

POLICY & FINANCE COMMITTEE

2 APRIL 2020

YORKE DRIVE REGENERATION

1.0 Purpose of Report

- 1.1 To update the Committee on progress within the Yorke Drive Regeneration Project including: procurement of a development partner; resident engagement; and preparation for start on site/next steps. This report is to be read in conjunction with the exempt report included later in the agenda.
- 1.2 To secure the necessary approvals to move to the next phase of the project: selection of a preferred bidder and onsite enabling works.

2.0 Background Information

- 2.1 The Committee has overseen the evolution of the Yorke Drive Regeneration project, emanating originally from the Bridge Ward Neighbourhood Study, 2012, through regular updates in September 2017, June and November 2018, April, September and November 2019.
- 2.2 The Yorke Drive Regeneration Project is intended to deliver extensive transformational change and investment to the area by:
 - Building 320 new mixed tenure homes for rent and sale
 - Raising money for new rented homes and improvements to the whole estate
 - Providing improved sports and leisure facilities for all (including a new sports pavilion)
 - Improving road access and the road network in the area
 - Making the whole area a better and safer place to live.
- 2.3 The project has been supported by a grant of almost £1m from the Ministry of Housing, Communities and Local Government's Estate Regeneration Fund, which has enabled the project to reach its current position with a viable Masterplan, developed through extensive consultation with residents and stakeholders and outline planning permission secured on 6th November 2019.
- 2.4 The Committee approved the use of Homes England's procurement framework: Delivery Partner Panel 3 (DPP3) at its meeting on 26th September 2019, as the procurement route for choosing a development partner to assist the Council in taking the project forward. An OJEU compliant process has now been undertaken.
- 2.5 At its meeting in November 2019, the Committee agreed the maximum financial contribution the Council could make to the project, following a review of capacity within the Housing Revenue Account Business Plan and General Fund and considering competing objectives within the Community Plan.
- 2.6 With a clear understanding of the Council's financial commitment, four developers were invited to tender for the works. All four responded to the invitation by the closing date of 21st February 2020. The deadline for responses was extended beyond that originally

reported to Committee of the 24th January due to feedback from developers on the complexity of the project and to ensure that comprehensive and viable bids were received.

2.7 An exempt report within this agenda supplements this report with further detail on the commercial aspects of the tenders received.

3.0 Procuring a Development Partner

3.1 Early soft market testing conducted in May 2019 indicated an appetite amongst developers to deliver the project. A comprehensive Invitation to Tender was issued in November 2019 and four responses were received through DPP3 from:

- Countryside Properties PLC
- Keepmoat Homes Ltd
- Lovell Partnerships Ltd
- Vistry Partnership Ltd

3.2 Residents from the established Yorke Drive Resident Panel have been actively involved in the procurement process. This has included attending site visits with each of the developers at previous regeneration schemes and putting forward questions for clarification by the developers at interview.

3.3 All four developers attended a clarification interview in March 2020 and the interview process was supported by consultants WT Partnership in their capacity as Cost Consultants and Employers Agent for the project.

3.4 Evaluation and analysis of tender submissions has been made across both quality and cost elements, with the anonymised scoring presented below.

3.4.1 Quality Element

		Maximum score available	Tender A	Tender B	Tender C	Tender D
Criteria 1	Vision, design and development proposals	20%	15.29%	15.00%	12.90%	7.10%
Criteria 2	Standards and sustainability					
Criteria 3	Project delivery and resourcing					
Criteria 4	Partnership Agreements	15%	10.88%	9.94%	8.81%	4.69%
Criteria 5	Property management	5%	3.94%	3.94%	3.28%	1.47%
Criteria 6	Regeneration, community and added value					
	Total Quality Element out of 40%	40%	30.10%	28.88%	25.00%	13.25%

3.4.2 Price Element

		Maximum score available	Tender A	Tender B	Tender C	Tender D
Criteria 7	Financial Offer, Construction costs and Sales Income Assumptions	60%	57%	53.47%	42.96%	Non-complaint

3.4.3 Total

		Maximum score available	Tender A	Tender B	Tender C	Tender D
	Total Quality Element out of 40%	40%	30.10%	28.88%	25.00%	13.25%
Criteria 7	Financial Offer, Construction costs and Sales Income Assumptions	60%	57%	53.47%	42.96%	Non-compliant
Total score		100	87.10%	82.35%	67.97%	Unviable

3.5 On the basis of this analysis, Tender A is recommended as the preferred developer for the regeneration project with further detail on the commercial aspects of each tender presented in an exempt report on this agenda.

3.6 The approval sought at section 8.1 will allow the council to move forward with a preferred developer and enter into further detailed contract negotiations with them.

4.0 Enabling Activity to Prepare for Onsite Delivery

4.1 Contract negotiations

4.1.1 Following the approval of a preferred developer by Committee, all of the bidders will be notified of the decision and a 10 day stand still period will be observed providing an opportunity for any of the unsuccessful bidders to challenge the decision.

4.1.2 Following the stand still period (assuming no challenge received) the Council will begin detailed contract negotiations with the preferred developer. Each bidder included a number of provisional sums within their tender and over the coming months the preferred bidder will work to firm up their provisional sums through a transparent process with three quotes sought for each piece of work to ensure the council continues to receive best value.

4.1.2 Running parallel to the contract negotiations, the Council and developer will progress with detailed design work and the obtaining reserved matters permission through the planning system. This will include additional ground investigations and preparatory works.

4.2 Resident Engagement

4.2.1 The Council is currently undertaking a Housing Needs Assessment for those households impacted by the regeneration proposals through the demolition of their existing home. Use of phone interviews is now being utilised due to the COVID-19 situation. The information gathered will inform the final design and property mix on the development e.g. identifying whether any residents have specific requirements for accessible or adapted properties.

4.2.2 The Council has committed to increasing the frequency of the Yorke Drive Focus News Letter from quarterly to every two months to ensure that residents are kept up to date as the project continues. It is hoped that a 'Meet the Developer' event can be held for residents during the summer (providing social distancing requirements have been relaxed.)

4.3 Decant and Demolition

4.3.1 The Committee previously approved a 'Decant Policy' at its November 2019 meeting, setting out how the Council intends to manage the process of moving residents from their homes in order to facilitate the regeneration proposals. A copy of the 'Compensation Guide' is attached at Appendix 1. The Compensation Guide also sets out the Council's approach to the management of Disturbance Payments. Disturbance Payments cover the 'reasonable costs' associated with moving and follow the principle of equivalence i.e. residents should be no worse in financial terms after the decant or acquisition of their property than they were before. The compensation guide allows for a 'lump sum' payment or individualised payments through receipting of expenditure incurred. A lump sum payment will streamline the payment process for the majority of residents affected whilst providing an administrative saving for the Council. The finance required for Disturbance Payments has been included within the parameters of the approved budget and have been benchmarked with a range of local authorities and housing providers.

4.3.2 The offer of a lump sum will be made on the following basis:

- 1 bedroom - £800
- 2 bedroom - £900
- 3 bedroom - £1000
- 4 bedroom - £1100

4.3.3 Decanting has begun on Phase 1 properties. Phase 1 includes the decanting and demolition of six properties. Demolition of these six properties will open a new access route between the existing estate and playing fields so that existing and new residents can access the new housing, pavilion and play area.

4.4 Funding

In September 2019, the Committee approved the maximum financial contribution from the Council to the Yorke Drive Project. The tenders received mean that the project is

deliverable within the previously agreed cost envelope, noting the ongoing requirement for Homes England Grant funding at an assumed rate. Delegated authority is therefore sought to enter into contract with the preferred developer, after consultation with the Chairman, Vice Chairman and the Opposition Spokesperson of the Committee, and where costs remain within the pre-approved cost envelope and there is no material change to the projects risk profile.

4.5 Developing for the future

As the Council and preferred developer work together on detailed design, it will be done with conscious consideration of future regeneration options on the estate. There is significant appetite amongst a number of residents to increase the scope of the regeneration to take in a larger area of the estate and whilst there is no current plan or funding to expand the masterplan, design should ensure that future expansion is not constrained by anything that is delivered now.

5.0 Risk Management

5.1 A comprehensive risk register is in place and attached at Appendix 2 with key risks highlighted below:

5.1.1 Market conditions – the sales values achieved on the market properties within the development are critical to the overall financial viability of the project i.e. surplus on the market sale properties represents the land value to the Council and a cross subsidy towards the build costs of the affordable homes. The risk to market values has increased in the last few weeks as the impact of coronavirus on the market begins to take effect.

5.1.2` Construction costs – unforeseen cost increases also represents a key risk to the project. This risk has been mitigated as much as possible with early desktop surveys and investigations to minimise the risk of abnormal ground conditions being identified, however until more detailed and intrusive works are undertaken this risk remains present. In addition, Coronavirus may similarly impact upon the availability of on-site labour and the ability to undertake enabling works e.g. property valuations, ground investigations etc.

5.1.3 The Committee is being asked to make its approvals, aware of the presenting risks and emerging impacts from Covid-19 on the basis of the following:

- Maintaining Local Government decision making and bringing forward a project that can bring significant positive social and economic impacts on the community – maintaining a flow of business for the construction sector through challenging times
- That the project costs will not exceed the pre- approved maximum financial contribution from the Council

6.0 Equalities Implications

6.1 Equality implications for this regeneration scheme have been considered and an Equality Impact Assessment approved by this Committee in November 2018. This will be reviewed once a development partner has been secured and an updated Assessment will be submitted to the Committee for consideration.

6.2 The community consultation and master planning programme is aimed at ensuring that the needs and priorities of the existing community on Yorke Drive are addressed in developing and then delivering the proposals including for example, adequate provision for those requiring an adapted property, support for those who need it during the decant process and provision of communications to meet resident accessibility needs.

7.0 Financial Implications (FIN19-20/2021)

7.1 Based on the tender returns, if Developer A is selected the estimated costs will be in line with the original approvals made in September 2019 by this Committee.

8.0 Community Plan – Alignment to Objectives

8.1 The rationale for the project has been clearly articulated in this and previous reports, its strategic importance is reflected through its inclusion in the Council's Community Plan. Following extensive and continued consultation with residents on the estate, the project also continues to be supported by the overwhelming majority of residents.

8.2 The proposals directly relate to the following objectives within the Community Plan:

- *Improve the cleanliness and appearance of the local environment*
- *Reduce crime and antisocial behaviour, and increase feelings of safety in our communities*
- *Reduce levels of deprivation in target areas and remove barriers to social mobility across the district*
- *Improve the health and wellbeing of local residents, with a particular focus on narrowing the gap in healthy life expectancy and other health outcomes*
- *Increase participation with the Council and within local communities*

With the objective to

- *Accelerate the supply of new homes including associated facilities;*

having the supporting action of

Direct delivery of homes:

- Progressing implementation of Yorke Drive regeneration scheme.

9.0 Comments of Director

9.1 The comments of the Director – Governance & Organisational Development have been built into the main body of the report.

10.0 RECOMMENDATIONS that:

- (a) **the selection of developer A as preferred development partner be approved with delegated authority being given to officers to progress negotiations and discussion on the terms of the contract;**

- (b) delegated authority be given to the Director of Governance & Organisational Development to enter into contract with the preferred developer, after consultation with the Chairman, Vice Chairman and Opposition Spokesperson of the Committee, where costs remain within the pre-approved cost envelope and there is no material change to the project's risk profile; and
- (c) the option of a lump sum payment for disturbance payment for those residents being decanted from their homes be approved, as set out in paragraphs 4.3.1/4.3.2 and Appendix 1 to the report.

Reason for Recommendations

To progress the transformational project, focussing on the regeneration of the Yorke Drive estate and Lincoln Road playing fields.

Background Papers

Nil

For further information please contact Cara Clarkson on Ext. 5923

Karen White
Director – Governance & Organisational Development

Appendix 1 – Compensation Guide



Yorke Drive resident - compensation guide

This guide has been put together to provide more detailed information on **financial compensation** available to residents and homeowners affected by the demolition of their homes as part of the Yorke Drive regeneration plan.

For further information on the re-housing options available or additional assistance available for vulnerable residents, please refer to the Councils Decant Policy available at <https://www.newark-sherwooddc.gov.uk/housing/housingstrategyanddevelopment/yorkedrivefocus/>

Payments and compensation summary

Tenure	Market value of the home	Statutory home loss payment*	Disturbance payments
Council tenant including residents transferred to the Council from PA Housing.	Not applicable	£6,400 home loss payment	Yes – see below
Private tenant	Not applicable	May be eligible – see below**	Yes – see below
Home owner occupier	Full market value	10% of property market value home loss payment.	Yes – see below
Non-resident owner	Full market value	7.5% of property market value home loss payment.	Yes – for legal costs of selling the affected property only.

*Statutory home loss payments are set by the Government and may be reviewed at any time.

** Private tenants who have been living in their home for at least 12 months and with a qualifying interest in the property (including but not limited to assured or short hold-assured tenancy agreement) may be eligible for the statutory home loss payment of £6,400.



Disturbance payments

All those households impacted by the proposed regeneration scheme (i.e. whose property is located within the demolition area) will be eligible for disturbance payments.

Disturbance payments are made to cover **reasonable** expenses relating to the disturbance of moving from your property to your new home. Examples of reasonable expenses include:

- Disconnection and reconnection of utility supplies
- Disconnection and reconnection costs for existing fixtures and fittings (e.g. telephone, cooker, washing machine or other plumbed goods)
- Redirection of post for up to 3 months
- Cost of altering soft furnishings (e.g. carpets, curtains and blinds) or providing replacements where current ones cannot be used
- Purchase of cooker if the fuel type required has changed
- Purchase of new school uniform (if the move requires your child to change schools)
- Removal costs (however the Council intends to offer a full removal service to each resident to support this process).

How will payments be made?

Payment of Compensation

Home Loss payments will be made when you vacate your current property, either by handing back your keys to the Council/ your landlord, or when the Council completes on the purchase of your property.

You must ensure that your property and garden are left free from any rubbish, furniture or unwanted belongings. If it is necessary to send a team to clear the property the Council will charge an additional clearance fee and this charge will be eligible to be deducted from your home loss compensation.

Home Loss compensation will be paid directly into your bank account and make take up to 10 working days from the date you leave your home.

Payment of Disturbance

Disturbance payments can be made through one of two ways:

1) A lump sum

The Council will make a lump sum available to all residents affected by the demolition. The lump sum should cover **all reasonable costs** associated with the move with the exception of removals which the Council intends to provide directly.

Following feedback from the Yorke Drive Resident Panel, the Council will make provision to pay the lump sum up to a fortnight in advance of the move to your new home to support those moving with upfront costs.

The offer of a lump sum will be made on the following basis:

- 1 bedroom - £800
- 2 bedroom - £900
- 3 bedroom - £1000
- 4 bedroom - £1100



2) Through full receipting of costs incurred

In some cases, the reasonable costs associated with the move may exceed those on offer through the lump sum e.g. where an owner is selling their property to the Council and incurring legal fees. In these circumstances, a resident can choose to claim disturbance payments through the provision of receipts for each item of expenditure incurred. It is advised to agree expenditure in advance to ensure the Council is in agreement with the 'reasonableness' of any expenditure. Receipts or invoices must be on company headed paper with information about the service providers VAT number, company registration and VAT details.

In some circumstances, it may be necessary for the Council to directly pay for a service required by a resident e.g. paying a homeowners solicitor directly. Each circumstance will be considered on a case by case basis with expenditure to be incurred **only with prior agreement from the Council.**

Outstanding debts and rent arrears

If you have outstanding debts or rent arrears owned to the Council, the Council reserves the right to seek to use part or all of the home loss payment to settle outstanding debts owed to the Council. Debts that can be recovered in these circumstances include current or former tenant arrears including former temporary accommodation arrears, recharges e.g. for repairs or property clearance, housing benefit overpayments and council tax owed. In these circumstances the Council will write to you detailing the debt types, amounts and setting out the deductions to be made from the payment.

If arrears action has been started and a court date for outright possession or the execution of a warrant has been applied for, the Council will continue with possession and enforcement proceedings where appropriate, with each situation considered on a case by case basis.

Appeals

If you do not agree with a decision made by the Council about how your payment has been calculated you may choose to appeal a decision. Appeals must be made within outlined timescales so if you are considering making an appeal please contact us on the details below so information about the appeals process and timescales for when appeals must be made can be provided.

If you have any questions about the information provided or need the information provided in a different format, please contact Harriet Partington on 01636 655462 or email yorkedrive@nsdc.info

Appendix 2 – Risk Register

Project Title:		Yorke Drive/Lincoln Road Playing Field + other sites						
Project Stage:		Outline Planning						
Organisation		Newark and Sherwood DC						
Version & date amended:		23.03.20						
Completed by:		Cara Clarkson						
Item Number	Risk Factors	Probability. Score 1 to 5.	Impact. Score 1 to 5.	Net Risk Score Score 0 to 10.	Controls in place	Monitoring	Review	Risk
1.00	<u>Secton 1 : Strategic Risk</u>	-	-	-	-	-	-	-
1.01	Residents of Yorke Drive oppose demolition and redevelopment proposals, resulting in lack of public support for the project and negative publicity for NSDC	2	5	7	- Effective communication and engagement plan - Customer contact structures established - Resident involvement in development of masterplan - Significant local consultation & engagement with affected residents and stakeholders - Positive Rehousing offer to be made to residents - Resources invested in capacity building & local community initiatives	Project Team, NSDC	Monthly	Reducing
1.03	Failure to agree development route/private sector partnership to deliver scheme	1	4	5	-Agreement in place to use DPP3 '-Tender returned four interested development partners 14.02.20	Project Team, NSDC, Legal Advisers	As required	Reducing

1.04	Loss of political support for the project	2	3	5	<ul style="list-style-type: none"> - Regular briefings on project for CMT, councillors & political parties - Reports to Committee at key stages -Fortnightly meetings established with ward members 	Project Team, NSDC,	As required	Staying the same
2.00	Section 2: Financial Risk	-	-	-	-	-	-	-
2.01	Regeneration is financially unviable - failure to secure funding for regeneration	5	5	10	<ul style="list-style-type: none"> - Financial impact of proposals to be modelled and reviewed at key stages - Bid Affordable Homes Grant being pursued - Dialogue with Homes England re funding gap 	Project Team, NSDC	As required	Staying the same
2.02	Negative impact on HRA	3	3	6	<ul style="list-style-type: none"> - Impact on HRA of proposals to be modelled - Cost to HRA to be included in funding bid 	Project Team, NSDC	As required	Staying the same
2.03	Construction costs - unforeseen cost increases	4	4	8	<ul style="list-style-type: none"> - Cost consultant procured to produce independent Cost Plan - Cost consultant will update cost plan at key stages of design development. - Seek cost effective design solution (including Modern Methods of Construction) - Construction cost approach and cost certainty to be built into partner selection process - Employers Agent and Cost Consultant in place to support tender analysis and development programme 	Project Team, NSDC	As required	Increasing
2.04	Market sale - values reduce, sales rates reduce, open market recession	3	4	7	<ul style="list-style-type: none"> - Independent advice obtained on market conditions - Financial sensitivity analysis of differing values and rates of sale - Regularly review and update market advice 	Project Team,	As required	Increasing

2.05	Failure to spend grant funding	2	5	7	<ul style="list-style-type: none"> - Early spend identified but with risks - acquisition - Legal advise on the acquisition of properties commissioned - Proprety valuations underway 	Project Team,	As required	Reducing
3.00	<u>Section 3: Project Delivery Risk</u>	-	-	-	-	-	-	-
3.01	Failure to procure effective consultant team	2	5	7	<ul style="list-style-type: none"> - Consultant team to support council in place including legal, cost consultancy and financial modelling, employers agent.'- Tender clarifies council to be involved in commissioning of architects. 	Project Team,	As required	Reducing
3.02	Site abnormal costs - unforeseen requirements leading to increased costs/ time	2	4	6	<ul style="list-style-type: none"> - Full site surveys to be undertaken and professional reports obtained - Initial surveys obtained 	Project Team, NSDC officers	As required	Staying the same
3.03	Unexpected environmental or ecological issues increase costs, delay the scheme or impact on required density	1	2	3	<ul style="list-style-type: none"> - Full site surveys to be undertaken and professional reports obtained - initial surveys obtained 	Project Team, NSDC officers	As required	Staying the same
3.04	Planning - planning delays and/or failure to secure planning	1	4	5	<ul style="list-style-type: none"> - Sites allocated in Local Plan; - Planning involvement in masterplanning - Planning strategy agreed - Pre-planning dialogue; - Planning Submissions comply with local planning policies - Effective communication with members, 	Project Team, NSDC Housing and Planning officers	As required	Staying the same

					stakeholders, officers and residents			
3.05	Site Assembly - failure to acquire land and properties required to deliver scheme effectively	1	4	5	<ul style="list-style-type: none"> - Negotiations for PA Housing continuing - Privately owned properties required for demolition to be identified as part of masterplan and acquisition being - Demolition Notices to be served to prevent further RTB - CPO - approval to proceed and legal commissioned 	Project Team, NSDC officers,	As required	Staying the same
3.06	Rehousing - failure to agree and implement effective rehousing programme	1	4	5	<ul style="list-style-type: none"> - Rehousing and compensation policies agreed through Decant Policy - Individual contact to identify housing needs of affected residents - Rehousing offer to be agreed and implemented - Housing needs assessment underway 	Project Team, NSDC officers	Quarterly	Staying the same
3.07	Lack of Council in-house skills and resources to manage and deliver the project effectively	2	4	6	<ul style="list-style-type: none"> - Internal project team established; - Campbell Tickell appointed to manage project up to planning - Establish internal structures to deliver project post planning 	Project Team, NSDC officer	Monthly	Reducing
3.08	Failure to obtain support of key stakeholders to proposals	2	3	5	- Consultation and dialogue with adjoining residents and key stakeholders eg County Council, STW, Town Council, etc	Project Team, NSDC officers	As required	Staying the same
3.09	Opposition to development on playing fields	2	3	5	<ul style="list-style-type: none"> - Sport England support has been obtained - risk remains from residents - Positive support from estate residents - Positive publicity 	Project Team, NSDC officers	As required	Staying the same