

# **WOODBERRY DOWN ESTATES**

**VISION, OBJECTIVES AND PROCUREMENT**

**Second Edition**

## **PREFACE TO THE SECOND EDITION**

The first edition of this report was prepared during the course of 2000 and was published in December 2000. Since then significant developments have taken place on procurement issues. These have caused the original text in the procurement section to be modified.

The DETR Housing Directorate in December 2000 invited proposals from local authorities which wanted to pursue PFI projects for HRA housing and which wished to receive government support in the form of PFI credits. The WDRT in February 2001 submitted an Application for Provisional DETR Support for a housing PFI programme. This Application was accepted by DETR in April 2001 and the WDRT will be preparing an Outline Business Case in Autumn 2001 for consideration by the Project Review Group. It will be assisted in this by Partnerships UK plc. This PFI application is for refurbished homes only. It also now seems likely that this PFI programme will increase in scope and that a cross-sectorial PFI programme will be considered as well. There may also be stand-alone programmes. These new procurement arrangements have had the effect of changing some of the procurement policy described in Section 9 of the first edition of this report.

The opportunity has also been taken to make some amendments to Section I, Introduction. These concern the advisory nature of this report, a feature which was omitted from the first edition.

## I. INTRODUCTION

This report describes the objectives which the Woodberry Down Regeneration Team (WDRT) is proposing for the long, medium and short-term and also the procurement route which it is proposing to adopt to achieve these objectives. This report also does much more. It describes the context in which the WDRT is working and the key issues which are being considered.

Some of these key issues represent major departures from the norm. This is not a case of doing things differently for the sake of it but reflects the WDRT's continuous search for better ways of delivering government policy, the Council's housing strategy and the proposed objectives which the WDRT has set. These are described in this report. The WDRT has done this against the background of a thoroughly researched position and with an informed consultation programme with residents starting much earlier in the process than is normally the case. Other key issues are familiar but will be packaged up in a more inclusive way.

The WDRT has made significant progress in a number of areas. It has developed new ways of evaluating the condition and ownership of assets and the timing and manner of consultation with residents. It has done this against its brief which is to secure the redevelopment and regeneration of the estates on a long-term sustainable basis to the benefit of residents and the Council.

The technical quality of what has been produced and the new ideas which have been generated are of universal application on almost any housing estate of a similar nature in the UK. The interest in the work of the team by outside agencies is evidence of this as is the interest in the work contained in the WDRT's Yellow Books.

The purpose of this report is to inform about the long-term future of the Woodberry Down estates and the way it can be procured, and as a secondary issue to provide a link between over £150m of investment required in the estate and the comparatively, but understandably, small and vital contribution from Round 6 of the Single Regeneration Budget.

For most people living in deprived neighbourhoods in poverty and experiencing some form of inequality there are usually two main ways out: these are education and work. For education it means improving attainment at schools at all levels, and equipping people for work both during full-time education and subsequently. For work, that is some form of employment, this has to be full-time and meaningful and capable of providing an income which housing and other essential goods and services can be afforded.

The WDRT on the Woodberry Down estates has confirmed the importance of these two elements of deprived neighbourhoods. They have been correlated with the index of local condition. This theoretical concept is of course of no interest or consequence at all to the recipients of government and local authority services, that is the residents on the estates, and there is no reason why it should be.

The Urban Taskforce in its report "*Towards an Urban Renaissance*" set out a commitment to urban communities. The Urban Taskforce also said that an urban renaissance should be founded on the principles of design excellence, economic strength, environmental responsibility, good governance and social well-being. The underlying themes which are fundamental to the work and thinking for the housing component on the Woodberry Down estates is based on these principles.

The WDRT will be insisting on design excellence in new and refurbished housing. It will be harnessing the huge advantages which the estates have in terms of transportation links, the strong sense of community which exists, and the benefits which new and improved housing can bring to education, health, and employment so as to generate economic strength. It will take environmental responsibilities seriously by encouraging the designing out of large energy waste in heating the homes on the estates. It will take advantage of one or perhaps more of the many good ideas which are now being considered elsewhere concerning the local government of large estates such as this. Last, and perhaps most importantly, it will continue to do everything necessary to enhance the considerable social well-being and community spirit which exists on the estates, and which must not be harmed.

The WDRT is conscious that estates such as those at Woodberry Down must change. The Urban Taskforce identified three factors as central to this process of change, and they are as applicable to the Woodberry Down estates as they are to elsewhere in England. The three factors which were identified are:

- The technical revolution. The way this will incorporate new developments in information technology into the new and existing homes and the establishment of new networks connecting the residents at the local and global level, will be a central part of the WDRT's developments in the long-term.
- The ecological threat. The estates, as with many estates of this age and type of building, are consuming huge quantities of energy. This is largely because the fabric of the buildings leak heat. The WDRT's report "*Energy Efficiency*" describes this. Designing out this waste will be a central part of the change programme for the estates.
- The social transformation. Changing life patterns are evident everywhere. The residents on these estates should be able to expect new lifestyle choices together with rest of society. This includes the management of their estates and the ownership of them.

The first part of this report, that is Section 2 to 7, describes the proposed vision and objectives and the underlying context. Section 8,9 and 10 describe the proposed procurement strategy.

## 2. CONTEXT

A major element of the work of the WDRT has been focussed on devising more effective ways of organising and delivering integrated services. There is a compelling logic and need to this approach. Writing in the Observer in May 1998 the Prime Minister said "*Even the basic policies, targeted at unemployment, poor skills, low incomes, poor housing, high crime, bad health and family breakdown, will not deliver their full effect unless they are properly linked together. Joined up problems need joined up solutions.*" Indeed they do but the WDRT has concluded that delivering this is not going to be easy, or popular with some agencies.

Their work on this is confirmed by four of the issues referred to by David Wilkinson and Elaine Applebee in their book "*Implementing Holistic Government*". They are:

- The disconnection of land use planning from other forms of planning. The WDRT has found that land use planning, despite the best endeavours of the Council, fails to take account of planning requirements for education attainment, the application of social services, the implementation of housing development and management policies, and issues relating to crime and disorder and health. In this sense it is not as embracing as it should be. The approach which is being considered is that proposed by Nicky Gavron in her paper "*Modernising Local Planning*" and this will form part of the Planning Brief.
- It has also been concluded that these major joined up solutions cannot be carried out from the top down, and that it is unlikely they will be successful or sufficiently informed if they are implemented from the bottom up. Working from somewhere in the middle seems to be the sensible way forward and this approach is being adopted and this is reflected in the WDRT's consultation process.
- There must be much greater clarity about the differences, roles and purposes of public involvement, participation and consultation. Paying lip service to this is not an adequate approach and patronises the recipients of the information and services. Telling people what is going to be done no longer counts as consultation and will not be acceptable at Woodberry Down. The WDRT believe that the consultation process which it has started represents a significant change in the way this is normally carried out. It is not easy to do and the WDRT never thought that it would be. Even so it is taking time and energy to win the confidence and trust of residents and it is accepted that this will not be possible with everyone. Neither will all residents agree with what the WDRT has to say, or with its conclusions. Carrying out the consultation process in the way described in this report is very time consuming, and will require resources, but the WDRT believe it to be correct. The WDRT's report "*Consultation Round 3: The Election of the EDC*" also describes the work which has been done.

- The application of best value is going to be essential to the redevelopment of deprived neighbourhoods and their long-term regeneration. Applying these principles to all the participating public services will be a step forward. Applying it on an integrated service provision basis will be a powerful tool to encourage better service delivery and for improving the likelihood of deprived neighbourhoods moving from their current position of poverty and inequality. The WDRT are also aware that the application of these best value principles will also highlight major differences between parts of the same neighbourhood or parts of very large group of estates. There will be some parts where deprivation is not an issue, there will be others close by where it is most acute.

Part of the application of best value principles will result in a change of process or outcome and even in the nature of the service being delivered. It is acknowledged that this will require a change of culture and thinking and will not always be popular or welcome. J.K. Galbraith said, *"Faced with the choice between changing one's mind and proving there is no need to do so, almost everybody gets busy with the proof."* The WDRT consider that getting busy with the proof is inappropriate.

### 3. KEY ISSUES

#### BEST VALUE, AND INSPECTION AND INTERVENTION

The WDRT has concluded that it will be essential to use the best value principles to deliver and continuously improve the service provision in the long-term on the estates. This means delivering the services to clear standards covering both cost and quality, by the most economic, effective and efficient means possible. This will be to the benefit of those living in the area, and those in poverty or experiencing inequality will gain the most from this exercise. This is particularly so if the integrated service provision which is being considered is subjected to the best value approach also.

It is accepted that best value is more than just a process. It is also accepted that it may require a cultural change, a change in perceptions about the way that services are delivered, and about the relationship with stakeholders, that is the residents. This will be a good thing, and the cultural change necessary to implement an integrated best value approach is essential to the long-term of sustainability of deprived areas, and will bring benefits which can begin to alleviate some of the worst extremes of poverty and inequality.

The best value approach will be taken as an opportunity to reassess roles and functions which will lead to new and innovative ideas for the provision of integrated services from a variety of service providers, including education, health, housing, and the police and Probation Service. It will begin to integrate the regulatory services and the role of those who administer the planning system.

It will also enable the WDRT to maximise the effect and benefit of the resources which are deployed, and to work effectively in partnership with others, particularly the other service providers and with residents. It will give clear organisational objectives which embrace performance management and confirm accountability. Delivering these services to consistently high standards and at acceptable costs will require all service providers to have a clear vision, and be clear about the services the customers expect. Best value will be reflected in the procurement process.

#### THE TIME TAKEN TO IMPLEMENT CHANGE

It has been concluded that most government regeneration initiatives are of too short duration to have a long-term sustainable effect on communities. Programmes which extend to five or seven years are insufficiently long and often pay little regard to the main task of relieving the plight of deprived neighbourhoods. Programmes of 20 or even 30 years are required in order to make lasting positive changes to the way these neighbourhoods work and perform.

These long-term programmes which the WDRT are contemplating place particular emphasis on the quality of the management of the integrated services provided, and also on the integration of the planning function with other characteristics of managing the neighbourhoods.

There is no easy solution to this. The WDRT has concluded that these very long-term programmes require a higher order of clarity and vision than short-term programmes. It has also concluded that they require a level of management and organisation which currently exceeds the capacity of those whose responsibility it is to deliver them. It will take many years to deliver dramatically different outcomes, which is the long-term vision of what is being proposed. The WDRT is convinced this will lead to an improvement in the quality of life, changing in culture, and a resulting change in focus. This focus must be moved to dealing with deprived neighbourhoods, and issues relating to poverty and inequality and is one of the Ultimate Objectives described in this report.

## COMMUNITY INVOLVEMENT

Community involvement and capacity building are essential to the well being and long-term interest of Woodberry Down. A resident participation programme is being developed which aims to achieve this. It will maintain a general consensus throughout the lifetime of the regeneration process and beyond, probably up to 30 years, and remain focussed on the three inter-related component parts of this process which are physical, economic and social. The resident participation strategy achieves these aims by focussing on the following four key areas:

- ◆ Active participation by residents
- ◆ Full consultation with residents
- ◆ Meaningful support from residents
- ◆ Production and delivery of readily understandable information to residents

The WDRT has become involved in the life of the estates and has actively encouraged residents to drop in to discuss the regeneration proposals. This has been a very successful strategy to the point where the number of visitors are increasing. Some come singly and others arrive as a large extended family. Some residents stay no longer than 10 minutes, others for an hour or more. The range of questions which they bring is equally varied. For some it is to discuss worries and concerns about the regeneration proposals, or to get more information. For others it is to discuss a wide range of issues which are of concern, some personal and some connected with their tenancy, housing benefit, repairs and anything else which occurs to them. The WDRT deals with all these problems in the best way it can and never turns anyone away. It deals sympathetically and confidentially with all the personal problems, and has acquired a reputation for giving straightforward and honest advice when it can on the issues which it is asked to deal with. It acknowledges that it is often not qualified to give advice on many of the issues which are referred to it.

Public consultation and participation, by its very nature, involves a two-way information exchange with residents before decisions are made and the strategy described above has helped. It must be transparent and accountable. This is described in the WDRT's report "*Community Leadership at Woodberry Down*".

## A RESEARCH BASED APPROACH

The WDRT has developed qualitative and quantitative research approaches to identifying how the estates work, and what the aims, needs and aspirations of the residents are. It has also obtained a very clear idea of the investment requirements has been established for housing provision. Reports have been written describing the results of this research and a fresh approach has been developed for the process of option appraisal.



#### 4. NATIONAL POLICY

For the new and refurbished homes on the Woodberry Down estates the WDRT has adopted the aims set out by government in the Housing Green Paper *"Quality and Choice: A decent home for all"*. The government's aim is to offer everyone the opportunity of a decent home and so promote social cohesion, well-being and self-dependence. This is the aim of the regeneration proposals for the Woodberry Down estates.

The WDRT is also adopting the Housing Green Paper's key principles underpinning this aim. These are:

- Offering everyone opportunity, choice and a stake in their home whether rented or owned.
- Ensuring an adequate supply of decent housing to meet needs.
- Giving responsibility to individuals to provide their own homes where they can, providing help for those who cannot.
- Improving the quality and design of the housing stock, new housing and residential environments, helping to achieve an urban renaissance and protecting the countryside.
- Delivering modern, efficient, secure, customer-focussed public services and empowering individuals to influence them.
- Reducing barriers to work, particularly in relation to benefit and rent policy.
- Supporting vulnerable people and tackling all forms of social exclusion, including bad housing, homelessness, poverty, crime and poor health.
- Promoting sustainable development that supports thriving, balanced communities and the high quality of life in urban and rural areas.

The objectives of the housing component in the long, medium and short-term for the Woodberry Down estates are described below. These objectives are based on the government's key principles for housing policy, and are also based on the requirements of the Council's vision and strategy.

## 5. VISION AND OBJECTIVES

### VISION

The long-term plan for the Council's housing strategy is described in the Council's Housing Strategy 2001 to 2006. It is that from now until 2020 the Council will:

- Improve the supply of good quality homes, in line with agreed London-wide requirements and the need for higher density developments.
- Improve the built environment, with regard to community ownership, global sustainability, adopting the Egan principles as described in *"Rethinking Construction"* and high quality innovative design.
- Improve housing choices, through revised lettings policies and an integrated tenure strategy.
- Improve life chances, by supporting the key areas of education and training, and employment.
- Improve access to services, especially through more integrated service delivery and Information and Communications Technology (ICT).

Delivering this vision will not be easy. It will mean making national, sub-regional and local policies and initiatives work. The report by the Social Exclusion Unit *"Bringing Britain Together: a national strategy for neighbourhood renewal"* summarised this and their guidance has been adapted in forming the objectives. The guidance, with the WDRT's local interpretation is:

- *Investing in people, not just buildings.* To do otherwise, particularly on estates with such a diverse population, will mean that the estates will revert back to the position they are in now within a generation or so. Also improve the access to the supply of housing to appropriate local communities so that the estate better reflects the society it is imbedded within and therefore responds to local housing needs that result.
- *Involving communities, not parachuting in solutions.* Consultation has taken place consistently and transparently with residents during the last year. This process will intensify and continue in the future. This is having a beneficial effect on the development of proposals and residents' input is becoming invaluable. To impose solutions in these circumstances would not be helpful.
- *Developing integrated approaches with clear leadership.* This is a principle the WDRT is committed to. The idea of integrated service provision fits well with the needs of estates such as this. The option appraisal which has been started is a combined Education and Housing appraisal and could be expanded to include other service areas such as Health and the Probation Service for example.

- *Ensuring mainstream policies really work for the poorest neighbourhoods.* This has already been referred to. The WDRT is committed to making national, regional and local policies work on an integrated basis.
- *Making a long-term commitment with sustained political priority.* The ultimate objectives are long-term, about 20 years. In addition there are intermediate 10 year objectives. The WDRT is also considering different forms of local management such as Urban Regeneration Companies, Housing Regeneration Companies and the like.

This sets the corporate framework against which the following objectives have been developed.

#### OBJECTIVES

The proposed objectives of the long-term regeneration programme for the Woodberry Down estates have been defined as precisely as possible. In order to do this in a structured way the hierarchy of objectives used by the Department for Education and Employment has been adopted. This distinguishes between ultimate, intermediate and immediate objectives in the following way:

- ◆ Ultimate objectives are usually defined in terms of strategic issues. Examples such as satisfying long-term economic growth requirements, carrying out statements of government policy, and long-term local authority strategic plans fall into this category. A distinguishing characteristic of ultimate objectives is that they typically take 20 years or more to bring to maturity.
- ◆ Intermediate objectives are one level below the ultimate objectives, and they will need to be met if the ultimate objectives are to be achieved. Usually, but not exclusively, intermediate objectives should be measurable. They usually have a time horizon of about 10 years. Intermediate objectives will not always be within the control of those responsible for delivery. It is recognised that sometimes events, and not those responsible for delivery, dictate the logic of developments.
- ◆ Immediate objectives are short-term objectives directly concerned with outputs. They will normally be measurable and to some extent within the control of those responsible for delivery. The immediate objectives will usually need to be met if the intermediate objectives are to be achieved. They may however be one of several contributing factors to the success of the intermediate objectives.

## ULTIMATE OBJECTIVES

1. Satisfy the long-term aims of education and housing as described in *The Borough's Education Strategy 2000-2002* and in *The Borough's Housing Strategy 2001 to 2006*.
2. Harness the energy, spirit and enthusiasm of local people to develop a long-term sustainable community, which is confident, safe and secure.
3. Become a good place to visit and a place where people want to stay.
4. Provide new and refurbished housing, schools, and health and other facilities to modern long-term sustainable standards, in such a way that it will make a substantial contribution in terms of improved health, education, self esteem and other benefits.
5. Change the current uniform tenure and ownership pattern by providing new and refurbished housing with a range of different tenures, levels of affordability and ownerships.
6. Provide an integrated cross-sectorial approach to unified and joint ownership of assets, their use, and the use of relevant income, in such a way that it includes resident participation.
7. Unlock the value of land for the benefit of those who live on the estates.
8. Ensure the ethnicity of the estate is balanced in such a way that it reflects fairly the needs of all communities it should serve both from its existing population and any immediately identifiable local populations.

## INTERMEDIATE OBJECTIVES

1. Provide a unified solution which improves the fixed assets and service delivery of education, health and housing and enables improvements in any of these services to benefit the recipients of the other service.
2. Re-provide housing, schools and health and other facilities in such a way that it will make a substantial contribution in terms of improving health, education and self esteem, care, crime and disorder, and environmental and other benefits.
3. Demolish buildings which are failing or which are too expensive to refurbish and replace with new, refurbish the remaining buildings to a standard to achieve a 30-year life, and comply with the latest planning guidance contained in *PPG 3* and *4*, the *Consultation Document on PPG 13*, and the LPAC report "*Sustainable Residential Quality*". The design of new and refurbished buildings to comply with the DETR report "*By Design*" and the English Partnership/Housing Corporation's "*Urban Design Compendium*".

4. Subscribe to the principles of the Greater London Authority (GLA) Spatial Development Strategy and in particular to the presumption against the loss of affordable homes as described in *"Homes for a World City"* by the Housing Commission of the GLA.
5. Adopt the design excellence principles described in the Urban Task Force report *"Urban Renaissance"*.
6. Provide non-housing fixed assets as part of an integrated funding service provision programme.
7. Secure adequate private and public funding within a strong management and control structure related to the Government's planned reform of local government, and including the involvement of residents.
8. Encourage residents in blocks with a high proportion of leaseholders to participate in leasehold enfranchisement to enable them to purchase their property so that these blocks can be transferred to some form of common ownership and management.
9. Increase tenant choice, including home ownership. This to include key worker accommodation, cost rent initiatives and starter homes, and various forms of shared ownership.
10. Arrange for the management of the estate to be by either statutory or non-statutory organisations to high responsive standards representing demonstrable best value.
11. Increase residents' influence and control in decisions which affect the estates.
12. Provide on-line ICT services, and promote their use.

#### IMMEDIATE OBJECTIVES

1. Continue to develop the residents' participation programme.
2. Prepare a Delivery Plan for the Single Regeneration Budget (SRB) Round 6 housing component.
3. Deliver the SRB housing programme.
4. Design, make available and maintain a dedicated Woodberry Down web site.
5. Obtain approval to the PFI Outline Business Case.

6. Procure advice and proposals from organisations with the ability to regenerate the Woodberry Down estates.
7. Produce a Development Planning Brief for public consultation.

## 6. CHANGE

The WDRT plan is for a radical change to the housing in the area, and has a long-term plan which will enable this change to happen within the context of national, sub-regional and local policies. This plan is informed by the quantitative surveys which have been carried out into the condition of the housing stock and the cost of repair and improvement. Other qualitative surveys have involved 63% of homes and have measured the age and gender and economic active profiles of the occupation of each of the 104 blocks in the area. Residents' aims, aspirations, dislikes, health, and some other matters have also been measured. The following WDRT's reports describe these results:

- *Qualitative Survey Results*
- *Quantitative Survey Results Part I: Financial Summary*

The area has many contradictions and many of the assets have reached the end of their working life. The surveys referred to above have revealed that some blocks are failing and becoming unsound and will have to be demolished and others are so expensive to repair and improve that demolition is the only option which provides value for money. The same area however contains a strong community with a sense of belonging. It has many well-established families. It also has a large young population with two children to every three adults, twice as many as the rest of Hackney. Yet it has poor provision for those of pre-school age, and those at school. The area is bisected by a major dual carriageway road which creates a severe adverse environmental impact on the 30 or so blocks which border it. But because of the existence of this road the area has one of what must be potentially the best bus and underground interchanges in north east London on the Piccadilly Line. The station was specifically designed in the 1930's with this interchange arrangement and provides a valuable commercial opportunity.

The area has in the main a monotonous uniform alignment of the blocks, other than some of the perimeter areas, which give the area a dense feel although the actual density is only 330 habitable rooms per hectare overall. This almost over-bearing feel is in contrast to the large open space which is Finsbury Park immediately on the north-western edge of the area and within easy walking distance of most of it. It also has "wall-to-wall" social housing with a growing number of leaseholders who have exercised their right to buy.

## 7. THE LONG-TERM PLAN

The long-term plan is therefore to preserve the best and to change the rest using funds from the Single Regeneration Budget to act as the small but important catalyst for this change. SRB funds will not be used for repairs and improvement to the housing stock, instead it will be used to:

- Provide resident support during the seven-year SRB programme.
- The acquisition of land to provide temporary and permanent decant homes.
- Provide temporary and permanent decant homes.
- Decant and demolish the first tranche of blocks too expensive to repair or improve thus creating a vacant area of land for new mixed tenure housing.
- Contribute towards procurement of a long-term development partner and the WDRT on-site costs.

The SRB programme is for seven years and the major draw down on it will probably extend for no more than five years or so. Because of the scale of changes necessary the long-term plans extend to 15 or 20 years. This will enable these radical changes to be carried out at a pace which residents can adjust to. It will also ensure an exit strategy which will secure a sustainable community with its strong sense of belonging intact and a secure future for the young people.

The value of the land cleared of defective housing has been conservatively valued by the Council at £5m per hectare. The land adjacent to the underground and bus interchange is probably worth half as much again. It is likely that these values will increase as knowledge of what is proposed becomes more widespread. One of the long-term objectives is to unlock the value of this land for the benefit of those who live there and this has already been referred to.

On the basis of the analysis contained in this report the WDRT proposed that the long-term plan must include the following six elements:

- 30-year life housing. New and refurbished housing will be to current technical standards and the WDRT will champion good innovative design, manufacture and procurement.
- Diverse tenure. Diverse housing ownership and good quality affordable homes form part of the Council's vision for Hackney in 2020. It proposed that a combination of private ownership, shared ownership and cost rent, and affordable rental accommodation be considered.

- **Principal Development Agreement.** This will be used to encourage and control the long-term plan and “open up” the areas to internal and external opportunities. It will also be used to encourage innovation in design, procurement and construction.
- **The Technical Revolution.** New developments in information technology will be incorporated into new and refurbished housing which will connect residents at the local and global level.
- **The Ecological Threat.** The housing in the area is in buildings of an age and design which are consuming huge quantities of energy, which has also been referred to. This is because the fabric of the buildings leak heat. This is no longer acceptable in terms of national policies, international aspirations, nor in terms of affordability for residents.
- **The Social Transformation.** Changing life patterns are evident everywhere. Residents in the area should expect to share in new lifestyle choices. This includes the management and ownership of their homes. The process of consultation has started very early in the regeneration programme, much earlier than is normally the case. When the consultation started there was a fear that it was premature. Answers could not be given to many questions and many of the questions had not been thought of anyway.

## 8. PROCUREMENT

### INTRODUCTION

The purpose of the remaining sections of this report is to describe the procurement process which will deliver the Vision and Objectives. The subject is dealt with in two parts. The first describes the draft overall procurement strategy for the entire estates and is included in Section 9. The second part in Section 10 describes the background and expectations of the first contract for the Preparation of Development Advice and Proposals, which is the subject of the existing OJEC Notice.

The Council has been successful in its Application for Provisional DETR Support for a Private Finance Initiative (PFI) Scheme on the HRA. As a result the procurement and management arrangements have had to be re-examined. In order to progress the PFI arrangements. The WDRT has confirmed its opinion that it needs competent experienced help if it is to manage the process and bring the PFI housing contract to a successful financial close.

In order to secure this the WDRT is in discussion with Partnerships UK plc (PUK) which can provide this expertise. PUK was formally the Treasury Taskforce and is now 49% owned by Government. The Treasury has conferred upon it the role of



undertaking joint procurement with UK public bodies. PUK has not been given the sole right to do this, but it does have a right which enables public bodies to undertake joint procurement activities with PUK without any need to compete the opportunity. The WDRT proposes that the Council takes advantage of this. The relationship between the Council and PUK will be governed by a Development Partnership Agreement.

Residents have been, and will continue to be involved in the Procurement Process through evaluation of Expressions of Interest, design of the tender brief and participation in the procurement board.

## **9. PROPOSED OVERALL PROCUREMENT STRATEGY**

### **PFI PROCUREMENT**

The WDRT proposes that the Council enters into a Development Partnership Agreement (DPA) with PUK. The primary aims of this agreement is for PUK to help the WDRT to develop the overall procurement strategy for the PFI elements of the Woodberry Down regeneration programme, and to ensure the efficient management and conduct of the PFI procurement process. In particular PUK will be responsible for providing advice and assistance as described below during the subsequent phases of the programme and in the following areas:

- **Prior to the issue of an OJEC Notice**
  - **Overall Strategy**
  - **Project Team Structure**
  - **Procurement Strategy and Timetable**
  - **Appointment and Management of Advisors**
  - **Preparation of the Outline Business Case**
- **Post publication of an OJEC Notice**
  - **Project Management and Control**
  - **Documentation**
  - **Evaluation and Bidder Selection**
  - **Legal Agreements**
  - **Deal Negotiation**

## EUROPAN 6

The WDRT has the achievement of design excellence as one of the Intermediate Objectives. It is also keen to encourage young architects. As part of the procurement process the WDRT has therefore entered part of the Woodberry Down estates in the EUROPAN 6 architectural competition. In this it has been successful in that Woodberry Down has been chosen as one of three sites to be considered as the UK entries this is a biennial architecture and design competition for young European architects that promotes innovation in the design of housing and urban renewal. The UK contribution is co-ordinated by The Architecture Foundation. The competition element is organised by the competitions office of the Royal Institute of British Architects. The competition involves 19 countries across Europe and includes 67 sites. 19 competition entries have been received for Woodberry Down. The Council is not obliged to accept any of the proposals made as a result of the EUROPAN 6 competition, the results of which will be announced by EUROPAN in June 2001.

## DEVELOPMENT BRIEF

A Development Planning Brief will also be prepared to aid the procurement process. This will form the basis of Principal Development Agreements, which will include agreements prepared in accordance with Section 106 of the Town and Country Planning Act 1990. Residents will be involved in the writing and consultation process for the Design Planning Brief. These will guide and control redevelopment. A new approach involving the disconnection of land use planning and the government's wide agenda.

## OVERALL PROCUREMENT STRATEGY

The principal components of the overall procurement strategy are:

### *DEVELOPMENT ADVICE AND PROPOSALS*

As a result of a recent Notice posted in the Official Journal of the European Communities (OJEC), Expressions of Interest have already been obtained for this contract. The particular requirements of the Development Advice and Proposals Contract are described in Section 10 of this report.

In order to procure this initial work the Council's Housing and Environmental Services Committee approved on 17th December 2000 the placing of an OJEC Notice, and for the preparation of a housing PFI proposal if this was subsequently called for. The Notice was posted in OJEC on 16th January 2001. Expressions of Interest were received on 16th March 2001, and the Estate Development Committee (EDC) accepted the WDRT's recommended long list on 5th April 2001.

The scope of this contract is described in more detail in Section 10. Organisations which are appointed to carry out the Development Advice and Proposals contract will not be excluded from making Expressions of Interest for the other contracts.

The introduction of the PFI procurement process has had the effect of changing these arrangements. The PFI programme is regarded as a material change to the original OJEC Notice and the information which was sent to these organisations which were considering making an Expression of Interest did not take account of the PFI programme. The original OJEC has been withdrawn and substituted by a revised one on 1st April 2001 which reflects the PFI arrangements. Any new or revised Expressions of Interest will be received by 6th June 2001.

*THE REFURBISHMENT OF BUILDINGS (FIRST PHASE)*

The DETR Housing Directorate in December 2000 invited Outline Proposals from local authorities which wanted to pursue Private Finance Initiative (PFI) projects for Housing Revenue Account housing and which wished to receive government support in the form of PFI credits. The WDRT prepared an Application for Provisional DETR Support for a housing PFI for part of the estate, and this was submitted by the WDRT on 9th February 2001. This is for the refurbishment of homes, not for the construction of new ones which is outside the housing PFI programme. The WDRT was notified on 3rd April 2001 that the Housing Minister had accepted the WDRT's Application. As a consequence the Council has been invited to prepare an Outline Business Case for consideration by the Project Review Group in the summer of 2001. The EDC has also been informed of this.

The contract will be for about 30 years and there will be no transfer of ownership. The Council will exercise control over the management of the housing and engage a service provider to manage and maintain the property. This will be done by means of a Concession Agreement which will be prepared by the WDRT and PUK. The Council will be in a position to enter into a PFI Concession Agreement in 2002/2003 for the 322 homes at Lordship North and the Seven Sisters Road South West part of the Woodberry Down estate.

The housing PFI programme will be the subject of a separate OJEC Notice and tendering arrangement, probably based on the negotiated procedure. The WDRT will be assisted by PUK and third party advisors. This is subject to the Council accepting the WDRT's recommendation for the Council to enter into a DPA with PUK as described in the Introduction of this section of this report.

*THE REFURBISHMENT OF BUILDINGS (SUBSEQUENT PHASES)*

The housing which will be refurbished, but which does not fall within the current housing PFI programme will be the subject of separate procurement arrangements. They will be the subject of further PFI Applications or some other form of procurement if the PFI programme is not applicable.

*THE PROVISION OF EDUCATION, COMMUNITY AND HEALTH FACILITIES TOGETHER WITH REFURBISHED HOUSING*

The WDRT is considering as a separate procurement programme a cross-sectorial or bundled PFI arrangement. This is likely to be for the provision of education and health facilities, and for housing. The idea of using a bundled PFI approach at Woodberry Down comes from an analysis of need rather than a desire to employ PFI principles indiscriminately. This proposal has been referred to in a WDRT report *"Proposal for Cross Departmental Asset Management and Service Delivery"*. It has also been described by Barbara Ainger in *"Neighbourhood PPPs"* published in the New Economy in September 2000.

The cross sectorial PFI programme, if approved, will also be the subject of a separate OJEC Notice and tendering arrangement. It is likely PUK will assist under terms yet to be discussed, and third party advisors.

*DEMOLITION*

The demolition programme will be the subject of a separate OJEC Notice and tendering arrangement, probably based on the restricted procedure. More than one Notice may be necessary over a period of years.

*NEW CONSTRUCTION*

The new build housing programme will be the subject of another separate OJEC Notice and tendering arrangement probably based on the restricted procedure and assisted by third party advisors. More than one Notice may be necessary over a period of years.

**10. CONTRACT FOR THE PROVISION OF DEVELOPMENT ADVICE AND PROPOSALS**

**BACKGROUND**

The organisation selected to provide Development Advice and Proposals will be required to develop proposals for the regeneration of the estate against the following background:

- The size of the required development probably exceeds the capacity of even the largest RSLs and several will have to be employed. This capacity problem will be made worse for the whole industry sector because the Woodberry Down programme will start at about the same time as a large number of stock transfers are taking place elsewhere in the UK. In

addition many RSLs will by then be involved in participating in a variety of arms-length companies and the movement of housing management away from local authorities.

- The investment required in the estates is large, probably £150m in housing and infrastructure and a further, say £25m, in education, health and other public facilities. Making proposals for funding and managing this kind of investment from a variety of private and public sources will be a significant tasks.
  
- The total size of the estates at first sight disguises their complexity. The WDRT has divided the area into 18 separate geographical areas for the purpose of analysis, synthesis, and examining development opportunities. For the purposes of the resident consultation process some of these areas have been combined to provide 14 areas. The result is that a round of consultation can be completed more quickly. In future the consultation process is likely to revert to 18 areas. The WDRT has concluded that each of the 18 areas is a separate entity requiring individual solutions. Managing these through the demolition and reconstruction and refurbishment, providing individual tailored technical, planning and funding solutions and obtaining partners with specialist skills will be a difficult task.
  
- The only certainty about the estates is that change is inevitable. The society which occupies the estates is changing and adapting to opportunities and changing aspirations and will continue to do so. Whilst the WDRT has measured the characteristics of the resident population and has based a lot of its reasoning and proposals on this, it is recognised that this only represents a snapshot in time. This principle relating to change will apply to the long-term management and regeneration of the estates. To a large extent the process will have to be demand-led over the 30-year life of the programme. Flexible proposals which can continually change and adapt to changing circumstances will be required.
  
- The regeneration programme, almost by definition, contains elements of risk. This falls into three broad categories for each of which proposals will be required. They are:
  - Technical risks. The most significant technical risk concerns the long-term future of the estates. Many detailed issues fall under this heading but two will serve to illustrate the point.

The first concerns the stability of some of the blocks over time. The defective blocks do not have a long or even medium-term future and for many of these blocks there is an increasing risk of failure. That is failure of the structure so as to make the block uninhabitable, or a failure of structural elements such as walkways, balconies or gable ends. With a long development programme of refurbishment and reconstruction and with an understandable

reluctance to invest heavily in these blocks, those defective blocks which are at the end of the programme have a higher risk of failure than those at the start. With the blocks early in the programme it also may be problematic because the programme of reconstruction will not begin for two years.

The second example of risk involves the financial evaluation of the whole development. This will include the financial appraisal of the commercial and residential developments. The consequences of getting this wrong will be catastrophic and effectively bring the regeneration programme to a halt. It is acknowledged that this is largely a matter of degree but even a comparatively small error, on a programme of this size, will have an adverse effect.

- Managerial risks. These can be a consequence of:
  - management failure of the regeneration process including insufficient people with the right skills, qualifications and experience;
  - the effect of having the management of the process shared between organisations with different objectives;
  - insufficient or inadequate resident consultation;
  - not sharing information with residents in accordance with the DETR *“Code of Practice on the Dissemination of Information during Major Infrastructure Projects”*;
  - ineffective balloting of residents;
  - an inadequate transition from central control of the estate to another democratically elected organisation;
  - choosing an inadequate model for future democratic control and management.
- Legislation and regulation. It is inevitable that during the life of this project legislation will change. This can be accommodated to a large extent by the legal framework regulating the contract in the usual way. Likewise, and often for similar reasons, the regulatory framework which will govern delivery will change both in terms of monitoring performance and ethical corporate behaviour.

Organisations preparing the Development Advice and Proposals must therefore have the skills, to deal with these challenges in the seven areas described above. They must also have a sense of design and order. In addition the organisation must be able to relate to residents, understand their needs and aspirations and regard the EDC as an equal partner.

## SPECIFIC REQUIREMENTS

This contract is not for the provision of works, or the creation of new assets, or the refurbishment of existing ones. That will be the work of others. It is for the development of advice and proposals for:

- The long-term ownership and management of the assets which reflect the various retention, transfer, sale and funding arrangements.
- The demolition and subsequent redevelopment of assets on parts of the estate and the refurbishment of the remainder against an overall plan which is compliant with the Development Planning Brief.
- The procurement, management and control of those organisations which will deliver the 30-year outcomes and the 15-year and 5-year outputs, other than the parts of the estate which are the subject of PFI programmes.
- The continuation and extension of the rehousing programme.
- The financial arrangements in such a way as to maximise the financial return from the commercial, retail and private domestic property for the benefit of residents, and including Education and Health, other than the parts of the estate which are the subject of PFI programmes.
- A company to be run by the successor to the Estate Development Committee which will take the form of an Urban Development Company or a derivative of this: a Community Operating Company. It could be structured as a Registered Community Asset Mutual if this is considered appropriate, and funded and managed on some form of arm's length basis. The parts of the estate which are the subject of PFI programmes are excluded from this requirement but the precise nature of this exclusion has yet to be determined.

In particular advice and proposals will be required for:

- The long-term ownership and management of the assets which reflect the various retention, transfer, sale and funding arrangements including:
  - The ownership and management of the estate must reflect the vision and objectives.
  - The management structure must have strength and depth to produce consistently good results.
  - The consortia to be technically balanced and informed, and joined by a binding agreement which shares responsibilities and risks and which will endure.

- The demolition and subsequent redevelopment of assets on parts of the estate and the refurbishment of the remainder against an overall plan which is compliant with the Development Planning Brief including:
  - Compliance with the Development Brief.
  - Compliance with national planning guidance.
  - Pays high regard to the quality of design of buildings, open spaces and transportation.
  - Makes best use of the commercial and retail opportunities available.
  - Integrates new education and health provision with housing.
  - Takes account of the results of the EUROPLAN 6 competition.
  - The quality and suitability of the design and technical innovations.
  - Support for existing local commercial businesses.
  
- The continuation and extension of the rehousing programme including:
  - Compliance with consultation arrangements.
  - Integration with Estate Development Committee.
  - Able to deliver Rerousing Agreements.
  - Programme compliance.
  
- The financial arrangements in such a way as to maximise the financial return from the commercial, retail and private domestic property for the benefit of residents including:
  - Strength of the financial proposals.
  - Financial structures.
  - Risk assessment.



- A company to be run by the successor to the Estate Development Committee which is to take the form of an Urban Development Company, perhaps structured as a Registered Asset Community Mutual, and probably funded on some form of arm's length basis including:
  - Multiple technical regulatory oversight.
  - Practical and deliverable structure.
  - Conforms with Government proposals and, in particular, with the DETR Urban White Paper *"Our towns and cities: the future"*.
  - Ownership of assets and revenues.
  - Integration of the Estate Development Committee.
  - Powers and responsibilities.

## II. BIBLIOGRAPHY

- Ainger, B, (September 2000), *Neighbourhood PPPs*, New Economy,
- Commission for Architecture and The Built Environment and Department of the Environment, Transport and the Regions, (2000), *By Design, Urban design in the planning system: towards better practice*, DETR.
- Department of the Environment, Transport and the Regions, (2000), *Code of Practice on the Dissemination of Information during Major Infrastructure Developments*, DETR.
- Department of the Environment, Transport and the Regions, (2000), *Planning Policy Guidance Note 3: Housing (PPG 3)*, The Stationery Office.
- Department of the Environment, Transport and the Regions, (1992), *Planning Policy Guidance Note 4: Industrial and Commercial Development and Small Firms (PPG 4)*, The Stationery Office.
- Department of the Environment, Transport and the Regions, (1999), *Planning Policy Guidance Note 13: Transportation (PPG 13)*, The Stationery Office.
- Department of the Environment, Transport and the Regions, (2000), *Quality and Choice: A decent home for all, The Housing Green Paper*, DETR.
- Department of the Environment, Transport and the Regions (2000), *Our towns and cities: the future*. DETR.
- Egan, J. (1998), *Rethinking Construction*, Department of Environment, Transport and the Regions.
- English Partnerships, (2000), *Urban Design Compendium*, Llewelyn - Davies.
- Gavron, N. (1998), *Modernising Local Planning*, Department of Environment, Transport and the Regions seminar.
- Greater London Authority, (2000), *Homes for a World City*, Housing Commission.
- London Borough of Hackney, *The Borough's Education Strategy 2000-2002*.
- London Borough of Hackney, *The Borough's Housing Strategy 2001-2006*.
- Social Exclusion Unit, (1998), *Bringing Britain Together: A National Strategy for Neighbourhood Renewal*, The Stationery Office.
- Urban Investment Metropolitan Transport Research Unit, (2000), *Sustainable Residential Quality, Exploring the Housing Potential of Large Sites*, Llewelyn - Davies.

- Urban Task Force, (1999), *Towards an Urban Renaissance*, Department of the Environment, Transport and the Regions.
- WDRT (Woodberry Down Regeneration Team), (2000), *Community Leadership at Woodberry Down*, London Borough of Hackney.
- WDRT (Woodberry Down Regeneration Team) (2000), *Energy Efficiency*, London Borough of Hackney.
- WDRT (Woodberry Down Regeneration Team), (1999), *Proposal for Cross Departmental Asset Management and Service Delivery*, London Borough of Hackney.
- WDRT (Woodberry Down Regeneration Team), (2000), *Qualitative Survey Results*, London Borough of Hackney.
- WDRT (Woodberry Down Regeneration Team), (2000), *Quantitative Survey Results Part I: Financial Summary*, London Borough of Hackney.
- WDRT (Woodberry Down Regeneration Team), (2000), *Review of the Round 2 Consultation Process*, London Borough of Hackney.
- Wilkinson, D. and Appelbee, E., (1999), *Implementing Holistic Government. Joined up action on the ground*, The Policy Press.