyance following residents' decision to reject stock transfer. The report also set out proposals for new delivery arrangements and an outline delivery plan for the year. Cabinet resolved:

#### ***With regard to the Rapid Review***

1. To note the outcome of the Communities and Local Government rapid review and its implications for the Ocean New Deal for Communities programme.
2. To note the indicative funding gap with regard to delivery of the regeneration of the Ocean Estate.
3. To note that New Deal for Communities (NDC) grant cannot be utilised to fund a decent homes package.
4. To note that the NDC funding allocated for housing regeneration (£17.4million) and for community facilities (£1.8million) is predicated on an alternative regeneration package being identified that will ensure transformational change on the estate.
5. To note that the NDC funding allocated for housing regeneration and community facilities is further dependent on the Council's housing capital programme allocation (£14.25million) remaining ring-fenced for the Ocean Estate.

#### ***With regard to the Revised Approach to Housing Regeneration***

6. That the Regeneration Partnership Approach, provides the optimum approach to delivering transformational change, in that it enables retained stock to remain within the Council's control, and tenancies of retained stock to remain secure Council tenancies, while attracting partnership investment funding for both refurbishment and new build of mixed tenure homes on the estate.
7. To note that the Regeneration Approach is dependent upon a number of "feeder" sites, being placed, when vacated, into a special purpose vehicle on a long leasehold basis, for nil consideration.
8. That those feeder sites/buildings, identified in the report of 7<sup>th</sup> April, be declared surplus to requirements, upon satisfactory relocation of existing service providers where appropriate.
9. To agree that the reprovision of services and facilities will be the subject of consultation with existing service providers and will include consideration of possible reprovision of services and facilities on the site of Haileybury/Dame Colet, as part of any redevelopment scheme'.

10. That the Corporate Director of Development and Renewal can transfer the feeder sites, when vacated, to a special purpose vehicle on a long leasehold basis, at nil consideration.
11. To note that the Regeneration Partnership Approach is further dependent on Urban Block E (Option 1), or Urban Block E and Urban Block F (Option 2), also being placed, when vacant, into the special purpose vehicle on a long leasehold basis, for nil consideration.
12. That the Corporate Director of Development and Renewal can transfer Urban Block E, or Urban Block E and Urban Block F, when vacant, to the special purpose vehicle on a long leasehold basis, for nil consideration.
13. To note that Option 2, as set out in the report of the 7<sup>th</sup> April, is likely to provide the most comprehensive regeneration for the estate, but that both options 1 and 2 be worked up further.
14. That the Corporate Director of Development and Renewal, after consultation with the Assistant Chief Executive (Legal Services) and Director of Resources, be authorised to determine the form of procurement for an investment partner, in accordance with European Union procurement rules and financial regulations.

***With regard to the Vacation of Council Blocks***

15. To note that the blocks grouped in Urban Block E, already have decant status.
16. That decant status be granted, with effect from September 2007, for the blocks grouped in Urban Block F, and listed in the report of 7<sup>th</sup> April.
17. That the Corporate Director of Development and Renewal be authorised to negotiate voluntary buyback of leaseholder interests in Urban Block F.
18. That a Compulsory Purchase Order (CPO) be made as set out in paragraph 5.18 of the April 7<sup>th</sup> report, in respect of all interests in the properties listed in paragraph 5.18.3 of that report (Urban Block E), and to include in the CPO any further properties bought under right to buy, prior to the expected date of taking possession under the CPO; and that the Corporate Director of Development and Renewal be authorised, after consultation with the Assistant Chief Executive (Legal Services) and Director of Resources, to make the CPO and carry out all necessary steps to acquire the properties.

***Capital Estimates***

19. That a capital estimate be adopted to the value of £33.45million, comprising £19.2million NDC grant and £14.25 from the Housing capital programme, for the capital costs arising from the development and delivery of a housing regeneration programme for the Ocean Estate, and associated decants.
20. That the use of retained development and legal consultants be approved to further develop the scheme to enable delivery within NDC grant timescales.

***With regard to Community Facilities***

21. To note that as part of the regeneration programme, new and improved community facilities will be provided on the estate.
22. To note that three of the feeder (LIFRA Community Hall, Haileybury Centre and 79 Ben Jonson Road) are currently occupied by organisations providing vital community services and that continuity of provision of accommodation will be protected and built into the timetable for the regeneration programme.

***With regard to the Delivery Plan 2007/08***

23. That the draft outline Delivery Plan for 2007/8 be agreed for submission to the Government Office for London, and authority be delegated to the Corporate Director, Development and Renewal to effect minor amendments to the text.
24. That interim funding be agreed for the first quarter 2007/8 for a number of projects originally scheduled for continuation.
25. To note that the detailed Delivery Plan will be submitted for Members' consideration in June 2007.

***Delivery Arrangements***

26. That the revised delivery arrangements for the Ocean NDC programme be agreed in principle, and the Cabinet note that the final arrangements will be set out in the report accompanying the detailed delivery plan in June 2007.

- 3.2 At the April 7th Cabinet meeting, Members expressed concerns regarding the consultation arrangements, and this report provides more information on the planned processes. Since Cabinet agreed the financial model for regeneration, all Ocean residents have been sent a letter explaining the position.
- 3.3 Since the Council agreed the recommendations set out in paragraph 3.1 above, Government Office for London, in consultation with officers at CLG have expressed their intention to prepare a funding agreement for the housing and non-housing elements of this year's planned programme. However that is, as outlined in the April report, subject to the Council agreeing a detailed delivery plan by the end of June.

**4. HOUSING REGENERATION CONSULTATION ARRANGEMENTS**

- 4.1 The long term success of any Ocean scheme is dependant on extensive consultation with residents and other stakeholders. However, consultation on the current proposals cannot be considered in a vacuum as residents have already been consulted on previous proposals and we need to take into account the views that have been expressed in the past.

- 4.2 The Ocean Regeneration Trust (ORT) model, described in paragraph 6 below has itself been designed as a response to previous consultation and involvement, in particular, but not confined to the result of the ballot. The Masterplan, on which the development proposals are based, was itself subject to detailed consultation prior to its approval. Therefore, previous consultation that has taken place specifically relating to housing proposals is being reviewed to create a context for this consultation strategy. Of this the most extensive element is the output of the Resident Steering Groups which took place in working up the Housing Masterplan.
- 4.3 Consultation will take place on a number of key areas:
- on the model
  - on the detail of the housing regeneration scheme
  - on the planning application
  - on the design of the new build
  - on the details of the refurbishment
  - on the scope and governance of the ORT
- 4.4 Each of these elements is distinct, and potentially has different consultees; however, they also overlap and will need to take place at the same time as part of a continuum. A key objective of the process will be to focus on issues relevant to distinct groups, tailoring the criteria and opportunities to most effectively bring about an appropriate dialogue with residents and businesses and allow every opportunity for them to exert influence in the redevelopment of the estate.
- 4.5 The broad timescales for consultation are set out below:  
**Phase 1:** Initial concept based consultation with residents and businesses on their aspirations for ORT and the regeneration of the estate within the parameters of the Masterplan – By October 07  
**Phase 2:** Consultation on the planning application as required by the planning process – By September 08  
**Phase 3:** Detailed design consultation involving resident and business providing opportunity for input on refurbishment, new build, environmental works and housing management, as well as the scope and governance of ORT (Ongoing to 2010).
- 4.6 Throughout these phases the themes for consultation detailed below will be addressed to differing levels of detail.
- a. Community facilities:** What are the needs for community facilities and how can these proposals help to address them? Where are the gaps and duplications in community service provision?
- b. Environmental improvements:** What concerns do residents in refurbishment areas have which can be addressed by environmental improvements? How can these best be met within funding limitations

**c. Refurbishment:** Consultation on a block basis with variations if funding allows.

**d. Housing management:** What is the current level of satisfaction with housing management? What are the priority issues? What would be the most appropriate management arrangement?

**e. Governance and Community ownership of assets:** How should this be governed? What should a community trust prioritise? What are the aspirations for community ownership of housing?

**f. Specific leaseholder consultation in demolition areas:** The Leaseholder consultation will be subject to a statutory consultation process. Detailed consultation will also be required for each individual leaseholder to agree a rehousing plan for them which suits their individual circumstances.

4.7 It is suggested that the consultation strategy also focuses on ‘zones’ within the Ocean area to tailor the consultation to the issues that are specific to these areas thus making the consultation more meaningful to residents and businesses. For example these could be broken up into existing urban block areas, or further ‘neighbourhood’ distinctions based on local knowledge.

4.8 A detailed consultation plan will be drawn up and different methods will be applied to specific themes and zones, which will range from:

- community events
- one-to-one discussions/phone calls/emails
- surveys
- project-based work
- outreach
- training
- publicity
- focus groups
- citizens panel
- existing networks and groups

4.9 Whatever methods are used, all of the data will be collated and held together so that the outcomes can be validated. There will be a range of feedback loops which could include:

- Ocean newsletter – potentially re-branded for the new community land trust. Feedback will be focused at as local a level as possible and as issue specific as possible in order to make it as meaningful to residents and businesses.
- On-going meetings with community groups and forums as part of the community land trust’s governance structure development process.
- Community events programme: focused on specific communities, groups or zones

## 5. PARTNER PROCUREMENT

- 5.1 The approach to partner procurement is being finalised, in liaison between Council officers, consultants and the appointed legal advisors. The final scheme - in terms of numbers, specific tenures on each site, cross-subsidy from private sales and specific planning requirements – can only be worked up fully once the regeneration partner(s) is selected. The procurement process will thus be geared to seek ideas on the most effective way to increase income to the project, to enhance the refurbishment of the residual Council stock and/or provide more new affordable homes.
- 5.2 As explained in the report to Cabinet in April 2007, selection of development partner(s) must be undertaken via a full competitive tendering process, advertised in the Official Journal of the European Union (OJEU). The overall procurement is likely to take around one year. Determination of the precise form of procurement and the scoping of the partnership has been delegated to the Director of Development and Renewal, in consultation with the Assistant Chief Executive (Legal Services) and Director of Resources.
- 5.3 It is probable that the Council will need to obtain outline planning approval and detailed approval for the first phase, before the Principal Development Agreement (PDA) can be signed by the selected partner. Detailed work is now underway by the project architects, in liaison with Council planners, to review and update the overall masterplan and development brief as part of this process, along with the business plan which will also feed into the tender process. The procurement process will offer a window at the negotiation stage during Autumn 2007 to incorporate the expertise of the various potential partners and ensure their sign-up to the proposals once selected.
- 5.4 Work being undertaken by Council officers, and consultants, since the Cabinet approvals in April includes:-
- Formulation of the overall tendering strategy, documents and assessment processes, incorporating the competitive dialogue stage, by 10<sup>th</sup> September 2007 to enable commencement of the tender process (following the initial EU advert and short-listing of potential partners).
  - Finalisation of the EU Notice for advert by 4<sup>th</sup> July, 2007, including the division of work and services being sought, to allow the Council flexibility to select the most appropriate organisation for the refurbishment and new-build development roles.
  - Drafting of a Pre-Qualification Questionnaire (PQQ) by 4<sup>th</sup> July, for completion by bidders expressing interest, to gauge their range, competence and financial viability.
  - Drafting of tender documentation to be finalised by 10<sup>th</sup> September 2007 – the Invitation to Participate in Dialogue – confirming the level of information to be incorporated and the



degree of flexibility to be given to bidders to explain their proposals.

- Drafting of Heads of Terms, setting out the contractual arrangements/obligations upon which Principal Development Agreement(s) will be based.

5.5 The key stages in the provisional timetable for the selection of partners are now as follows:-

- Advertisement in the Official Journal of the European Union (OJEU), describing the project and the envisaged implementation requirements and inviting expressions of interest: July 2007.
- Expressions of interest would be received – based on the PQQ - by 24<sup>th</sup> August, 2007.
- Evaluation (including interviews) and preliminary shortlisting of (probably) five bidders by 7<sup>th</sup> September, 2007.
- Invitation to Participate in Dialogue would be sent to prospective bidders by 10<sup>th</sup> September, 2007.
- Tenderers are allowed 7 weeks to review the information and prepare their responses – i.e. until 2nd November, 2007.
- Preparation by officers and issue of the invitation to submit outline proposals – incorporating the ideas and changes evolving from initial dialogue by 16<sup>th</sup> November, 2007
- Receive Outline Proposals in the prescribed format to enable a balanced assessment against agreed criteria (bidders are allowed 3 weeks) by 7<sup>th</sup> December, 2007.
- Second Dialogue Stage, after omitting one (or more) tenderers and preparation by officers of documentation to obtain the “best & final offers”, by 29<sup>th</sup> February 2008. The full scope of this critical dialogue stage is still being developed.
- Best and Final Offer submitted by bidders by 14<sup>th</sup> March, 2008.
- Tender assessment – i.e. of the best and final offers against the agreed criteria – involving Council officers, consultants and residents: 4 weeks are allowed concluding by 11<sup>th</sup> April 2008.
- The interview of the remaining bidders takes place over one week, to clarify bids prior to final selection by 15<sup>th</sup> April, 2008.
- Preparation of a report to Cabinet, updating Members on the overall process and recommending the appointment of the selected partner: lead-in times mean this may slip to June 2008.
- Negotiation of Principal Development Agreement - incorporating all changes that have evolved during the Competitive Dialogue, as well expansion on the original Heads of Terms: this is scheduled to take approximately 21 weeks, concluding around 30<sup>th</sup> June 2008.
- The final stage would be the appointment of the preferred partner, signing of the Principal Development Agreement, incorporating some 30 schedules covering a range of issues, including land ownership,



programme, design, master-planning, tenure, affordable housing specifications, community facilities etc.

## 6. COMMUNITY LAND TRUST

- 6.1 Cabinet agreed in principle to the revised delivery arrangements for the Ocean. The delivery mechanism needs to meet CLG requirements for revised governance arrangements that take forward the programme in light of the changed circumstances – with the focus being delivery of the housing transformation, and significant reduction in non-housing NDC funds.
- 6.2 The CLG independent review recommended consideration of a small strategic management group that could take over responsibility of the remaining non-housing NDC programme and provide the NDC input into a housing regeneration programme.
- 6.3 The April report recommended the setting up of a community land trust, notionally referred to as the Ocean Regeneration Trust, to take forward the programme. The proposed trust will be an asset management vehicle, which will have the potential to make a significant future contribution to the wider area for the benefit of the local community. The Trust would take on ownership and management of both the housing regeneration and the community facilities developed and funded by the NDC as part of the housing redevelopment programme, thus enabling the development of an asset base upon which a succession and legacy strategy can be built. The proposed delivery arrangements are shown as **Appendix 1a**
- 6.4 The Trust will be a charitable company limited by guarantee and will therefore be regulated by the Charities Commission with the directors subject to strict codes of conduct, as required of charity trustees.
- 6.5 The strategic context and programming of the community land trust is set out below:

### *Mission*

- To complete delivery of the current NDC programme by 2010, and act as the successor vehicle for developing the legacy of the NDC programme beyond 2010
- To successfully achieve the housing redevelopment and improvements as envisaged in the Ocean Masterplan as approved by LBTH
- To develop and be the vehicle for future ownership of community assets and ensure they are sustainable by providing revenue support
- To lever in additional resources for socio-economic regeneration to realise the vision of the organisation

- To promote and facilitate the development of tenant controlled housing management by building the capacity of residents as Board members

### *Project Life Cycle*

2007-2010	<ul style="list-style-type: none"> <li>▪ Take on the lease for development land and appoint lead developer</li> <li>▪ Initiate redevelopment and refurbishment of housing proposals</li> <li>▪ Work with residents to design and build new community facilities</li> <li>▪ Set-up the Trust governance structure to ensure effective community involvement and ownership of the programme</li> <li>▪ Resident involvement in monitoring housing management performance</li> <li>▪ Complete delivery of the current NDC programme</li> </ul>
2010-15	<ul style="list-style-type: none"> <li>▪ Complete re-development and refurbishment of the housing proposals</li> <li>▪ Support new community facilities through revenue funding and effective local management/governance</li> <li>▪ Increase tenant involvement in housing management and move towards a tenant controlled housing association</li> <li>▪ Secure external funding for socio-economic regeneration and act as the champion for the area</li> </ul>
2015 onwards	<ul style="list-style-type: none"> <li>▪ Planned physical redevelopment/regeneration completed</li> <li>▪ Tenant controlled housing association established</li> <li>▪ ORT Board review governance arrangements with a longer term focus on community development and socio-economic regeneration</li> </ul>

- 6.6 The Trust will have four Boards, all of which will play a key role in both the delivery of the physical redevelopment of the Ocean and management of the NDC programme. All these Boards will include residents, selected on the basis of their interest, experience and expertise. A chart outlining the governance structure is attached as **Appendix 1b**.
- 6.7 The Strategic Board will have overall responsibility for establishing the strategic direction and the effective delivery of the housing regeneration and NDC programme. For the most part it will consider and determine recommendations from the Housing, Development and Neighbourhood Renewal Boards.

- 6.8 The Housing Management and Neighbourhood Renewal Boards will include a significant proportion of residents and they will be in a majority on the Housing Management Board. The Neighbourhood Renewal Board will have delegated responsibility to manage the delivery of the non-housing element of the NDC programme. Residents will therefore be making decisions on priorities, identifying needs in the community and monitoring performance of the housing management team.
- 6.9 The Development Board will be composed primarily of development experts to oversee the delivery of the housing redevelopment programme with resident participation.
- 6.10 In order that the new governance arrangements function in relation to residents of the area, it is important that there are appropriate mechanisms that feed in from the wider community. These mechanisms will also provide the new structures with channels through which representatives of the community can be recruited.
- 6.11 The 'forums' that feed into the trust structure will vary from the more established and formal groups to more informal and fluid groupings. Needs, issues, concerns and priorities of residents can be established from these various groups and represented through the new governance structures.
- 6.12 These forums will be either representative of certain demographic, e.g. Older Peoples forum or the Youth forum with specific needs and concerns or will be organised around a special interest group, e.g. Patients forum or Voluntary and community sector forum.
- 6.13 Gaps will need to be identified to make sure that there is equality and diversity in terms of representation and understanding of the community needs are fully met.
- 6.14 The ORT board structure has 18 resident positions in total. In order for community involvement to be effective and meaningful capacity building will be an inherent part of sitting on a board or sub board. Training and personal development will be seen as part of the role of a board member.

## **7. THE DELIVERY PLAN 2007/8**

- 7.1 Continuation of NDC funding for this financial year is dependent upon the agreement of a detailed delivery plan. The CLG stipulated that remaining funding must be available for strategic activities, and they were set out in the outline plan. In April Cabinet agreed the strategic priorities identified in the outline delivery plan, and interim funding for a number of projects originally scheduled for continuation. This enabled the interim release of NDC funds. The detailed delivery plan must be agreed by the end of June.

- 7.2 The priority outcomes set out in the draft Delivery Plan, set out as Appendix 2, show a clear synergy with LAP 3 and overall Community Plan priorities, and the Local Area Agreement. It also demonstrates the shift in funding priorities from predominantly revenue based initiatives, which over the last 7 years have constituted some 80% of available NDC resources, to capital. This is in line with the original programme aims and objectives. By the final year less than 6% of NDC resources will be to support revenue funding. This is because there are very limited resources available for the remainder of the non-housing programme.
- 7.3 The key focus areas are set out in the outline delivery plan, and summarised below:
- Literacy and numeracy
  - Employment support
  - Access to primary care services
  - Reducing drug offending
  - Promotion of healthy lifestyles
  - Support for local businesses
- 7.4 Within these priority areas particular attention will be focused on specific groups, including NEET (young people not in education employment or training) and the elderly.
- 7.5 Detailed funding proposals, for initiatives that meet the agreed strategic objectives are set out in Annexe 3 (Table D) of the delivery plan, and Annexe 4 sets out the targeted outputs. Subject to delivery plan approval, appraisal and commissioning will commence.
- 7.9 A review of the management and administrative requirements of the transitional NDC and new ORT structure is currently taking place following provisional approval of the proposals by CLG. It is anticipated that decisions on this will be made by September 2007 and that implementation will take place over the following six months.

## **8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)**

- 8.1 For the purposes of the funding agreement an Accountable Body has to be appointed, which in this case is the Council. In this capacity the Council will be required to meet the liabilities which flow from the conditions of the grant funding. The Council will have the legal responsibility for the grant money awarded and to ensure that good quality management and project appraisal arrangements are in place. The proposals in this report address those criteria thereby minimising liability as far as possible at this stage.

## **9. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 9.1 An agreed Delivery Plan for the year is a precondition of the funding agreement between the Government Office for London and the Council as Accountable Body for the NDC programme. Without this agreement, all expenditure is being incurred at the Council's risk.
- 9.2 As Accountable Body, the Council must ensure that proper arrangements are in place for effective programme and financial management. The Council also bears the financial risk, should any claw-back issues arise.
- 9.3 As outlined in paragraph 5 of the report, the financial details of the housing regeneration scheme are subject to the tendering process and negotiation with the selected partner(s). Work is ongoing to ensure that the Ocean Regeneration Trust model maximises financial efficiency, including tax implications.

## **10. EQUAL OPPORTUNITIES IMPLICATIONS**

- 10.1 The proposed housing regeneration programme and draft Delivery Plan are specifically aimed at addressing the causes and consequences of social exclusion.

## **11. ANTI-POVERTY IMPLICATIONS**

- 11.1 The Ocean NDC area, home to approximately 6,500 people was identified in the 2000 Indices of Deprivation as being one of the most deprived areas of the country. All projects and activities funded as part of the Ocean NDC Programme are designed to tackle the causes and effects deprivation including poverty.

## **12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 12.1 No specific implications.

## **13. RISK MANAGEMENT IMPLICATIONS**

- 12.1 The Council as the 'Accountable Body' needs to ensure that it fulfils all of the Responsibilities/obligations as set out in the funding agreement and guidance manual for the programme. In a worst case scenario the Council can be subject to claw-back of grant. Examples of claw-back would include:

- ◆ Non delivery or falsification of agreed outputs
- ◆ Incurring ineligible expenditure

12.2 Robust project and financial management arrangements together with effective monitoring arrangement continue to ensure that risks are mitigated and the Council's exposure minimised.

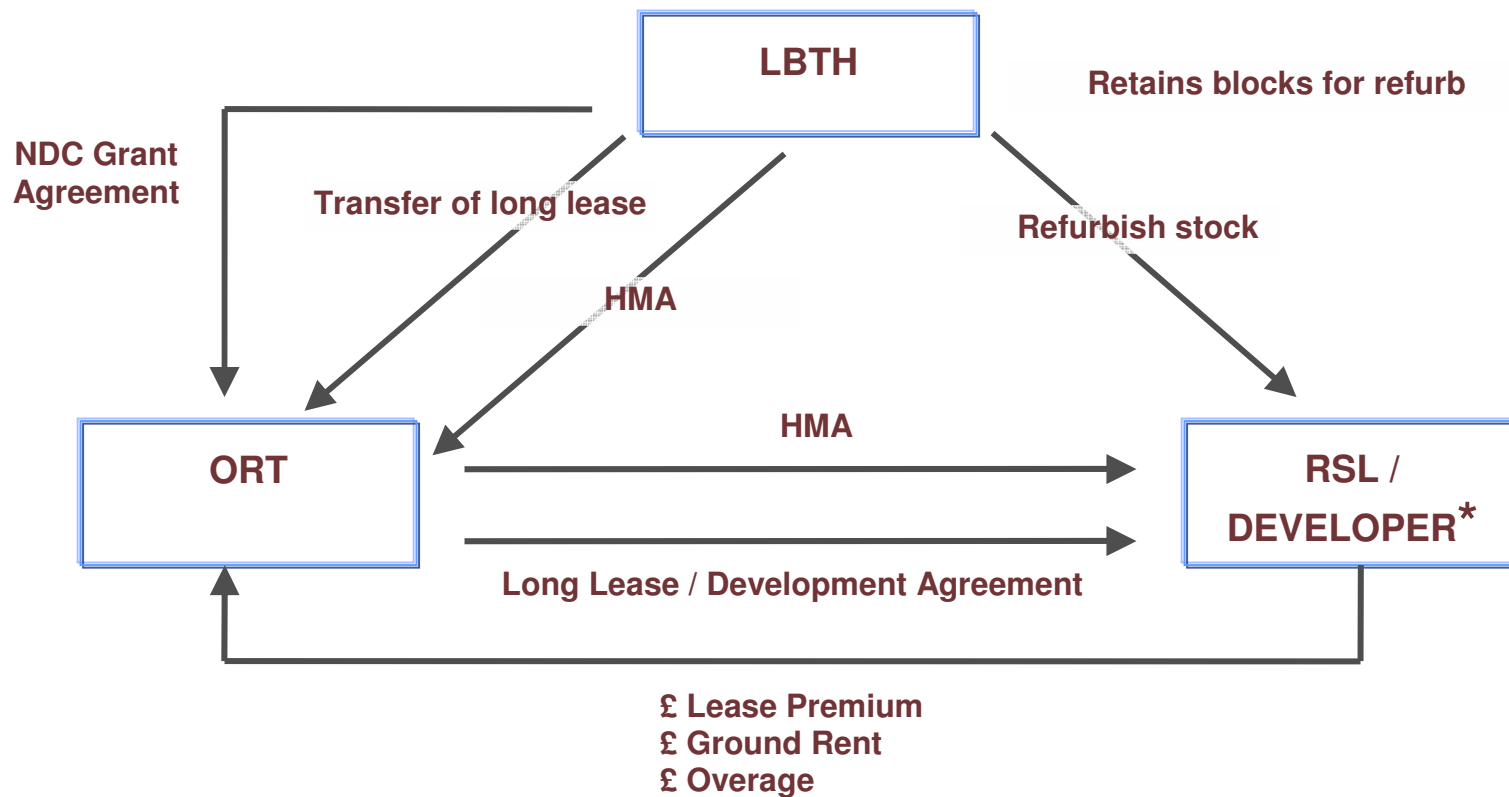
## **APPENDICES**

This report has the following appendix:

Appendix 1a – Development Arrangements  
Appendix 1b - Board  
Appendix 2 – Detailed Delivery Plan 2007/8



## DEVELOPMENT ARRANGEMENTS



HMA – Housing Management Agreement

\* May be more than one organisation

