

AGENDA ITEM: 6 Pages 12 – 23

Meeting	Cabinet Resources Committee
Date	8 December 2009
Subject	Dollis Valley Housing Estate regeneration scheme
Report of	Deputy Leader of the Council / Cabinet Member for Resources Cabinet Member for Community Services
Summary	To report on the regeneration of Dollis Valley Housing Estate setting out the objectives of the scheme, reasons for the failure to delivery and the options for procurement to reinvigorate the proposals and enable commencement of estate renewal.

Officer Contributors	Stewart Murray, Director of Planning, Housing & Regeneration Colin Ross, Head of Regeneration
Status (public or exempt)	Public
Wards affected	Underhill
Enclosures	Appendix – Appraisal of Procurement Route Options
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Colin Ross, Head of Regeneration, 020 8359 7278.

1. RECOMMENDATIONS

- 1.1 That Officers progress the implementation of regeneration on the Dollis Valley estate to deliver a vision of a renewed suburban neighbourhood which fits in with the suburban character of Chipping Barnet in terms of scale and materials, improves the links to the Green Belt countryside from Chipping Barnet and provides a range of homes incorporating family homes and offering a choice of tenures.**
- 1.2 That Officers be authorised to proceed to procure a shortlist of potential private sector development partners through whom the regeneration of Dollis Valley Housing Estate would be delivered.**
- 1.3 That Officers be authorised to initiate a Competitive Dialogue process or other appropriate procurement procedure with the shortlisted potential development partners, with the objective of securing the most economically advantageous tender for the regeneration of Dollis Valley Housing Estate which delivers the Council's objectives for the Estate.**
- 1.4 That £107,000 be committed, in addition to the existing project budget of £108,000 in 2009/10, to provide technical and legal support to enable the procurement of bidders for a Competitive Dialogue or other alternative process (as stated in 1.2 above) with such expenditure to be recoverable through any development agreement with the successful bidder.**
- 1.5 That, in addition to the budget requirement for 2009/10 (as stated in 1.3 above), the commitment of £346,000 to support the Competitive Dialogue or other alternative process during 2010/11 (as stated in 1.3 above) with such expenditure to be recoverable through any development agreement with the successful bidder.**
- 1.6 That officers continue to engage with the Dollis Valley Residents' Association and work with the Association to develop a Consultation Plan to ensure appropriate engagement in the Competitive Dialogue process.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 21 February 2005 (Decision 6) – approved the Dollis Valley Vision Statement.
- 2.2 Cabinet Resources Committee, 16 December 2004 (Decision 4) – approved the entering into the proposed underwriting agreement with Warden Housing Association.
- 2.3 Cabinet, 22 November 2004 (Decision 8) – approved the Council's development, regeneration and planning strategy the Three Strands Approach to Protect, Enhance and Grow Barnet as a "successful city suburb".
- 2.4 Cabinet, 27 September 2004 (Decision 13) – approved that Warden Housing Association redevelop the estate excluding the houses and be endorsed as the Council's preferred partner to undertake the regeneration of the Dollis Valley Housing Estate.
- 2.5 Cabinet, 1 December 2003 (Decision 9) – approved the Council entering into further negotiations with Warden Housing Association for the regeneration of Dollis Valley Housing Estate in order to consider possible amendments to the two schemes under consideration; That further consultation be undertaken to conclude the extent of redevelopment as opposed to refurbishment in relation the estate houses, which will include a survey on householders on the estate.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan 2009-10 sets out the priority outcomes which the Council needs to deliver in order to continue to be a successful place. In particular, the regeneration of Dollis Valley will contribute to ensuring that Barnet remains a *“Successful City Suburb”* by improving the quality of housing opportunities. It will be *“Promoting Independence”* by offering a range of tenure options promoting the housing journey towards home ownership. High quality design and an appropriate relationship with the adjoining Green Belt, will help Dollis Valley be *“Clean, Green and Safe”*. Under the *“Place”* theme, the Plan specifically identifies that the regeneration of Dollis Valley be progressed as one of Barnet’s 4 key regeneration estates.
- 3.2 Dollis Valley is identified within the ‘Growth Stand’ of *“The Three Strands Approach: Protection, Enhancement, Growth”* which promotes sustainable growth, regeneration and high quality transformation into a vibrant and successful, mixed-tenure neighbourhood.
- 3.3 The Dollis Valley Vision Statement, adopted by Cabinet, and issued on 21 February 2005 considered that the estate had been in decline for a number of years. It acknowledged consultation with residents and stakeholders which identified that the area was isolated from the surrounding neighbourhood with a poor quality built environment, poor transport links, single vehicle access, low quality local retail premises, social exclusion, economic deprivation, low educational achievement and attainment and a fear of crime.
- 3.4 The Vision Statement identified a number of key challenges to regenerating the estate but also many opportunities to transform the area and the quality of the lives of existing and future residents. This included realising the advantages of its proximity to the Green Belt, overlooking the Fair Fields from a south facing aspect, the quality of the surrounding suburban area and the proximity to good quality schools and facilities.

4. RISK MANAGEMENT ISSUES

- 4.1 There is a risk that a lack of adequate project funding may constrain the ability to deliver the proposed regeneration. External funding sources include National Affordable Housing Programme (NAHP) funding from the Homes and Communities Agency (HCA) and from commercial lenders. This risk will be mitigated by adopting innovative and collaborative approaches to the regeneration bringing together expertise in funding from all these key sectors. The Council and its development partners will need to continue to be pro-active in raising the profile of the regeneration with the HCA and other external funders and agencies from an early stage in order to secure support and funding prioritisation.
- 4.2 There is a risk to the viability of the Dollis Valley regeneration project and business case where there are substantial requirements to provide funding from the former primary school site for the PSCIP programme which could undermine the potential to cross-subsidise early housing decanting. By taking a strategic approach to the allocation and timing of equity withdrawal and corporate funding, the Council can maximise the benefits for both its regeneration and educational objectives.
- 4.3 There is a risk that residents on the estate may feel disillusioned by further processes and not be inclined to engage with a further masterplanning exercise ahead of developer procurement, as required by the OJEU Restricted process. This can be mitigated by utilising the agreed Vision Statement, previously supported by estate residents, as the basis for putting the scheme to the market through a Competitive Dialogue process. The Dollis Valley Residents’ Association will be regularly engaged in the process and will be asked to endorse a residents consultation strategy with the Council.

- 4.4 There is a risk from a lack of due diligence undertaken on physical site constraints to date. This can be addressed by commissioning relevant engineering studies which will be provided to bidders to de-risk the tender process and attract active interest from developers.
- 4.5 There is a risk that a prescriptive approach to the briefing will deter private sector developers, force an inferior solution in relation to current market pressures and delay implementation. This can be mitigated by being clear in the Council's objectives and aspirations for the estate regeneration, but allowing the bidders to develop the most deliverable solutions with Registered Social Landlord (RSL) and funding partners through using Competitive Dialogue.
- 4.6 There are risks of escalating consultant costs through drawn out tendering processes. This will be relevant to both options to develop a masterplan for restricted tender or through the negotiations with at least three parties for Competitive Dialogue. With competitive dialogue, the primary risk lies with the legal costs during negotiation. This can be mitigated by using in-house or seconded resources wherever possible including the day-to-day management and meeting co-ordination; and drawing only on external consultants for detailed negotiation, strategic and drafting inputs where necessary.
- 4.7 There are substantial risks in the Competitive Dialogue process arising if the Council changes its requirements either during or after the process and from giving inconsistent information or responses to competing bidders. Robust project management by the Council will be critical as well as holding as far as possible to a consistent line on regeneration plans.
- 4.8 If the regeneration and redevelopment of the estate does not proceed the Council will be required to bring the current housing up to the Decent Homes standard by 2010. There is no current financial provision for this in the Decent Homes programme and provision would have to be made from the Housing Revenue Account.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Barnet is committed to improving the quality of life and wider participation for all the economic, educational, cultural, and social and community life in the Borough. This is achieved by pursuing successful regeneration of the Borough's priority housing estates and where financially necessary to assist this by bringing sites to the market for residential use. This will benefit all sections of society and Barnet's diverse communities who are seeking housing and contribute to addressing the shortage of housing in the Borough across all tenures.
- 5.2 There is growing concern amongst residents that Dollis Valley that they have been left behind in the regeneration process as quality of life and of housing opportunity have reduced as uncertainty continues. This is highlighted by the current progress on Stonegrove/Spur Road and Grahame Park in Colindale. In addition, the tenure mix is changing on the estate as the Council's continuing policy of not filling void properties with secure tenants has resulted in a significant increase in non-secure tenancies on the estate. This could, if prolonged increase the transience of the community.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

Procurement Options for Delivery of Regeneration

- 6.1 Despite the challenges of the ongoing recession and these viability obstacles, the Council has prioritised the exploration of the most effective means of engaging the development market and securing progress on the regeneration, in spite of the depth of the ongoing economic recession. This requires the adoption of a more market-driven and realistic approach to regeneration than has been adopted to date.
- 6.2 The objectives of the assessment are to identify the approach which:
- will ensure that the private sector is engaged and its skills and expertise for the regeneration of the estate;
 - will ensure a market-led, deliverable proposal is produced which has the best possible chance of implementation in the shortest reasonable timescale given current economic and market constraints; and
 - ensures good value for the Council's resources.

To this end, the following procurement options have emerged, and in tandem, the Council issued an OJEU Prior Information Notice on 9 September 2009 in order to stimulate market interest.

Option A – Do Nothing/Minimum (Counterfactual) – there is not an option to do nothing on the estate. The Council would be required to upgrade the existing housing to Decent Homes standard. In particular, the construction of the external walls to the apartment blocks and the age and condition of the timber screens to the houses in the Council's ownership will require investment to ensure that the homes remain habitable in the medium to long term.

Option B – OJEU Competitive Dialogue – the Council would develop solutions with at least 3 private sector bidders who would submit formal tenders once acceptable proposals had been developed.

Option C – OJEU Restricted Tender – the Council would procure another masterplan and invite developers to bid for the contract to develop this solution.

Option D – OJEU Negotiated Tender – the Council would procure an outline masterplan which would be developed in negotiation with competing developers.

- 6.3 More detailed appraisal of the procurement route options is contained in Appendix 1.
- 6.4 This paper recommends that Option B (Competitive Dialogue) addresses the objectives of engaging with the market, avoiding repetition of the masterplanning process and using market expertise to address viability concerns. It is more likely to deliver a viable regeneration for Dollis Valley Estate.

Finance

- 6.5 Between 2005 and 2008, the Council spent approximately £175,000 on consultancy fees for updating the masterplan. Some further work will be required to de-risk the scheme and make it more attractive to potential private sector partners. It will be necessary to appoint external consultants to help deliver some of the information required for the tendering process. If a Restricted Procedure process is selected, resources will be required to develop a new masterplan.

If a Competitive Dialogue process is selected, further masterplanning will not be required but support required during the dialogue may be increased by the likely duration of the process and the presence of at least 3 potential development partners. It is anticipated that this will impact primarily on the legal and cost/financial consultancy costs.

- 6.6 The current project budget for Dollis Valley for 2009-10 is £108,000.
- 6.7 The Council's regeneration services will use in-house resources where ever possible to minimise costs and external fees. In-house planners will provide design input to the bidders proposals. Title reports, existing services and draft Principal Development Agreements are currently also being undertaken by in-house staff. We have included a budget line for Major Projects to provide project management of the procurement process.
- 6.8 In order to take the opportunity to the market procurement of property market, cost consultancy and engineering support will be needed. If a restricted procedure is selected, a masterplanning process is estimated to require a further £125,000. If a competitive dialogue process is selected, it is estimated that £168,000 would be required for financial year (2009/10) for ongoing financial and market inputs and £276,000 to conclude legal negotiations over around 18months.
- 6.9 It is proposed to pay for the costs of procurement and related consultancies through the Housing Revenue Account (HRA) and the recharging of these costs will be included in any Principal Development Agreement. If these costs cannot be recovered, there will be an additional pressure to the HRA budget.
- 6.10 In an underwriting agreement dated 25 August 2005, the Council has agreed to underwrite up to £1.3M of Warden Housing Association's master planning and relevant project costs (see exempt report).

Property

- 6.11 At a separate meeting Members will be considering the benefits of a Joint Venture Company (JVCo) for regeneration purposes. JVCos can come in a variety of forms, but one possible structure is the Local Asset Backed Vehicle (LABV) which allows the Council to place its assets (essentially land and property) in a company that is matched by private sector investment in a 50:50 ownership structure. Whether or not this is the right structure for Dollis Valley will be the subject of the competitive dialogue process. These structures can also enable SME developers and builders to participate in the regeneration project.

7. LEGAL ISSUES

- 7.1 None, other than those which are referred to within the body of the report. In particular, the legal obligations surrounding our obligations to Warden Housing Association (6.9 above).

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3, Responsibility for Functions – paragraph 3.6 states the functions delegated to the Cabinet Resources Committee including all matters related to buildings owned, rented or proposed to be acquired or disposed of by the Council.

9. BACKGROUND INFORMATION

Introduction

- 9.1 The Dollis Valley Estate is located south of Chipping Barnet in the Underhill ward. It is bounded to the north by the housing fronting Mays Lane, to the east by Dollis Valley Way, to the west by the old Barnet Hill Primary School and to the south by Dollis Valley, which is designated as Green Belt and, therefore, protected as countryside.
- 9.2 The site forms part of the southern fringe of Chipping Barnet overlooking protected countryside towards Totteridge from an elevated position on the south-facing slope of Dollis Valley. From Totteridge the estate forms part of the backdrop to the views across the Green Belt countryside.
- 9.3 The Dollis Valley estate was constructed in the late 1960s and 1970s and is owned by the Council. The site was formerly a sewage works and there are indications of residual contamination on the site. The estate comprises 630 homes of which two-thirds are in large panel system flatted and maisonette blocks and the remainder are two storey panel system houses which are located at the border with the Green Belt to the south of the estate. The residents in the 189 houses to the south of the estate have voted to remain with the Council and currently do not form part of the regeneration programme. All the 379 flats and maisonettes, plus 62 houses on the remaining part of the estate are included and were planned for redevelopment.
- 9.4 As it is currently configured, the estate is physically isolated from Chipping Barnet. This isolation is compounded by the overwhelming domination of socially rented housing on the estate and from the poor standard of architecture and urban design which is out of character with Chipping Barnet generally. The provision of estate retail and social facilities has been unsuccessful, compounding the inward looking nature of the estate and perception of decline and dereliction.
- 9.5 Despite many of the buildings extending to 5 storeys, the estate has a relatively low density of 45 dwelling per hectare even by Barnet's suburban standards, but is poorly planned and the site under-utilised. The open space between buildings is unstructured and not well used. Garages are often used for storage and most parking is at grade, dominating some parts of the estate.
- 9.6 The remaining part of the estate has 441 units split into 84 one-bed, 150 two-bed, 204 three-bed, 2 four-bed, 1 five-bed properties. 250 of these units are secure tenancies. The 191 non-secure tenancies is an increasing issue and the residents have raised concerns that the ongoing failure to deliver the regeneration is exacerbating the decline in the sense of community as well as increasing the feeling of transience with its consequent impact on schools, community organisations and general confidence
- 9.7 The existing estate is constructed from a concrete panel system. Condition surveys indicate that, aside from issues of obsolescence of the electric/mechanical systems, kitchens and bathrooms in the flats, the exterior envelope is prone to water ingress at the joints and has very poor thermal insulation. The form of construction causes "cold bridges" between the outside walls and floors – whereby heat within the concrete floors leaks out through the external envelope due to insufficient physical separation between these elements – further decreasing its thermal performance. These aspects of the construction can impact on residents' health and on their fuel costs.
- 9.8 Estimates provided by the Council's consultants suggest that upgrading the building stock to Decent Homes Plus standards would require considerable investment.

The Regeneration Process to Date

- 9.9 In 2001, the Council identified the need for the regeneration of Dollis Valley and included it within its Housing Strategy. However financial viability issues have meant that Dollis Valley, whilst clearly identified as one of Barnet's 4 housing estate regeneration priorities, has been seriously delayed in the Borough's regeneration programme, this being compounded by the recession. Initiated in 2003, the regeneration process has yielded two masterplans, dated 2005 and 2008. Even in a strong market these masterplans struggled to achieve viability due to expensive construction required to support high densities. They were also highly dependent on flatted units. With the collapse of the property market caused by the credit crunch values, especially for flats, have decreased sharply with a significant impact on development values. The failure to progress regeneration during the years in which the property market was performing strongly, if speculatively, is having serious adverse impacts on the residents and on confidence in the future of the estate in the current climate.
- 9.10 In 2003, following a Registered Social Landlord (RSL) competition to identify a development partner to progress the regeneration, the Council appointed Warden Housing Association (WHA) to lead the masterplanning and procurement process. WHA were not the residents favoured RSL but were the highest scoring bidder. WHA was later acquired by Home Group.
- 9.11 In the early stages of the masterplanning process, the residents of the Crocus Field and Meadow Close, terraced houses to the south of the estate fronting the Green Belt, indicated that they did not want to participate in the regeneration. These areas were, therefore, excluded from the masterplans.
- 9.12 Between 2003 and 2005, Home Group led a masterplanning exercise on the estate in close consultation with residents. In 2005, Home produced a masterplan of 1,245 new homes in blocks up to 7 storeys in height. Following consultation with the Council, further work was undertaken on the plan to address viability and density concerns. At this point the Council signed an agreement to underwrite Home Groups "reasonable costs" in revising the masterplan. This masterplan included the re-provision of Barnet Hill Primary School. Due to the construction of the new Whittings Hill Primary School which children from the estate now attend, the former Barnet Hill Primary School site can now be developed.
- 9.13 A revised plan of 977 new homes was produced in March 2008, although this remained subject to viability testing. The collapse of the housing and development market from late 2007 onwards and the onset of recession meant that this model is no longer viable (see exempt report). The masterplan, as it currently stands, has a high concentration on 4 and 5 storey apartment buildings reflecting an urban character and grain which contrasts with the streets and low rise character of Chipping Barnet.
- 9.14 Until Summer 2007, London Borough of Barnet and Home Group met regularly with the Dollis Valley Residents' Association and the Independent Tenants Advisor (ITA). This engagement was recommenced in May 2009 by officers from the Regeneration Service who now meet residents on a monthly basis. The ITA continues to be involved. Officers will work with the residents to develop a consultation plan which will ensure that they have appropriate involvement in the development of proposals.

The Current Objectives

- 9.15 There is a high imperative to find a new route to deliver the comprehensive regeneration that tenants desire, and which has been achieved – despite the recession – at Stonegrove and Grahame Park. However the financial viability issues are acute and are detailed in the exempt report.

- 9.16 The financial modelling suggests that, in order to secure a viable scheme, achievable values must be increased through the development of a scheme which capitalises on its location and setting. In parallel, avoidance of excessive costs required by high density development such as lift access and basement car parking can improve viability. The deliverability of redevelopment will rely on the “regeneration effect” increasing property values on the site to match or exceed those expected in Chipping Barnet and on increases in market value over the anticipated 10 year duration of the project. In addition, the Competitive Dialogue process would allow consideration of all options from redevelopment to retention and refurbishment in combination.
- 9.17 It remains the Council's objective that the Dollis Valley estate can exploit its intrinsic qualities of its location, improve its connection with Chipping Barnet and reconnect to the Green Belt through a high quality suburban development. Development should integrate with the suburb and open up views and routes to the top quality open space beyond. The new Dollis Valley development should provide a suitable backdrop to the valley when viewed from the south harmonising in terms of massing, form and materials. It should be seen as an extension of the successful city suburb and the removal of a barrier to one of its most important assets. This is also an opportunity to improve housing choices and the quality of life for the 250 existing secured tenants and other residents.
- 9.18 The development would aim to deliver a streetscape which would accommodate but not be dominated by car traffic, creating a suitable environment for families and all age groups. The approach to streetscape will include Crocus Field and Meadow Close areas where high quality landscaping will link the estate to the greenbelt, even without the requirement to redevelop the houses themselves.
- 9.19 Although it would be possible to generate a new masterplan which could be presented to the market for tender, a change of approach which is driven by the market and by opportunities presented by the location may be more effective than the previous top-down approach in ensuring delivery.
- 9.20 The procurement process is an important next step on a refreshed and reinvigorated journey but it must ensure the delivery of the fundamental regeneration objectives that have long been set out in the Dollis Valley Vision Statement, the Three Strands Strategy and Barnet's Housing Strategy. These principles are:
- 1) To provide an attractive, well-designed safe neighbourhood that promotes community cohesion for the benefit of residents;
 - 2) To provide a mix of good quality and well designed affordable, private and intermediate housing and community facilities;
 - 3) To create a neighbourhood that is friendly and is of a human scale;
 - 4) To deliver a neighbourhood which has a focus, and a series of routes, spaces and landmarks that help to make the area easily accessible and understood; and
 - 5) To maximise the development potential of the site without compromising the character of the area.
- 9.21 The Council's vision for the regeneration is to create a neighbourhood with a range of tenure and housing options which will fit in with the character of the successful city suburb of Chipping Barnet. It should:
- 1) reflect the scale and materials of Chipping Barnet;
 - 2) extend the street based lower height character of the suburb;
 - 3) provide a range of tenure and housing types including for families;
 - 4) provide homes with access to quality private external space preferably in the form of gardens and terraces;

- 5) improve access from Chipping Barnet and the new Dollis Valley neighbourhood to the Green Belt countryside which will be improved under the Mayor's Great Spaces initiative; and
- 6) be deliverable.

- 9.22 Through competitive dialogue, the solution brought forward would be market led. This would help ensure deliverability. The Council would not prescribe the solution but would set clear objectives in terms of high quality place creation, diversity of tenure and housing type to allow for the housing journey. In addition, the dialogue process would allow the Council to consider a range of Joint Venture approaches such as land asset or option backed vehicles with potential private sector development partners. This approach would enable SME developers and builders to participate in the regeneration, managed by a principal development partner or in a consortium, the detail of which can be developed through the dialogue process.
- 9.23 The Council would ensure that its objectives in terms of the quality of place were met through the dialogue process, not proceeding to the formal offer stage until the bidders had developed proposals which were satisfactory to the Council.
- 9.24 As the solution will be market led, there are better prospects that developers will be able to commence on site once a scheme is agreed, helping to deliver vastly improved housing for current residents, greater tenure choice and greater integration of Dollis Valley within Chipping Barnet.

Next Steps

- 9.25 Following the issue of an OJEU Prior Information Notice to indicate its intention to seek a private sector development partner to develop a viable masterplan with the RSL partner and to deliver the regeneration.
- 9.26 Property Market consultants CBRE have been appointed to help market the opportunity and engineers, White Young Green, have been appointed to review and update the background information with the aim of de-risking the proposal.
- 9.27 The key milestones to develop a Competitive Dialogue would be as follows:

Publish Opportunity in OJEU	December 2009
Receive Pre-qualification Submissions	February 2010
Select Shortlist of to Negotiate	May 2010
Commence Competitive Dialogue	July 2010
Competitive Dialogue	Up to 18 months
Deliver of Estate Regeneration	2012 to 2022

10. LIST OF BACKGROUND PAPERS

- 10.1 Dollis Valley Vision Statement and supporting annexes.
- 10.2 Any person wishing to inspect the background paper listed above should contact Colin Ross on 020 8359 7278.

Legal – TE
CFO – BA-A

Appendix – Appraisal of Procurement Route Options

- 1.1 The objectives of the assessment are to identify the approach which:
- To ensure that the private sector is engaged and its skills and expertise for the regeneration of the estate.
 - To ensure a market-led, deliverable proposal is produced which has the best possible chance of implementation in the shortest reasonable timescale given current economic and market constraints.
 - To ensure good value for the Council's resources.

- 1.2 To this end, the following procurement options have emerged:

Option A – Do Nothing/Minimum (Counterfactual)

There is no realistic option to decide not to improve the estate. The Council, through its ALMO, Barnet Homes would be required to upgrade the existing stock to Decent Homes standard as a minimum. The likely costs suggest a considerable budget would be required to undertake this work.

Option B – OJEU Competitive Dialogue

In this option, following concurrence to use this route by the Director of Major Projects, the Council would engage in a dialogue with at least three developers and develop potential market driven solutions with them prior to inviting tenders as “best and final offers” to select a development partner. The process can be commenced relatively quickly and leverages the creativity of the private sector to identify the most appropriate solution. It will require fewer resources prior to going to the market.

Option C – OJEU Restricted Tender

In this option, the Council would develop a masterplan which the private sector would be invited to deliver. There is limited opportunity for dialogue with the bidders or for using their expertise to shape the scheme. The masterplan developed may not, therefore, be in line with developers' preferences. This would require some preparation and an investment in masterplanning. It is a well established procedure and is often the developers preferred choice as it requires less investment up front.

Option D – OJEU Negotiated Tender

In this option, the Council would procure a consultant team and develop a new outline masterplan which would then be put out to tender and subject to negotiation in a two-stage process. It offers the benefits of a traditional and well-established OJEU tender process, but also allows some negotiation with bidders during the tender process. Negotiated Tender is being phased out in preference for Competitive Dialogue which offers more opportunity for a market led solution.

- 1.3 The advantages and disadvantages of these principal options are:
- In considering these options, discussions need to be undertaken with developers to explore which approach would be the most attractive to the market. Most developers are familiar with Options B and C and would be more comfortable with these, although all developers would be prepared to bid for the construction element of the upgrading work in Option A.

- The advantages of Option B (Competitive Dialogue) are that it will allow earlier market engagement, will leverage the expertise of the market, will allow detailed consideration of a wider range of approaches and be focused from the outset on viability. The primary disadvantages are the complexity and incumbent risks of managing the process of dialogue. The potential duration and costs of the dialogue process and the likely costs, may deter some developers.
- The advantages of Option C (Restricted Tender) to the Council are its greater control over the scheme through undertaking the masterplan and the greater attractiveness to the market given the low entry costs to the tendering process. The disadvantages are that the plan may not be aligned with market preferences, the duration and costs of the masterplanning process prior to going to market and the iteration of the masterplanning process with the community.

- 1.4 Option B (Competitive Dialogue) best addresses the objectives of engaging with the market, avoiding repetition of the masterplanning process and using market expertise to address viability concerns.

One clear option is that the Council will commit its land holdings to the regeneration. This will include the former Barnet Hill Primary School site as set out in the Vision Statement.

Breakdown of Resource Requirements

- 1.5 Assuming that a Competitive Dialogue process is approved, it is estimated the budget requirements for consultancy support including sunk costs on a Project Management Consultant appointed by Major Projects for a fix period prior to this report:

Consultant	2009/10	2010/11
Major Projects Manager (sunk cost)	25,000	0
Competitive Dialogue Project Manager	20,000	60,000
ITA	3,000	6,000
Masterplanner	-	-
Cost Consultant	20,000	40,000
Engineer	85,000	15,000
Marketing Consultant (inc Marketing)	30,000	25,000
Legal	30,000	200,000
	213,000	346,000