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# Full Business Case (FBC)

## Myatts Field North Housing PFI



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## Foreword

This complex project has been carefully developed with residents over a number of years to resolve the longstanding problems of the Myatts Field North estate. The PFI and investment from Lambeth will deliver the transformation of a very difficult area. It will produce new and refurbished homes of all tenures to replace or upgrade the current housing - much of which is beyond economic repair and the layout of which creates insurmountable problems which can only be resolved through redevelopment.

The project also provides real, practical opportunities for community development, education, training and employment and for active citizenship. The neighbourhood is blighted by problems of extreme anti-social behaviour, typically gun and knife crime. This investment will return a normal street pattern to the area and good quality homes to the neighbourhood, ending the isolation of the estate and enabling normal housing management and policing to be effective.

For the many residents involved in and affected by the project it will mean being able to enjoy a normal life. Their aspirations are for transformational change that returns the neighbourhood to being an ordinary, quietly successful, place. They are tired of the fear, and reality, of serious crime on their doorsteps and the stigma that attaches to their homes. A large number of residents and neighbours have given significant amounts of their own time voluntarily for years to support the project and ensure that it will make the difference they need.

This is a major project for Lambeth and for London and we are completely committed to it as demonstrated by the rigorous Value for Money review which has just been completed. Residents are equally as passionate about the development as we are.

We are pleased to present this Final Business Case for approval.

A handwritten signature in black ink, reading "Steve Reed". The signature is written in a cursive style with a horizontal line underneath the name.

Cllr Steve Reed

Leader



# 1 Executive Summary

## 1.1 Introduction

This Full Business case (FBC) is for the provision of Council homes and supporting infrastructure elements in the London borough of Lambeth. Its content is as follows:

- The refurbishment of 129 Council rented homes to Decent Homes Standard and works to 24 leasehold and 19 freehold homes
- The demolition of a further 305 Council homes that are beyond reasonable economic repair
- The construction of 247 new Council homes
- The replacement of an existing community centre with a new facility
- The rationalisation of the currently ill defined public realm, managing out the Radburn layout and creating a new community park
- The construction of 357 new homes for sale, of which 146 will be affordable sale (intermediate).
- The construction of a new, low carbon estate energy solution, providing heat and hot water to all existing and new properties
- A 25 year neighbourhood management solution which, along with the physical transformation of the estate, is intended to better manage the prolific and extreme anti-social behaviour currently experienced

The project proposed and developed through Competitive Dialogue and the recent Value for Money review remains affordable to the Council at the level of PFI Credits recommended. The Unitary Charge over 25 year per the latest financial model is £271.4m (Nominal total cashflows) which will be funded through a combination of PFI Credits (£98.9m which equates to £7.7m per annum Revenue Support Grant) and Council contribution of £1.986m (April 2011 base date) per annum.

The solution will be funded by a PFI arrangement and the auditor's opinion is that the related assets will be on the authority's balance sheet. The Council has confirmed that delivery of the Project through PFI delivers value for money over the Public Sector Comparator (PSC).

The preferred supplier is the 'Regenter' consortium.

## 1.2 Developments in scope since OBC stage

The developments in scope since OBC stage are summarised as follows:

OBC Requirement	FBC Outcome	Funding For Change
Heat and hot water solution not required at OBC stage	A new Combined Heat and Power plant will provide heat and hot water to all homes at MFN, thus substantially reducing the carbon footprint of the estate in line with Lambeth planning and GLA requirements.	Pro-rata contributions from PFI and Dev Co having regard to the number of homes in each
187 homes to be built for sale	503 homes to be built for sale of which 146 will be an affordable tenure	Dev Co
Through internal decanting and schemes to retain leaseholders, to largely keep the existing community intact	Double decant is required for a number of tenants following the VFM review and the shorter construction period which results. However, resident homeowners in blocks to be demolished will be able to move directly to a new home at MFN if they wish. Tenants who have to move off site will have a guaranteed right to return to MFN.	PFI (saving)
Concession period of 30 years	The concession period is now 25 years.	PFI (saving)

The changes in outcomes are summarised as follows:

Initial PFI Credits Allocated			£114.6m						
Post VFM Review PFI Credits			£98.9m						
Housing Outputs	Council PFI			Leasehold			Private		
OBC to FBC	OBC	+ / -	FBC	OBC	+ / -	FBC	OBC	+ / -	FBC
Refurbishment Units	134	-5	129	38	+5	43	-	-	-
New-Build Units	251	-4	247	54	+4	58	187	+316	503
<b>Total Units</b>	<b>385</b>	<b>-9</b>	<b>376</b>	<b>92</b>	<b>+9</b>	<b>101</b>	<b>187</b>	<b>+316</b>	<b>503</b>
Demolition Units	251	-4	247	54	+4	58	-	-	-

## 1.3 Strategic case

### 1.3.1 The strategic context

Demand for social housing considerably exceeds supply in Lambeth. Despite a range of housing conditions and security problems on the estate, the demand for housing on Myatts Field North is strong. Myatts Field North consists of 477 homes, 92 of which are leasehold or freehold. Of these 477, some 200 units were improved under estate action.

### 1.3.2 The case for change

Vassall ward, in which lies in the Myatts Field North estate, is one of Lambeth's most deprived neighbourhoods. It has two long spine blocks that form an impassable barrier. Its surrounding open space is unsafe. It has a serious reputation for crime and anti-social behaviour that extends beyond the estate and the borough boundaries.

The intention is to retain (and further improve) all but 30 of Myatts Field North previously improved units and to demolish and re-provide the remainder of the estate. There will be no loss of rented homes, and leasehold and freehold properties repurchased for demolition will be replaced.

## 1.4 Economic case

### 1.4.1 OBC Longlist and shortlist

The Council considered a range of options which would achieve the specific objectives of remedying physical and design defects, tackling the problems caused by the disused underground garages, restoring a streetscape and tackling a range of physical-rooted social problems. In the period following the initial Estate Action works the options proposed for Myatts Field North were reviewed and refined to reflect changes in developing objectives and of housing policy, and this refinement resulted in the short listed options, as follows:

- Option 1 – do nothing, do minimum or status quo
- Option 2 – 100% refurbishment to Decent Homes Standard
- Option 3 – 100% refurbishment to Decent Homes Plus Standard (DH+) including remodelling of deck blocks
- Option 4 – 36% refurbishment to DH+, 65% replacement and 187 new homes for sale
- Option 5 – 100% demolition and replacement, 212 new homes for sale

The preferred and agreed option at OBC stage was Option 4. The Value for Money Assessment with reference to HM Treasury guidance concluded that delivery through PFI offers greater value for money than direct delivery through the public sector.

This was the solution selected by the Council, approved by HMT's Project Review Group in May 2006, and procured since.

### 1.4.2 The procurement

The Myatts Field North HRA Housing PFI has been procured in accordance with the Competitive Dialogue procedure. The PFI element of the project has closely followed 'SoPC4' and adheres closely to the HCA's Housing Procurement Pack.

Using the EU-compliant PQQ criteria, five out of the eight OJEU respondents performed well and were subsequently invited to submit Outline Solutions ('ISOS') in January 2008, as follows:

Bidder	Housing Management	Construction	Maintenance	Architect
Regenter Ltd	Pinnacle psg	Higgins Construction	Pinnacle psg	Shepherd Epstein Hunter

Create Homes	Sanctuary Housing Assn	Mansell Construction Ltd	Sanctuary Housing Assn	HTA Architects Ltd
Bouygues	Hyde HA	Bouygues UK	Ecovert FM	
NNN Kier	Presentation	Kier Regional		Broadway Malyan
Partners for Improvement in Lambeth	Servite Homes Ltd	United House Ltd	United House Ltd	PRP Architects Ltd

These five organisations were invited to participate in dialogue which adopted the following stages for selection of a preferred partner:

- Invitation to Submit Outline Submissions ("ISOS"). The scoring was based on the written ISOS submissions (together with subsequent clarifications as appropriate) – 75% of the marks and presentation stage (together with subsequent verbal or written clarifications) – 25% of the marks. The composite mark identified three top scoring consortia; **Create, Partners and Regenter** as strongest from the long list of five bidders invited to submit Outline Solutions;
- Invitation to Submit Detailed Submissions ("ISDS"). The three consortia were subsequently selected to receive the ISDS documentation in November 2008. Two bidders (**Create and Regenter**) were engaged in further dialogue a detailed Invitation to Submit Final Tenders ('ISFT');
- Invitation to Submit Final Tenders ('ISFT'). Final tender evaluation used the same principal and sub-criteria as developed for the ISDS stage. The Create consortium fell short on core criteria and on Affordability and Deliverability.

**Regenter** was selected as preferred bidder in June 2009.

## 1.5 Commercial case

### 1.5.1 Agreed products and services

The content of the services in the procurement comprises the following construction elements:

- The refurbishment of 129 rented Council homes to Decent Homes Standard and works to 24 leasehold and 19 freehold homes
- The demolition of a further 305 Council homes of which 247 are tenanted, 5 freehold and 53 leasehold that are beyond reasonable economic repair
- The construction of 247 new Council homes
- The replacement of an existing community centre with a new facility
- The rationalisation of the currently ill defined public realm, managing out the Radburn layout and creating a new community park
- The construction of 357 new homes for sale, of which 146 will be affordable sale (Intermediate).
- The construction of a new, low carbon estate energy solution, providing heat and hot water to all existing and new properties

The arrangements relating to providing services comprise:

- A 25 year neighbourhood management solution which, along with the physical transformation of the estate, is intended to better manage the prolific and extreme anti-social behaviour currently experienced
- Rent collection and arrears recovery
- Tenancy management
- Estate management services (including cleaning)
- Grounds maintenance and management
- Leasehold management

The latter five elements will be market tested elements so that they are aligned in accordance to the sub-contracts

#### 1.5.2 Agreed risk allocation and charging mechanism

The Council has been keen to follow both SoPC4 and HPP as far as possible. However, due to the circumstances surrounding the project, it has been necessary to deviate marginally from the standard position with the agreement of PUK.

#### 1.5.3 Key contractual arrangements

The following are the main derogations from SOPC4 approved by PUK:

- **Assets.** The definition of Assets has been amended to exclude the land and buildings granted by way of long leases to Dev Co, including the Development Works Leases themselves
- **Relief Events.** The Council has agreed to share the risk in relation to the discovery of an unexploded ordinance by way of a Relief Event in addition to those set out in SoPC4. This position was agreed with PUK by way of the derogations process
- **Compensation Events.** Unlike some other sectors, the Council has ongoing obligations to Regenter during the Services Period (including obligations in the protocols which form part of the Project Agreement). Therefore, the Compensation Event regime will continue to apply beyond the construction period
- **Warning Notices.** The Project Agreement states at clause 40.1 that the persistent breach regime will apply during both the Service Period and the Works Period. However, the persistent breach regime does not apply to the direct execution of the Works. The Council is confident that it offers adequate protection to the Council whilst avoiding a hair-trigger which could compromise Project Co's and its funders' interest in the Project
- **Step-in Rights.** The Council does not require a right to step-in to Works generally because tenants will only remain in occupation of those dwellings that are to be refurbished. Therefore, the Council's rights to step-in are limited to the dwellings that are to be refurbished during the Construction Phase and all HRA dwellings during the Services Phase

#### 1.5.4 Agreed implementation timetable

Contractor mobilisation	June to November 2011
Financial Close	26 November 2011
Service Commencement	28 November 2011
Refurbishment works	December 2011 to May 2014
Newbuild works	December 2011 to May 2016
100 day promise	December 2011 to March 2012

#### 1.5.5 Accountancy treatment

The IFRIC analysis applies control tests as set out in IFRIC 12:

- a) The local authority controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and where
- b) The local authority controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

The analysis considered the different classes of assets:

- i) Park and Community Centre
- ii) New Build Affordable Social Rented Homes
- iii) Refurbished Homes

Each class of asset met the IFRIC 12 control tests and therefore is required to be recognised as property, plant and equipment of London Borough of Lambeth.

The ESA 95 Assessment considers whether the assets and corresponding liability will be on or off balance sheet under the central government budgetary guidance on PFI.

The assessment considers the following key risks:

- i) Construction Risk
- ii) Availability Risk
- iii) Demand Risk

The assessment concludes that Regenter will be taking the risk of construction and availability, whilst the Authority retains risk of demand. It is therefore expected that the project would be accounted for as 'off balance sheet' for the purpose of the National Accounts.

A copy of the Accounting Treatment and the ESA 95 report is provided at **Appendices 16 and 17**.

## **1.6 Financial case**

### **1.6.1 Financial expenditure**

The projected affordability has been reviewed by the Lambeth's Cabinet and is supported, in terms of the ability of the authority to fund the scheme using internal resources and agreed PFI credits.

### **1.6.2 Overall affordability and balance sheet treatment**

The project proposed by Regenter and developed through Competitive Dialogue and the recent Value for Money review remains affordable to the Council at the level of PFI Credits recommended. The Unitary Charge over 25 year per the latest financial model is £271.4m (Nominal total cashflows) which will be funded through a combination of PFI Credits (£98.9m which equates to £7.7m per annum Revenue Support Grant) and Council contribution of £1.986m (April 2011 base date) per annum.

The Council has concluded that the Project in its current form is affordable both in terms of the resources ring fenced for the project and based on a PFI credit award of £98.9m.

**Appendix 27** evidences Cabinet approval to proceed.

## **1.7 Management case**

### **1.7.1 Project management arrangements**

The project will managed directly by a dedicated Client Team which is already in post and operational. The Client Manager will take day to day operational responsibility for the project with strategic direction provided by the Project Board and Strategic Group.

The Council has retained the services of its Technical Adviser to support the Client Team.

### **1.7.2 Benefits realisation and risk management**

The project has been designed to deliver a number of 'soft' and 'hard' benefits to the Council. The Client Manager will monitor the outcomes in respect of the 'hard benefits' on an annual basis to assess the benefits of the scheme and take action as necessary. The soft benefits will be monitored through resident and stakeholder input.

The Project Risk Register, attached at **Appendix 22**, identifies all the foreseeable project risks and identifies a strategy and action taken to date to manage out and mitigate those risks. The Council has considerable experience of delivering complex projects and successfully managing such risks.

The Project Risk Register will be actively monitored and managed by the Client Manager and reported to each meeting of the Strategic Group and Project Board to ensure early action can be taken where problems are indicated.

## **1.8 Recommendation**

The authority has selected a physical solution and preferred bidder using the Treasury Greenbook approved techniques and is confident that the best value for money possible has been achieved. The financial analysis of prices and evaluation of the internal resources of the authority and PFI credits provides assurance that the scheme is affordable and this view is supported by the Finance Director. As Senior Responsible Owner, I recommend that the CLG provide the required approvals for this FBC and for the scheme to proceed to commercial close and delivery.

**Sue Foster**  
**Senior Responsible Owner**  
**Executive Director Housing, Regeneration and Environment**

**29<sup>th</sup> September 2011**



# 2 Introduction

## 2.1 Background

Myatts Field North is blighted by homes that are generally in a very poor state of repair on an estate where poor design and layout contribute to extreme anti-social behaviour and a quality of life significantly poorer than that enjoyed by people living in the streets nearby.

In 2004, Lambeth Council and the residents of Myatts Field North decided to pursue the Private Finance Initiative as the route to transformational change for the estate and the life chances of the people living there. Following a long period of project development and interim approval, the Council is pleased to present the final proposals for Myatts Field North. These proposals comprehensively address the problems and aspirations set out in the Outline Business Case.

Quality remains high in the proposals for service delivery and community development, the standard of new homes and the public realm to be provided. The ongoing involvement and leadership opportunities for local people remain high in spite of the difficult economic climate.

An interim Final Business Case for the Myatts Field North PFI project was approved in December 2009. The interim FBC was a comprehensive submission and is not fully repeated here, except where it provides clarity. This document confirms that the interim Final Business Case approved last year stands with some amendments following limited project development and the recent Value for Money review.

## 2.2 Project overview

### 2.2.1 Housing

As highlighted above, the PFI project at Myatts Field North provides the following housing accommodation:

Demolition and newbuild			Refurbishment			Newbuild		
Council housing (PFI reprovision)	Leasehold	Freehold	Council housing	Leasehold	Freehold	Private housing	Intermediate	Social housing
247	53	5	129	24	19	357	146	0
305			172			503		

Within the above table, the following works are being funded by PFI Credits:

- Refurbishment of 129 existing Council Properties
- Demolition of 305 Council homes beyond economic repair
- The construction of 247 new Council homes
- The construction of new infrastructure serving the above 247 new council homes only – this includes the provision of new roads/footpaths and services (including a prorata contribution towards the cost of the CHP district heating system)

The remaining works are being funded by:

- The proceeds arising from the Private Housing for Sale. This includes the costs associated with the reversion of demolished leasehold and freehold properties
- Council contributions, via the annual contribution, to the costs of the new park and community facilities
- Recovery of refurbishment costs from leaseholders/freeholders as appropriate. Any costs over and above the recoverable cap of £10,000 are funded by the Council through its annual contribution

#### **Refurbishment works**

129 retained Council homes will be refurbished to bring them up to Decent Homes standards. In addition to refurbishment works within the apartments, the retained blocks will also benefit from works to communal doors and door entry systems to significantly improve their security. The refurbishment works will be completed within the first 2 years of the concession period.

The remaining housing stock on the estate is of such condition that refurbishment offers poor value for money, as the significant investment would not satisfactorily address the issue that the underlying structures are reaching the end of their useful economic life. This stock will therefore be demolished and cleared, making way for the construction of 808 new dwellings. Of these, 247 will be new PFI homes, 58 will replace private homes (leasehold or freehold) lost as part of the Compulsory Purchase Order, and a further 503 will be a form of private sale.

At iFBC stage Regenter proposed 146 of the 503 newbuild homes would be owned and managed by Notting Hill Housing Trust (NHHT). Of these, 41 were to be intermediate tenure and 105 affordable rent, all funded by Social Housing Grant (SHG). However, the withdrawal of SHG has meant that these homes can no longer be funded in this way, requiring changes to the strategy. It is important to note that these 'extra' affordable homes were offered by Regenter as additionality; they were not a requirement of the Council's Output Specification and were not even considered in the Council's Outline Business Case.

Following detailed consideration of the limited options available, NHHT is now providing the 146 homes for intermediate tenure, something that can be achieved without SHG. This change has required an amendment to the Section 106 Agreement for the project; this amendment was approved by planning committee on 14<sup>th</sup> December 2010. The new and refurbished homes for existing residents at Myatts Field North are not affected by this change.

All new homes (all tenures) will be built to the Code for Sustainable Homes Level 3. All homes will meet Lifetime Homes standards and meet the requirements set down by the Greater London Assembly (GLA) including the provision of wheelchair units. The principles of Secure by Design have been adhered to in the project design.

The new accommodation to be provided balances residents' aspirations for as many houses and maisonettes as possible with efficient land use and appropriate densities for the Central London location. There will be a range of houses, maisonettes and flats ranging from one to five bedrooms. Where houses and maisonettes are built, they will first be offered to existing tenants and leaseholders, as despite the difficulties on the estate, there remains a strong community well worthy of preservation where possible. The final tenure mix to be provided offers a more balanced, mixed and sustainable community, increasing home ownership and providing greater opportunities at all levels of the local housing market.

### 2.2.2 Sustainability

The homes will be built to the Code for Sustainable Homes Level 3. All homes will meet Lifetime Homes standards. The principles of Secure by Design have been adhered to in the project design.

The project incorporates environmental sustainability measures including:

- Reducing carbon emissions by, on average, 70% above the Building Regulations requirement
- Providing energy, heat and hot water through a new Combined Heat and Power (CHP) facility as well as photovoltaic panels
- Reuse or recycle 80% of all demolition waste
- Achieve BREEAM 'Very Good' for the new Community Centre
- An ESCo will be established to deliver, finance and operate the new CHP facility and distribution network. This will provide an energy-efficient, value for money and value added energy solution for the project, benefiting both the environment and lowering energy bills for residents. (See 2.2.5 below)

Training and employment opportunities feature during the initial construction phase and throughout the 25 year contract, promoting social and economic sustainability alongside that of the physical environment.

In summary terms these are defined in the Service Delivery Plans as Full Time Equivalent (FTE) targets per annum.

- Construction contractor (Higgins)
  - Year 1 – 26 FTE
  - Year 2 – 58 FTE
  - Year 3 – 80 FTE
  - Year 4 – 80 FTE
  - Year 5 – 48 FTE

- The Refurbishment, Repairs and Maintenance contractor has a target of 6 FTE local labour positions per annum. In addition, they will use the local supply chains wherever practicable.
- The Housing and Estates Management team are targeting 8 FTE positions per annum from local labour in years 1 to 5, and then 9 FTE positions per annum from year 6 onwards.

In addition to the local employment targets, during the construction period Regenter will provide the following training programmes:

- 18 trade apprenticeships
- 12 management trainees
- Mentoring programme for 16 people

There is an overall contract target of 50% local employment set out within the Service Delivery Plans for all works and services. The 50% comprises minimums of:

- Myatt's Field North: 20%
- SW9: 20%
- Lambeth: 10%

The Council notes that these outputs will be monitored as part of the HCA project monitoring arrangements. The Council's Client Team includes a dedicated post for Community Development and Economic Regeneration to similarly monitor and support this element of the project.

### 2.2.3 Public realm and community facilities

The whole estate will benefit from the new street layout, parking arrangements and improvements to the public realm. As well as providing a more pleasant environment generally, these measures have been specifically formulated to enhance safety and security for residents and those passing through the estate.

The existing, poor quality open space will be replaced with a new, high quality park to serve the neighbourhood.

A new community centre will be provided with spaces for learning and leisure activities. The community centre is to be repaired and maintained throughout the concession period by Regenter. Regenter will also provide caretaking services throughout the 25 year contract. The new community centre will be managed by a new community organisation being set up by the Myatts Field TMO. This organisation will be resident-led and will actively fundraise and seek opportunities for partnership working, supported by Regenter and the Council. In this way, the sustainability of the centre is ensured by Regenter, while residents take the lead in ensuring it is well-used and meets the needs of the local and wider area.

### 2.2.4 Neighbourhood management

The homes and facilities will be managed by Regenter for the 25 year concession period. High standards of service delivery and resident involvement are captured in the Project Agreement. Services will be delivered from a single point of contact, located in the community centre. Regenter will also take a comprehensive and robust approach to dealing with anti social behaviour and will promote community safety, working closely with the police and local and statutory agencies.

## 2.2.5 ESCo

Myatts Fields North was originally connected to a district heating system, however due to operational issues this was disconnected in the 1990s and the dwellings on the estate were provided with individual gas boilers. Through design development and the pre-application consultation process, it was established that a district heating scheme would need to be reprovided in order to satisfy the planning policies of the Mayor of London and lower the carbon footprint of the new development. .

It is intended that E.ON, as a sub-contractor to the PFI Contractor, will install, maintain and operate a gas fired energy plant and associated pipe work and equipment which will supply heat for space heating and domestic hot water for the refurbished homes, the new homes and the homes to be provided as a result of the development works. For this purpose, the Council will grant to E.ON leases of the energy centre and the energy infrastructure. The term of the leases will be 45 years. They will be terminable, if the PFI Contractor terminates its sub-contract with E.ON for sub-contractor breach, but will otherwise survive the Project Agreement (whether it expires or is terminated early). If the Project Agreement is terminated early and the senior lenders are not stepped-in the Council will have step-in rights in respect of the sub-contract between the PFI Contractor and E.ON.

If the energy leases are terminated while the PFI Contract continues, the Council will be obliged to grant similar leases to a substitute energy sub-contractor. Before the expiry of the energy leases, the Council will consult with the holder of the development works leases with a view to the Council granting similar leases to E.ON or another energy supplier through a competitive procedure.

The Council will have no contractual involvement in the supply of heat and hot water by E.ON to residents on the estate. This will be the subject of individual contracts between E.ON and each resident. E.ON has agreed to limit, for the full term of its leases from the Council, its charges to residents so that they will pay no more than they would have done if individual gas boilers had been installed and maintained appropriately. The charges will be regularly benchmarked against a basket of standard gas tariffs from the major UK energy suppliers. This arrangement ensures that existing tenants will see substantial reductions in energy costs through improved heating and thermal efficiencies within the individual properties, whilst new tenants will not be disadvantaged by an Esco solution that compares unfavourably with standard gas tariffs.

The PFI is making a contribution to the ESCo capital costs, summarised as follows:

Total Cost of Energy Centre, Distribution Network and Individual Heat Units	
Less contribution provided by Eon	
Funding required for Solution	
Cost per unit based on 100% connection rate on MFN (980 Units) (note: failure to secure connection agreement with private homeowners is a Contractor risk)	
Cost to PFI based on 376 Units	

Thereafter, each unit pays an annual service charge to the ESCo; for the PFI units this is paid for through the UC, whilst leaseholders and freeholders pay this themselves. Each household also pays for the energy used.

The energy plant will serve Myatts Field North only. Its location in the existing boiler house means that using current technology it does not have the capacity to supply the Council's neighbouring housing

estates. A heat and hot water supply was offered to the new health centre, but the different development programmes made this impossible.

Regenter will begin the transformation of Myatts Field North from day one of the PFI Contract, signalling the scale of the change with an energetic plan for the first hundred days. The transformation will be delivered and sustained through working closely with residents to deliver the building works, housing and neighbourhood services and community development activities as well as training and employment opportunities.

## 3 Strategic case

### 3.1 Introduction

As described in detail in the OBC for this project, Vassall ward remains one of Lambeth's most deprived neighbourhoods. At its heart lies the Myatts Field North Estate. It should provide a centre and focus for the neighbourhood, but it does the opposite. It has two long spine blocks that form an impassable barrier. Its surrounding open space is unsafe. It has a serious reputation for crime and anti-social behaviour that extends beyond the estate and the borough boundaries.



**Spine blocks form barriers to permeability**



**Poor quality housing and layout**

Despite the odds there is a strong resident community - but it struggles to sustain itself. Myatts should draw people in through its attractive facilities and convenient location, and offer a quality and layout of homes that underpins a supportive and sustainable environment.

To achieve this requires a major reshaping of the area – and substantial capital investment. PFI is the catalyst for this transformation - to bring about a depth and quality of change that would not otherwise be possible.

### 3.2 Background to the Project

Demand for social housing considerably exceeds supply in Lambeth. Despite a range of housing conditions and security problems on the estate, the demand for housing on Myatts Field North is strong.

The condition of the stock itself is very polarised. The properties which had Estate Action investment (about 40%) are in very good condition externally, although little work was done to the interiors. The two spine blocks which did not benefit from this investment are suffering from diverse and extreme external and internal problems which give rise to high maintenance costs.

Lambeth's approved stock option appraisal reflects residents' wish to maintain Lambeth as a very significant public sector landlord, but with a dramatically improved management service. In order to finance bringing all properties up to Decent Homes Standard, this retention strategy has been combined with a number of estate transfers, two ALMOs and the Myatts Field North PFI. Given the high investment levels needed on the Myatts estate, PFI continues to prove the best value-for-money solution to the problems that exist. Please see Section 3 for more information.

Myatts Field North consists of 477 homes, 92 of which are leasehold or freehold. Of these 477, some 200 units were improved under estate action. The intention is to retain (and further improve) all but 30 of these previously improved units and to demolish and re-provide the remainder of the estate. There will be no loss of rented homes, and leasehold and freehold properties repurchased for demolition will be replaced.



**Enclosed routes to the rear of properties create an unsafe environment**



The social, economic and environmental problems experienced by residents and neighbours of the estate stem largely from the Radburn design of the estate, which it is recognised has deteriorated over recent years while crime levels have soared.

The approach taken is a neighbourhood-led approach, aiming to transform the currently isolated estate into a balanced and sustainable neighbourhood. The design proposals use established best practice principles to restructure the estate into a well-connected, safe community and ensure its integration into the wider area. This is achieved through re-inventing a traditional street based masterplan, and creating a clear network of through-routes, spaces and streets.



#### **Clear layout offers safe, secure routes and safe open spaces**

In addition to the housing provision, the PFI contract will provide a new park to replace the existing poor quality open space, and a new community facility to replace the dilapidated but very well-used tenants' hall.

The PFI contractor will provide the full management and maintenance service for the housing, park and community facility. The Tenants' Management Organisation currently operating on the estate will form part of the client side of the contract to ensure the most effective resident input for the duration of the contract. The TMO will also establish the new community organisation which will work with the PFI Contractor and the Council to provide community development services and operate the new community centre.

The PFI Contractor will also provide significant and meaningful training and employment opportunities throughout the concession period.

### 3.3 Business strategies

The proposed regeneration of Myatts Field North continues to meet key national, regional and local strategies as set out in the OBC. As the project has been in development, a number of strategies have been revised or replaced. Noted below are the updated London Plan and the Council's Housing Strategy 2009-2013.

#### 3.3.1 London Housing Strategy

The London Housing Strategy sets out the Mayor's vision for housing in London and centres around three priorities.

The first of these is to ensure that the additional homes needed in the capital are delivered, including 50,000 more affordable homes. The second priority is to improve quality and design, to create new homes of which we can all be proud, to green both new and existing homes and to regenerate deprived areas and estates.

Finally, underpinning the entire strategy is the aim of promoting opportunity – to meet the housing needs and raise the aspirations of all Londoners across the capital, recognising the diversity that includes not only the city's great cultural and ethnic mix, but also its mix of ages, household types and needs.

The PFI project for Myatts Field North supports the delivery of the London Plan in its key aspirations.

#### 3.3.2 Lambeth Housing Strategy 2009-13

At the time of the OBC submission and approval, the project met all the key drivers of the Council's housing strategy 2004-2007. This has been updated during the course of the procurement and the project continues to meet the key criteria of the Council's current housing strategy.

For the Council, the key housing objectives for the borough are to bring existing stock up to the Decent Homes standard, develop mixed communities and increase the number of new homes being built. The redevelopment and ongoing management and maintenance of Myatts Field North therefore remains a critical project for the Council.

The six key priorities of the Council's Housing Strategy are:

- Increasing the supply of housing
- Improving neighbourhoods
- Improving access and supporting vulnerable people
- Creating mixed and sustainable communities
- Reducing worklessness
- Empowering tenants

In common with many Local Authorities, Lambeth have separated its HRA and General Fund housing management responsibilities. The Council has retained the strategic and homeless elements of the housing service while clienting out the social housing element.

Lambeth currently owns over 36,000 homes, which are managed by two ALMOs and a number of TMOs.

## The 'Co-operative Council'

Lambeth Council is keen to implement a new way of delivering local government services. Over the last year, through a detailed consultation exercise with residents, local organisations and independent experts, the Borough has been developing the concept of a 'Co-operative Council'.

This is a method for radically reshaping the delivery of public services.

On the 28 January 2011, the Borough published the report "The Co-operative Council – Sharing power: a new settlement between citizens and the state". In it the main principles of the Co-operative Council are detailed as being:

- The Council as the local democratic leader and civil society partner
- Public services planned together and delivered through a variety of organisations, which will improve outcomes, empower citizens and users, and strengthen civil society
- Citizens incentivised to take part in the provision of public services
- Public services enabling residents to engage in civil society through employment opportunities
- Public services accessible from a variety of locations

A key strand of the Co-operative Council is in empowering residents and increasing their engagement in service delivery.

### 3.4 The case for change

The case for change at Myatts Field North remains as set out in the Outline Business Case submitted in March 2006. While that is not repeated here, it is worth restating the project objectives as the final scheme now recommended for approval meet and in many cases exceed these original objectives.

#### 3.4.1 Investment objectives

The specific project objectives from the Outline Business Case March 2006 are shown below with the position now:

OBC Objective	Solution as at FBC
To provide high quality homes which meet or exceed Decent Homes standard	129 Homes Refurbished to standard that exceeds Decent Homes in terms of modernity 247 new Council homes built to modern standards, thereby exceeding Decent Homes
To remove those design features that promote anti-social behaviour and fear of crime	Removal of the key 'features' of the estate that promote ASB, namely: The spine blocks (removing the walkways, underground garages and concealed entrances) Problematic areas of landscaping – for example the high mounding, non-overlooked open space, cut through routes, etc.

OBC Objective	Solution as at FBC
To design out crime so far as possible and to create a sense of security as well as actual safety for residents	<p>Addressed through:</p> <p>The physical transformation of the estate as highlighted immediately above</p> <p>The inclusion of improved security measures on all dwellings as part of the construction/refurbishment process</p>
To replace the existing poor quality, unsafe and underused public open space with a high quality park and create a network of linked public open space, which will bring economic activity into the wider area, and change the public perception of this part of the Borough	<p>The public open space has been rationalised to create better quality, more secure spaces, whether they be localised spaces within the estate overlooked by surrounding housing/CCTV, or the more defined park space with its improved security measures.</p> <p>The inclusion of the park also links into the wider Borough, drawing more activity onto the estate and allowing a better flow across the estate following the removal of the spine blocks.</p>
To provide integrated neighbourhood management of all aspects of the redeveloped area – housing, park and community facilities	The whole neighbourhood management of the estate is vested in a single organisation to allow a proper integration of services.
To diversify tenure and thereby increase the range of economic power within the community	The proposals include a substantial element of homes for private sale, directly promoting tenure diversification and greater access and choice in the local housing market.
To use the physical development to assist with economic regeneration and to provide a focus for personal capacity building, skills training, etc.	Training and employment opportunities are available within both the construction and operations period. The Council has appointed a dedicated officer as part of the client team to support and monitor this part of the project.
To create an environmentally sustainable community with significantly reduced CO2 emissions and major inroads into fuel poverty	The inclusion of a community CHP facility significantly reduces CO2 emissions. Further reductions are achieved through more energy efficient properties reducing energy consumption.
To create a traditional street pattern with the new housing, and bring the retained housing into comparable streetscapes through the addition of strategically placed additional units to provide a street grid and to close off exposed rear gardens	The masterplan is based around the re-introduction of traditional street patterns, all in accordance with Secured By Design.
To create a hierarchy of streets which will provide safer pedestrian routes through the housing, and allow the better integration of local vehicular traffic, and the discouragement of rat-running	<p>Vehicular routes and their hierarchies are much better defined, and appropriate traffic calming and design features have been incorporated to discourage rat running.</p> <p>Pedestrian routes have been rationalised and better 'signposted', reducing cut throughs and 'dark spots'</p>
To replace the existing tenants' hall with community facilities of at least comparable size	A new community centre is being provided.
Through internal decanting and schemes to retain leaseholders, to largely keep the existing community	The construction phasing has been directly informed by the need to keep communities together, with only a small number of households requiring temporary

OBC Objective	Solution as at FBC
intact	rehousing before new homes on the estate are available.
To review land use in the area	Arrangements have been made with the PCT to allow the development of a new health centre alongside this scheme.
To change the ethos of the area, so that residents are no longer associated with an estate, but have an identity based on a street address, which will be free from the negative connotations and stigma previously suffered.	The collective physical, economic and social transformation facilitated by this project should allow this to take place

The Council will be monitoring the attainment or otherwise of the Critical Success factors through the Contract Management function. Attainment of many of the factors will be measurable through the certification process, as the proposals will meet these success factors upon implementation.



### Community allotments

In summary, the changes since the Outline Business Case are as follows:

OBC	FBC
Heat and hot water solution not required at OBC stage	A new Combined Heat and Power plant will provide heat and hot water to all homes at MFN, thus substantially reducing the carbon footprint of the estate in line with Lambeth planning and GLA requirements.
187 homes to be built for sale	503 homes to be built for sale of which 146 will be an

OBC	FBC
	affordable tenure
Through internal decanting and schemes to retain leaseholders, to largely keep the existing community intact	Double decant is required for a number of tenants following the VFM review and the shorter construction period which results. However, resident homeowners in blocks to be demolished will be able to move directly to a new home at MFN if they wish. Tenants who have to move off site will have a guaranteed right to return to MFN
Concession period of 30 years	The concession period is now 25 years.
£114.6m PFI Credits	£98.8m PFI Credits

The table below shows how these Critical Success Factors can be measured to ensure these benefits are fully realised.

Ref	Investment Objective	Specific	Measurable	Achievable	Realistic	Timeframe
	Description	Objective is precise	It can be measured	It is not unreasonably ambitious	The input resources available	The timeline is defined
1	To provide high quality homes which meet or exceed Decent Homes standard, through further investment to properties already improved under Estate Action funding, and through demolition and re-provision of properties where rehabilitation does not represent good value for money	Identifies the Decent Homes standard as the minimum. This is defined.	Units can be assessed against the standard	Current solutions have been delivered against this standard	The preferred bidder has been assessed as technically able	The Objective will be delivered from commissioning of the assets, re the programme
2	To remove those design features of the existing housing which contribute markedly to the lack of security and personal safety experienced by residents, principally the underground garages, the walkways, the screened access to individual entrances, the lack of hierarchy of routes, unsafe open space, etc	Underground garages, walkways, the screened access etc are identified	The removal of the features can be counted, before and after scheme delivery.	There are completed projects which have removed the majority of these features.	The inputs needed to remove the features are incorporated into the design solution.	The Objective will be delivered from commissioning of the assets, re the programme
3	To design out crime so far as possible and to create a sense of	Rate of crime numbers are collected by	Crime rates before and after scheme	There are existing solutions	The design solution includes	The Objective will be delivered from

Ref	Investment Objective	Specific	Measurable	Achievable	Realistic	Timeframe
	Description	Objective is precise	It can be measured	It is not unreasonably ambitious	The input resources available	The timeline is defined
	security as well as actual safety for residents	geographical area.	delivery can be compared	which have generated reductions in crime rate.	anticrime features.	commissioning of the assets, re the programme
4	To replace the existing poor quality, unsafe and underused public open space with a high quality park which will serve the needs of the new and improved housing, as well as the residents of the ward more generally.	Open spaces can be identified and post solution changes noted.	The number of underused spaces before and after the development can be measured.	The elimination of underused space is easily designed in.	The housing design and arrangement delivers to this objective.	The Objective will be delivered from commissioning of the assets, re the programme
5	To provide integrated neighbourhood management of all aspects of the redeveloped area – housing, park and community facilities	The neighbourhood management elements are specified within the solution.	The delivery of these elements will be part of the payment mechanism.	The regime of FM and other service elements has been included in other property deals.	The service inputs to the physical solution have been specified and costed by bidders.	The Objective will be delivered from commissioning of the assets, re the programme
6	To diversify tenure and thereby increase the range of economic power within the community	The elements of the housing solution will be available to diverse tenants.	The categories of tenant before and after scheme delivery can be assessed.	The diversity will flow from the availability of the housing and council policy.	Limited resources are required to deliver this objective, once the housing is available.	The Objective will be delivered from commissioning of the assets, re the programme
7	To use the physical development to assist with economic regeneration and to provide a focus for personal capacity building, skills training, etc	Economic measures such as levels of employment are collected.	Economic measures before and after commissioning can be measured.	Targets are not set so the case requires some improvement in all measured areas only.	The housing design and arrangement delivers to this objective.	The Objective will be delivered from commissioning of the assets, re the programme
8	To create an environmentally sustainable community with significantly reduced CO2 emissions and major inroads into fuel poverty	The exiting CO2 efficiency can be identified.	The future CO2 efficiency can be identified and compared to existing.	CO2 efficiency targets have been set for the solution.	The design solutions tendered must deliver to the objective.	The Objective will be delivered from commissioning of the assets, re the programme
9	To create a traditional street pattern with the new housing, comprising the maximum number of	Traditional street pattern is an understood	The existing arrangements and solution can be compared, in	There are existing LA schemes which use a traditional	The design solutions tendered must deliver to the	The Objective will be delivered from commissioning of the assets,

Ref	Investment Objective	Specific	Measurable	Achievable	Realistic	Timeframe
	Description	Objective is precise	It can be measured	It is not unreasonably ambitious	The input resources available	The timeline is defined
	terraced houses with gardens which funding and space constraints will permit.	term.	terms of street pattern.	pattern.	objective.	re the programme
10	To create a hierarchy of streets which will provide safer pedestrian routes through the housing, and allow the better integration of local vehicular traffic, and the discouragement of rat-running	The elimination of rat runs is an understood objective.	The existing arrangements and solution can be compared, in terms of a hierarchy of streets.	There are existing LA schemes which use a hierarchy of streets.	The design solutions tendered must deliver to the objective.	The Objective will be delivered from commissioning of the assets, re the programme
11	To replace the existing tenants' hall with community facilities of at least comparable size.	The requirement is specific.	The existing arrangements and solution can be compared, in terms of area.	This is achievable technically.	The design solutions tendered must deliver to the objective.	The Objective will be delivered from commissioning of the assets, re the programme
12	Through internal decanting and schemes to retain leaseholders, to largely keep the existing community intact, and thereby retain the high levels of mutual support and cohesiveness displayed by residents, along with their commitment to living in this area	The retained leaseholders can be identified.	The existing arrangements and solution can be compared, in terms of retained leaseholders.	The LA policy and planning will drive this.	The decanting arrangements have been costed when bid.	The Objective will be delivered from commissioning of the assets, re the programme
13	To use the opportunity for reviewing the arrangement of land use in the area to provide alternative sites for other regeneration partners with capital programmes to replace existing facilities (schools, health centre, etc)	The objective of identifying regeneration partners is clear.	The number of spin off schemes can be measured.	Comparable schemes generally deliver at least one spin off.	The design solutions tendered must be sympathetic to the objective.	The Objective will be delivered from commissioning of the assets, re the programme
14	To change the ethos of the area, so that residents are no longer associated with an estate, but have an	This can be measured by before and after surveys.	The before and after results from residents can be identified.	The quality of the scheme is expected to show marked results.	The design solutions tendered must be sympathetic	The Objective will be delivered from commissioning of the assets,



Ref	Investment Objective	Specific	Measurable	Achievable	Realistic	Timeframe
	Description	Objective is precise	It can be measured	It is not unreasonably ambitious	The input resources available to the objective.	The timeline is defined re the programme
	identity based on a street address, which will be free from the negative connotations and stigma previously suffered.					

### 3.4.2 Transformational change

As set out in the OBC, it is only transformational change that will make the difference at Myatts Field North. The need for transformational change remains, as evidenced by the ongoing, severe anti-social behaviour based on and around the estate and experienced at Myatts Field North and in other parts of the borough.

As demonstrated at the time of submitting the OBC, transformational change is only possible with significant redevelopment of the homes and spaces at Myatts Field North and the provision of joined up, neighbourhood-focused services. The detailed options appraisal undertaken at the time demonstrated that only PFI provided a Value for Money solution. This position has not changed and the investment objectives approved at OBC stage remain the core of this scheme.

# 4 Economic case

## 4.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the FBC documents the procurement process and provides evidence to show that the Council has selected the most economically advantageous offer, which best meets its service needs and optimises value for money.

## 4.2 Critical success factors

The critical success factors (CSFs) shown within the OBC were the specific project objectives set out in section 3.4.1 above, coupled with detailed financial and non-financial metrics described in **Appendix 3**.

The Council has continually monitored the Project outcomes against the Critical Success Factors outlined in the OBC throughout the procurement process. A comparison of the final position against the OBC was provided in the Interim Final Business Case in January 2010.

Since that date, following the CLG VFM review some changes in scope have been made as described in Section 4.

## 4.3 The long-listed options

The development of a scheme for the estate began in the early 1990's ahead of the application for support from the Estate Action programme. During this time the Council considered a range of options which would achieve the specific objectives of remedying physical and design defects, tackling the problems caused by the disused underground garages, restoring a streetscape and tackling a range of physical-routed social problems. In addition to these objectives the Council used the criteria for the Estate Action programme in developing proposals which include physical improvements, improved housing management, tenure diversification, leverage of private sector resource, and estate based training & enterprise initiatives.

In the period following the initial Estate Action works the options proposed for Myatts Field North were reviewed and refined to reflect changes in developing objectives and of housing policy e.g. the introduction of the Decent Homes standard as an alternative, intermediate refurbishment standard. This refinement resulted in the short listed options outlined in the following section and in **Appendix 3**.

## 4.4 Short-listed options

The OBC considered five options against a set of financial and non-financial measures as below:

Financial Measures		Social Measures	
Costs	Benefits	Costs	Benefits
<ul style="list-style-type: none"> <li>• Refurbishment Costs</li> <li>• Construction Costs – New Housing</li> <li>• Construction costs – Environmental Improvements</li> <li>• Demolition and Remediation Costs</li> <li>• Home Loss/Disturbance Costs</li> <li>• Market Value of Properties to be Demolished</li> <li>• Rent Loss</li> <li>• Property Acquisition Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Market value of new units</li> <li>• Increased market value of existing units</li> <li>• Enhanced rental income</li> <li>• Management and maintenance efficiencies</li> <li>• Energy savings</li> <li>• Increased property numbers</li> </ul>	<ul style="list-style-type: none"> <li>• Disruption to tenants/residents</li> <li>• Impact on community</li> <li>• Temporary loss of affordable housing</li> <li>• Political implications</li> </ul>	<ul style="list-style-type: none"> <li>• Improved quality of homes</li> <li>• Improved environment (including parking)</li> <li>• Improved security</li> <li>• Reduction in ASB</li> <li>• Improved resident health</li> <li>• Increased densities benefitting community facilities (schools, etc.)</li> <li>• Reputational enhancement</li> <li>• Improved tenure diversification creating a more sustainable community</li> <li>• Ignition of local housing market bringing further investment</li> </ul>

The appraisal considered the costs and benefits of each option that can be expressed in monetary terms and social benefits over a (then) 30-year period. A detailed financial model was prepared for each of the options, including preparation of cost plans for the repair and improvement and redevelopment of the estate along with assessments of the future revenue income and expenditure incurred through the operation of the estate following the implementation of the works.

Using the above measures, each of the options were evaluated with the outcomes summarised below:

Description	Financial (£k)			Social		
	Cost	Benefit	(Cost)/ Benefit	Cost	Benefit	(Cost)/ Benefit
1 do nothing, do minimum or status quo	110,173	5,392	(104,872)	92.00	0.00	(92.00)
2 100% refurbishment to Decent Homes Standard	69,439	48,409	(21,030)	27.25	12.75	(14.50)
3 100% refurbishment to Decent Homes Plus Standard (DH+) including remodelling of deck blocks	76,531	50,134	(26,396)	23.75	42.25	18.50
4 36% refurbishment to DH+, 65% replacement and 187 new homes for sale	275,394	276,482	1,087	26.55	65.95	39.40
5 100% demolition and replacement, 212 new homes for sale	392,639	365,156	(27,483)	35.00	79.20	44.20

The monetary analysis of costs and benefits indicates that Option 4 demonstrated the only positive NPV. The key drivers in its performance against the other options include the high market value of new units and the high value of dwelling gain. The only other option with benefits in these areas was option 5 (100% demolition and replacement, 212 new homes for sale). The capital cost of the preferred option was the second highest to Option 5 but this is compensated for by the monetary benefits.

The social benefits measure showed that options 4 and 5 offered a significant level of benefits over the other options. These primarily stem from the substantial benefits realised by estate remodelling, which allows a number of benefits to follow:

- Design solutions that allow improved layouts and the removal of crime 'hotspots', significantly improving security and reducing opportunity for ASB
- Reputational and community benefits that stem directly from estate transformation rather than superficial improvements, attracting new residents to the area.
- Increased density, improved diversity of tenure and increased housing types, increasing choice and re-igniting the local housing market.

The results of the appraisal demonstrated that Option 4 showed both the greatest monetary and second greatest non-monetary net benefits.

The combination of the two elements showed that whilst Option 5 scored higher than Option 4 in the non-monetary appraisal cases this marginal preference was insufficient to overcome the significant difference in monetary costs.

## 4.5 The procurement process

The Myatts Field North HRA Housing PFI has been procured in accordance with the Competitive Dialogue procedure. The PFI element of the project has closely followed 'SoPC4' and adheres closely to the HCA's Housing Procurement Pack.

### 4.5.1 Long Listing and Evaluation Criteria ('PQQ')

Under the Competitive Dialogue process, there is a need to establish at the outset the evaluation principles that will be used for the project. This was set out in the Descriptive Document issued to all parties expressing an interest in the project.

Following the Council's OJEU notice eight consortia submitted a pre qualification questionnaire in November 2006, as identified below:

Respondent	Consortium Lead	Housing Management	Construction	Maintenance	Architect	Funders
Affinity Group	Affinity Homes Group	William Sutton	Taylor Woodrow	Affinity Homes Group	Aedas	
Chrysalis	Gleeson Capital Solution Ltd	Moat Housing Group	Denne Group	Powerminster		Nationwide Building Society
Bouygues	Bouygues (UK) Ltd	Hyde HA	Bouygues UK	Ecovert FM		
New North Neighbourhood Consortium	Kier Group Investment Ltd	Presentation	Kier Regional		Broadway Malyan	
Regenter	Regenter Ltd	Pinnacle -psg	Wates Group Ltd	Pinnacle -psg	Shepherd Epstein Hunter	
Create Homes	Balfour Beatty Capital Ltd	Sanctuary Housing Assoc	Mansell Construction Services		HTA Architects	
Genesis Housing Grp	Genesis Housing Group	Pathmeads	Durkan	Durkan	Pollard Thomas Edwards	
Partners for Improvement in Lambeth Consortium	United House Solutions	Servite Homes Ltd	United House		PRP Architects Ltd	Bank of Scotland

The responses were evaluated using the following criteria:

- The economic and financial standing of bidders taking into account such matters as statements from the bidders' bankers, evidence of insurance and statements of accounts and turnover
- The capability to secure appropriate financing for the project
- The ability and technical competence of bidders to meet fully the Local Authority's requirements for the project, including:
  - Organisational, managerial and technical capability to carry out the project;
  - Technical capacity and capability to provide the Housing services;
  - Quality management procedures;
  - Technical, financial and economic track record for projects of a similar nature; and
  - Proven understanding of the skills required for project organisation and delivery.

The quality of respondents was impressive and showed a small difference in scores between the top ranking and the fifth ranking. Using the above criteria, five out of the eight respondents performed well and were subsequently invited to submit Outline Solutions ('ISOS') in January 2008, as follows

Bidder	Housing Management	Construction	Maintenance	Architect
Regenter Ltd	Pinnacle psg	Higgins Construction	Pinnacle psg	Shepherd Epstein Hunter
Create Homes	Sanctuary Housing Assn	Mansell Construction Ltd	Sanctuary Housing Assn	HTA Architects Ltd
Bouygues	Hyde HA	Bouygues UK	Ecovert FM	
NNN Kier	Presentation	Kier Regional		Broadway Malyan
Partners for Improvement in Lambeth	Servite Homes Ltd	United House Ltd	United House Ltd	PRP Architects Ltd

#### 4.5.2 ISOS Evaluation Stage

The scoring was separated into two distinct areas of evaluation:

- Written ISOS submissions (together with subsequent clarifications as appropriate) – 75% of the marks
- Presentation stage (together with subsequent verbal or written clarifications) – 25% of the marks

After initial evaluation bidders were issued with clarifications and further information requests as appropriate. The responses to these were used to review initial marking and where appropriate, marks were adjusted to reflect the final evaluated position.

The presentation was attended, evaluated and scored by residents and officers. The top three consortia were invited to present to an audience of residents, and officers on a topic issued by the project team. The presentation provided an opportunity to involve a wider group of stakeholders in the process of selection a preferred bidder.

The composite mark identified three top scoring consortia; **Create, Partners** and **Regenter** as strongest from the long list of five bidders invited to submit Outline Solutions. The three consortia were subsequently selected to receive the ISDS documentation in November 2008.

#### 4.5.3 Short listing ('ISDS') and Evaluation Criteria

The bids received were complete, though not compliant in one case and not affordable in another case. During the ensuing dialogue the project evaluation team were able to interrogate bidders' respective proposals and refine the offers from the three bidders to respond to the Council's requirements. The ISDS responses received from each bidder were of good quality, each with key strengths and weaknesses across the five core evaluation areas. The evaluation sub groups were tasked with working with the bidders to improve their solutions through detailed, open and transparent dialogue with each bidder.

The groups focused on improving the quality of each contractor's works proposals, challenging and improving through value engineering the robustness of various cost inputs, outputs and forecasts and developing project documentation which responds to the Council's Output Specification and other Project Agreement documents.

Responses were scored using the predetermined scoring criteria. The outcomes of this are summarised as follows:

#### Technical Scores

	Max Score	Create	Regenter	Partners
Provide Quality New Build and Retained Housing that achieves the standards set by the OS for the duration of the PFI Contract and beyond	50%	34.00%	30.00%	28.00%
Design out crime and anti-social behaviour through integration and definition of community open spaces and communal areas, housing layout and street pattern	15%	11.40%	7.20%	10.00%
Implement a non-disruptive construction and decant programme that retains the strengths of the MFN community whilst achieving regeneration	15%	10.00%	9.00%	11.00%
Provide a new MFN community centre creating a point for social and economic development across all tenures of the community	10%	6.40%	6.10%	6.00%
Ensure local residents are fully involved in the planning, development and delivery of the scheme (including monitoring services)	5%	3.20%	3.43%	3.00%
Design and build the housing, open space and other facilities with reference to local setting creating links with proposed and existing neighbouring developments and communities	5%	7.00%	2.00%	3.30%
<b>TOTAL</b>	<b>100%</b>	<b>72.00%</b>	<b>57.73%</b>	<b>61.30%</b>

## Financial & Commercial Scores

	Max Score	Create	Regenter	Partners
Financial Proposals with Council's Affordability Parameters	Pass/Fail	Pass	Pass	Fail
Partnership Working	20%	16%	17%	16%
Legal and Commercial Proposals	40%	24%	23%	26%
Financial Proposals	40%	24%	23%	23%
<b>TOTAL</b>	<b>100%</b>	<b>64%</b>	<b>63%</b>	<b>65%</b>

The ISDS evaluation outcome was to deselect the **Partners** bid using the clear project criteria, which notably included the need to submit proposals within the affordability envelope of the Council. Following clarifications, there did not appear to be opportunity to bring the Partners bid within the affordability envelope without a very significant reduction in technical outputs.

### 4.5.4 Final Tender

As the two remaining bidders (Create and Regenter) were engaged in further dialogue a detailed Invitation to Submit Final Tenders ('ISFT') was developed and issued to them in May 2009. Final tender evaluation used the same principal and sub-criteria as developed for the ISDS stage.

The ISFT and project documentation was prescribed for each bidder to reflect the variations in their respective proposals in response to the project brief.

There are a number of key aspects of the project requirements where the Regenter consortium has demonstrated both compliance and evidence of ability to deliver. This has contributed significantly to the selection of Regenter as the provisional Preferred Bidder. The Create consortium fell short on three of these key areas and core criteria including on Affordability and Deliverability.

### Technical Evaluation

The technical evaluation was carried by three evaluation teams: Design and Master Planning, Construction and Refurbishment and Housing and Estate Management. Each group consisted of residents, Lambeth technical and planning staff and external technical and planning advisors. The groups met twice a week for 12 months.

The evaluation and scoring process was agreed by the Council at the ISOS stage and refined at ISDS and CFT with a scoring matrix based on the projects key aims with each aim being given a weighting factor. Within each aim, sub criteria were added and again given a weighting factor to reflect their priority.

### Evaluation Summary

#### Technical Scores

Following the ISDS evaluation and the deselection of Partners, the remaining two bidders were provided with a robust debrief session, identifying how their bid had been scored at ISDS stage against the key criteria. Within this process, the Regenter team identified that they had scored particularly poorly against the design and masterplanning criteria. In particular, they noted that they had scored less than 50% of the available marks against 2 criteria:



- Design out crime and anti-social behaviour through integration and definition of community open spaces and communal areas, housing layout and street pattern (7.2% out of a possible 15%)
- Design and build the housing, open space and other facilities with reference to local setting creating links with proposed and existing neighbouring developments and communities (2% out of a possible 5%)

They also noted that they had scored poorly (only 30% out of a possible 50%) against the substantive criterion:

- Provide Quality New Build and Retained Housing that achieves the standards set by the OS for the duration of the PFI Contract and beyond

Having considered their strategy for the next stage, the consortium approached the Council with a request that they replace their principal architect and masterplanner as they felt that, given the marks scored, their existing adviser had not responded to the brief in a manner consistent with the Authority's expectations. The Authority confirmed that they had no objection to this change in the consortium, on the understanding that the Regenter consortium would not have any additional access to the Authority team in the run up to Final Tender. Based on this, Regenter replaced their original architect, Shepard Epstein Hunter, with PRP Architects Ltd.

Having made this change, the Consortium made substantial changes to the masterplan and the house types proposed within it, greatly improving the overall layout and substantially improving the quality, mix and density of dwelling types within the project area.

During the same period of time, there was a substantial deterioration in the economy generally and the housing market in particular. This caused the Create Consortium to review and value engineer their proposals in an effort to mitigate the impacts of a revised commercial position to reflect this market decline. Regenter was able to maintain their commercial assumptions, primarily because of a substantial increase in the density of housing for sale within their revised masterplan.

The net impact of the above developments meant that Regenter's proposals further developed in the remaining period of dialogue (as might be expected), and their use of the available time with the Authority was planned and structured to maximise interaction on technical issues. From a technical perspective, the quality of Create's proposals declined subsequent to the value engineering, and the dialogue time was increasingly spent on the commercial issues rather than the technical proposals.

	Max Score	Create	Regenter	
Provide Quality New Build and Retained Housing that achieves the standards set by the OS for the duration of the PFI Contract and beyond	50%	32.40%	39.00%	Regenter presented a good level of contemporary architecture with an acceptable integration and the creation of a sense of place.
Design out crime and anti-social behaviour through integration and definition of community open spaces and communal areas,	15%	10.25%	9.80%	Both bidders achieved similar scores and presented good quality proposals. Key points going forward will be for the PB to improve on active frontages,

housing layout and street pattern				internal layouts - especially off a central core access and additional security to the Community Centre and park
Implement a non-disruptive construction and decant programme that retains the strengths of the MFN community whilst achieving regeneration	15%	10.50%	11.00%	Both bidders presented a 'one move only' decant proposal and strong construction and refurbishment programmes
Provide a new MFN community centre creating a point for social and economic development across all tenures of the community	10%	6.40%	7.80%	The Community Centre will form the heart of the neighbourhood regeneration and again the closeness of the scores reflect strong designs and facilities
Ensure local residents are fully involved in the planning, development and delivery of the scheme (including monitoring services)	5%	2.66%	3.83%	Regenter presented a detailed and clear planning process, whereas the Create planning programme was not accepted by Lambeth Planning.
Design and build the housing, open space and other facilities with reference to local setting creating links with proposed and existing neighbouring developments and communities	5%	4.13%	3.75	Whilst Regenter presented good architectural proposals that demonstrated the links to existing neighbouring developments, Create offered better transport links and a legible street network
<b>TOTAL</b>	<b>100%</b>	<b>66.34%</b>	<b>75.18%</b>	

ISFT submissions NPV £k			Regenter Latest Submission	
Expenditure	Regenter	Create		
Capital Expenditure	XXX	XX		
Bid Development Costs				
Financing Fees				
Operating Costs				
Lifecycle Costs				
Corporation Tax				
Cash flows arising from Financing				
Other Cash Outflows				
Funding Repayment				
Total Expenditure				
Income				
Unitary Charge				
Interest on cash balances				

Other Income elements			
Funding Draw Down			
Total Income			

### Financial & Commercial Scores

	Max Score	Create	Regenter
Financial Proposals with Council's Affordability Parameters	Pass/Fail	Fail	Pass
Partnership Working	20%	-	16%
Legal and Commercial Proposals	40%	-	25%
Financial Proposals	40%	-	27%
<b>TOTAL</b>	<b>100%</b>	<b>-</b>	<b>68%</b>

The financial evaluation was based on a pass – fail criteria, and the evaluation has shown that the bid from Create would be unaffordable by [REDACTED]. This resulted in a FAIL for the affordability criterion.

The bid from Regenter was [REDACTED] than the Lambeth affordability threshold. Therefore the Regenter bid was a PASS for the affordability criterion.

### Final Tender - comparative costs

	Create	Regenter
Demolition costs - Residential		
Demolition costs - Non-Residential		
Refurbishment Works costs		
New-build Dwelling Works costs		
Infrastructure costs		
Lifecycle costs - New-build		
Maintenance costs		
Management costs		
SPV costs - Construction period		
SPV costs - Operational Period		
Demolition Costs		
Non-PFI Funded Infrastructure		

## Overall Evaluation

The overall evaluation of the bids showed that the leading bid for the Technical aspects of the project was the proposal from Regenter. This was enforced by the Financial Evaluation which showed the variance in cost levels between the two bids, with Create proposing an unaffordable bid and Regenter proposing an affordable bid of [REDACTED] per annum less than the Council's affordability threshold.

Overall the proposal by Regenter provided the Authority with a quality led technical scheme, additional social housing and an affordable solution.

The project evaluation team therefore selected, and Lambeth Cabinet approved, the recommendation to select Regenter as provisional Preferred Bidder for the Myatts Field HRA PFI Project, subject to approval by the HCA, CLG and HMT.

Aside from a small number of minor changes to the Regenter proposals driven by the planning approval process, they remain substantially in the form proposed at Final Tender, clearly evidencing the view in the Final Tender evaluation that the changes made between ISDS and Final Tender were commercially and technically robust.

## 4.6 Economic appraisal - Value for money

The Council confirms that the adoption of a PFI solution is affordable and will secure value for money. The affordability of the Preferred Bidder PFI solution has been set out in section 5.0.

The assessment of Value for Money (VFM) carried out at Outline Business Case (OBC) was completed in accordance with HMT Value for Money Assessment Guidance, the second of the three stage assessments.

The Council has revisited the VFM assessment carried out at OBC as part of the Stage 3 assessment and has reconfirmed the PFI solution remains VFM. The VFM assessment is at **Appendix 7**.

### 4.6.1 Qualitative Assessment

The table below responds to the key HMT considerations for the procurement process.

MARKET FAILURE		
Market abuse or failure	Is there any evidence from similar projects (in scope or location) to suggest that there will be a shortage of good quality financially robust bidders?	The procurement process has enjoyed robust competition involving significant PFI bidding organisations.  Given the changing economic climate, the Council and it's financial advisers have periodically assured themselves that the original PQQ criteria in terms of financial status continue to be met by the remaining bidders.
	Is there any evidence of market abuse?	No - the Council is satisfied that no market abuse has taken place
Procurement issues	Was there a good response to the PIN/OJEU Notice?	Yes - 8 PQQ responses were received.

## MARKET FAILURE

	How many potential bidders passed the PQQ criteria? Are the financial; robustness and capacity of the bidders sufficient?	5 bidders passed the PQQ and were taken into the Dialogue phase., all of whom were deemed to have sufficient financial robustness and capability to deliver the proposed scheme.
	Is there evidence of good competitive tension in pricing of risks, etc?	Yes. All 3 of the bidders invited to submit an ISDS bid have a substantial PFI delivery track record, and had assembled comprehensive and robust supply chains to address the specific needs of the MFN project. This has led to healthy competition throughout.  Despite difficult conditions in the housing market and economy generally, combined with relatively substantial delays due to the political climate, the project has remained within its original financial parameters and successfully transferred the risks it sought at the outset.
OVERALL	Overall, in considering this procurement, is the project team satisfied that there is a sound competition?	Yes – The project has followed a 'normal' procurement methodology in terms of a substantial initial competitive field reducing through ISOS to 3 bidders at ISDS, and again to 2 bidders at FT. Competitive tension was retained throughout this process to secure the optimum outcome for the project.

## EFFICIENT PROCUREMENT PROCESS

Efficient Procurement	Is there a realistic project plan, and has this been adhered to without undue delay?	Yes. The project has experienced some delays to date through the procurement process, primarily resulting from the worsening economic situation and the changing political climate in response to this. The remaining programme through to Financial Close has been agreed by both public and private sector parties as being deliverable.
	Are bid costs likely to be proportionate to the contract value?	Yes - the bid costs reflect a project of this size and complexity.
	Will any aspect of the procurement impact adversely on market interest? (e.g. restrictions imposed by Competitive Dialogue procedure)	No - there is no evidence that any aspect of the procurement adversely affected market interest.
	Are there any problems emerging with the way the procurement is structured?	No problems were encountered as a result of the procurement methodology.
Authority Resources	Does the procuring authority have the necessary resources to conduct a good procurement?	Yes - the Authority has maintained a full time Project Manager throughout the procurement, with senior officers available to support in key areas (Housing, Legal, Finance). The Council's internal resources were supplemented by legal, technical, financial and insurance advisers.

## MARKET FAILURE

	Are sound project governance arrangements in place?	Yes - through the Project Board and the involvement of Senior Officers at key project stages, the Council has ensured appropriate oversight throughout the project process.
OVERALL	Overall, is the way that the procurement process is proceeding likely to have an adverse impact on the delivery of VFM?	<p>No - the Authority believes the process conducted and the negotiations with the private sector throughout have resulted in a solution that represents value for money.</p> <p>Throughout the process, costs have constantly been compared and contrasted between bidders, as well as being benchmarked in certain instances by the Council's financial and/or technical advisers.</p> <p>The costs submitted at Final Tender remain materially intact, with minor and discrete movements occurring for specific occurrences post submission of Final Tender, for example the introduction of additional CCTV requirements required by the planning authority/police/Council in the face of increasing anti-social behaviour on the estate.</p>

## RISK TRANSFER

Wider issues	Is the competition delivering the proposed risk transfer being?	<p>Yes - the project has largely remained within the Housing Procurement Pack Guidance. There are some project specific issues that have been encountered through the procurement process, on which care has been taken to ensure the risks are appropriately designated. Key risks not within HPP include those surrounding the use of the Compulsory Purchase Orders; examples of placing risks appropriately include:</p> <ul style="list-style-type: none"> <li>• The Council, as the party with the statutory powers, has retained the risk of their ultimate success</li> <li>• The Contractor has assumed the risk on the Homeloss payments falling due to owner occupiers, as they have a 'natural hedge' against movements in the housing market by virtue of the units for sale being built.</li> </ul> <p>The commercial aspects of the project (e.g. performance regime and payment mechanism) have, in response to bidders proposals, arrived at levels of performance above the 'average' HPP standard in some service areas. For example, more than one bidder proposed a more robust approach to the significant issue of ASB on MFN, which has now been captured in the performance regime</p>
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## MARKET FAILURE

	Does the Authority confirm that the nature of the deal and/or the strategic importance of the work still make it suitable for delivery through PFI?	Yes – the diversity and scale of the investment required require careful management and integration to be successful, and must be fully aligned with a long term management ethos to effect social, economic and physical transformation on MFN. PFI is one of the few delivery vehicles that can deliver his transformation  The project structure and finances within it follow the 'traditional' approaches adopted on similar precedent schemes that have gone on to reach Financial Close and are now delivering successfully.
	Is there still confidence that all the key VfM drivers will be preserved.	Yes – the arrangements are now in their substantive final form and movement is not anticipated.
OVERALL	Overall, is the risk transfer achievable, given an assessment of the competition, and the procuring authority's constraints?	Yes – the positions outlined throughout this FBC are the subject of commercial agreement between public and private sectors, and as such, are demonstrably deliverable.

### 4.6.2 Quantitative Assessment

The Council has prepared the VFM quantitative assessment in accordance with the HM Treasury "Value for Money Assessment Guidance" issued in November 2006 and "Quantitative Assessment User Guidance" (March 2007) and HM Treasury Major Project Approval and Assurance Guidance: CLG Briefing Note: 7<sup>th</sup> September 2011 (updated v3) Annex 2, including the HM Treasury PFI Quantitative Evaluation Spreadsheet as incorporated into the CLG assessment model. (See **Appendix 6**).

#### PFI NPV

The PFI NPV has been calculated in line with the HM Treasury Major Project Approval and Assurance Guidance : CLG Briefing Note : 7th September 2011 (updated v3) Annex 2 para 3 and 4:

*"Once bids have been received, the NPV cost of the PFI contract option can be more accurately determined by discounting the Unitary Charge and any other payments (e.g. capital and revenue contributions) to be made to the contractor, and that are in a bidder's financial model, than by building up from base casts using the Assessment Tool. Low or no optimism bias adjustment will be needed as appropriate to the FBC stage and assessed bid cost position. An explanation should be provided as to how OB has been applied.*

*Discounting of the PFI Unitary Charge should be calculated in the same way as the Treasury Model would do it i.e. unitary charge in nominal terms and with a nominal discount rate of 6.09% (as RPI is assumed at 2.5%)."*

The Unitary Charge was extracted from the Bidder Models. The nominal cashflows were then discounted at a rate of 6.09% assuming a base date of October 2011 (Contract start date).

The Council considered the appropriateness of applying any Optimism Bias adjustment to the PFI option and has concluded that no adjustment should be made. The Council has closed off all substantive risk issues with no further changes to any of the technical inputs (Capital, Lifecycle or Operating costs) expected prior to Financial Close

### ***Optimism Bias***

The Council has assessed the PFI Optimism Bias ('OB') in light of the current procurement position and the guidance in the HM Treasury Major Project Approval and Assurance Guidance: CLG Briefing Note: 7th September 2011 (updated v3) Annex 2. OB could be added to the PFI solution by adjusting the assumptions in the preferred bidder's model (capex, opex etc) and re-optimising the unitary charge. This would be appropriate if the project were some way from Financial Close or subject to outstanding issues or other uncertainties. Since Financial Close is expected within weeks and Regenter have provided fixed prices no OB weighting is considered appropriate to the PFI solution.

### ***PSC NPV***

The assumptions made in the Public Sector Comparator ('PSC', or Conventional Procurement route 'CP') have been updated from the OBC, together with other inputs, to reflect progression through the procurement process and the current market trends/prices.

The PSC option has been costed based on the PFI solution and adjusted based on the Council's experience and input from our advisers. The assumptions are summarised as follows:

- PSC capital cost represents 97.5% of the PFI solution
- PSC lifecycle cost represents 97.5% of the PFI solution
- PFI FM cost represents 100% of the PSC solution
- PSC insurance estimated at 75% of the PFI equivalent on the basis that the public sector can self-insure
- PSC transaction costs are assumed to be 3% of capital costs

### ***Optimism Bias***

As described above the Council has re-evaluated the pre and post FBC Optimism Bias for the PSC in the light of Annex 2 of the 7<sup>th</sup> September 2011 CLG paper 'HM Treasury Major Project Approval and Assurance Guidance'.

### **Pre-FC Optimism Bias**

The Pre-FC Optimism Bias figures have remained at the OBC position.

While the Council has a better knowledge of costs this has been offset by changes in the external factors (Political, Economic etc).

Pre-FC Optimism Bias, %			
	Capex	Lifecycle	Operating
OBC OB	10.3	10.1	10.0



FBC OB	10.3	10.1	10.0
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### Post-FC Optimism Bias

The Council felt it appropriate due to the length of time since the OBC and a change in advisors to re-assess the Post-FC Optimism Bias from first principles.

The Council assessed from the upper bound Optimism Bias point and applied mitigation factors which have been estimated on the basis of the Council's previous experience with large projects to get to the final Post-FC Optimism Bias.

The lack of significant empirical data regarding similar projects to this, either in terms of HRA PFI projects or recent council house building programmes, has required the Council to make certain estimates regarding optimism bias assumptions. These estimates have been based on the results of a study by Mott MacDonald into the size and causes of cost and time overruns in past projects ('Review of Large Public Procurement in the UK' (Mott MacDonald, July 2002) Table 2, S-2) and have been revised by the Council on the basis of the experience from other projects. As in the Mott MacDonald study the upper bound optimism bias is 24% for capital expenditure and lifecycle costs and 41% for operating costs.

The final Post-FC optimism bias figures are provided below:

Post-FC Optimism Bias, %			
	Capex	Lifecycle	Operating
OBC OB	30	30	20
FBC OB	15.5	17.3	29.5

The detailed assessment of the upper bound calculation and mitigation factors, are included within **Appendix XI**.

### Summary of Optimism Bias Movements

Movements in the above from OBC are as follows:

- Pre-FBC adjustments have been remained as per the OBC since while the Council has a better knowledge of costs this has been offset by changes in the external factors (Political, Economic etc).
- Capex and lifecycle costs have substantially reduced from the 30% included at OBC stage with the revised figures being more consistent with industry norms.
- Conversely, the opex adjustment has increased from 20% at OBC. Again the revised assumption is more in keeping with industry norms.

### VFM Model Results

Based on the inputs outlined above, the Council has concluded that the PFI element of the Project will deliver VFM over the PSC option. This evidence is based on Indicative VFM results based on the PSC and PFI NPV.

**Table ii VFM model results**

	£m
PSC (NPV £m)	149.9
PFI (NPV £m)	145.1
Indicative PFI VFM	3.2%

The indicative PFI Vfm value is considered of sufficient value to reaffirm that the PFI option is more likely to provide Vfm than conventional procurement. The figures are based on a PFI model with a SWAP rate of 4.5%. The SWAP rate at September 2011 is circa 3.3% therefore this would further improve the results of the PFI Vfm due to the reduced cost of funding on the PFI option. To quantify this, if the Swap rate reduced to 3.5% at Financial Close the Indicative Vfm margin of PFI over PSC increases to 8.3%.

The detailed comparison of the PSC with the PFI routes is included within **Appendix 7**.

#### **4.6.3 Conclusion**

In accordance with HM Treasury guidance the Value for Money assessment of the Project has been undertaken using a qualitative and quantitative assessment.

The Stage 3 qualitative assessment considers whether there has been a sound competitive process to ensure competitive tension in pricing and the effective risk transfer the Council was seeking. The Council is satisfied that there was a competitive procurement process with no instance of market abuse/failure. The Council has been able to deliver an affordable solution that delivers the outputs it was seeking with the risk being held by the most relevant partner in the deal.

The qualitative assessment is supplemented by a quantitative analysis that for the specified inputs at a 4.5% swap rate provides a crude PFI VFM indicator of 3.2% (increasing to 8.3% at 3.5% swap rate), which further demonstrates the VFM of the PFI option.

#### **4.6.4 HCA VFM Review**

As highlighted elsewhere in this FBC, further to the above, the Council has also undertaken a rigorous VFM review as required by the HCA/CLG. As highlighted in the VFM process, our ability to make wholesale changes is substantially fettered by:

- already having secured the required detailed planning consents for the project; and
- procurement law, which prohibits any more than fine tuning once a preferred bidder is appointed.

The scale of savings achieved during the VFM process (together with the Council reinvesting the proceeds of the private housing land achieving a reduction of some **£16m in PFI Credits**) clearly demonstrated to the satisfaction of CLG/HCA that the Council had explored all possible avenues of savings at the time of the review. No further opportunities have been identified to drive further savings since the conclusion of this review a short while ago.

# 5 Commercial case

## 5.1 Introduction

This section of the FBC documents the procurement process since the interim Final Business Case (iFBC) was approved in December 2009 and provides evidence to show that we have maintained and indeed improved the value for money driven out of our preferred bidder, previously selected as the most economically advantageous offer that best meets the needs of the Council and the residents of Myatts Field North.

A key driver in the period since iFBC has been the CLG/HCA Value for money review conducted between December 2010 and June 2011. This has resulted in the overall commercial viability of the scheme being improved since the iFBC.

## 5.2 Procurement since the approval of the interim Final Business Case

Following a period of detailed dialogue, the project evaluation team selected, and Cabinet approved, the recommendation to select Regenter as provisional Preferred Bidder for the Myatts Field HRA PFI Project, subject to approval by the HCA, CLG and HMT. This approval was given as a result of the approval of the iFBC in December 2010.

Since this time, three activities have dominated the procurement process:

- Fine tuning of the project documentation in preparation for Financial Close
- Securing the required planning consents
- Completing the activities required as part of the Value For Money review

## 5.3 Agreed risk transfer

The risk transfer arrangements are unaltered from the iFBC and are set out below. A more detailed risk matrix can be found in **Appendix 10**.

**Risk transfer matrix**

**Risk Category Potential allocation (immediately following financial close)**

	Public	Private	Shared
1. Design risk		✓	
2. Construction and development risk		✓	
3. Transition and implementation risk			✓
4. Availability and performance risk		✓	
5. Operating risk		✓	
6. Variability of revenue risks	✓		
7. Termination risks			✓
8. Technology and obsolescence risks		✓	
9. Control risks		✓	
10. Residual value risks	✓		
11. Financing risks		✓	
12. Legislative risks		✓	
13. Other project risks		✓	

**5.4 Agreed charging mechanisms**

The Council has agreed a robust payment mechanism with a level of deductions for availability and performance failures that balances risk transfer with value for money. This mechanism did not change during the Value for Money review as any possible savings were insufficient for the reduced performance levels or adjustment in the risk share arrangements. In addition to Availability and Performance measures, the Council has agreed a robust KPI for rent collection.

Collectively, these measures provide a clear and transparent means of commercially flowing down performance risk to the Contractor, with the incentivisation mechanisms such that focus is clearly placed upon the significant risks (rent collection, property condition and anti-social behaviour) yet ensuring an overall mechanism that encourages a comprehensive neighbourhood management approach. All aspects of the services are the subject of an Availability or Performance measure, providing clear linkages between service delivery and payment and ensuring each aspect of the service has a financial remedy in the event of substandard service delivery.

The payment mechanism and its calibration has been the subject of Funders' Due Diligence and is accepted as not being overly punitive or providing 'hair triggers' for termination.

**5.5 Agreed contract length**

As part of the Value for Money review, the contract length has been reduced from 30 years to 25 years. Two key consequences of doing this have been identified and addressed:

- The Council's affordability assessment has factored in an additional 5 years of management and maintenance previously contained within the PFI (see section 6.)

- The Handback Standard has been reviewed to assess how the different timing of the Contract Expiry will impact on the final years of the capital replacement (lifecycle) programme. This has resulted in some amendments to the Handback Standard within the Output Specification

There is no change in risk apportionment as a result of this change.

## 5.6 Key contractual clauses

The Project Agreement, in its current form, remains substantially unaltered since it was agreed at close of dialogue and then subsequently approved by the HCA as part of the interim Final Business Case.

As explained previously, the Project Agreement as its base uses the Housing Procurement PFI Procurement Pack. It is a single agreement dealing with both the PFI and private development aspects of the scheme. This aspect of the transaction was exhaustively reviewed by Partnerships UK (Jonathan Clarke and Bruce Macgregor) before the Council were permitted to close the competitive dialogue.

The consortium structure and membership remains unaltered since the iFBC, and is at **Appendix 31**.

The Project Agreement will contain both the PFI obligations and development obligations. The works that will be funded using PFI Credits are referred to as 'Service Works' and the works that will be funded by Regenter are referred to as 'Development Works'. The Development Works are excluded from the definition of Project under the PA.

Regenter intends to enter into a sub-contract for the Development Works which is separate from the other sub-contracts which relate to the Service Works and the Services.

### 5.6.1 The Service Works

- The Service Works on Myatts Field North will comprise the refurbishment and demolition and reconstruction of the existing social rented and leasehold or freehold units, the construction of a new Community Centre and public open spaces, including a park together with the associated infrastructure.
- The HRA blocks that are to be refurbished, which contain leasehold units, will be refurbished under the Service Works. Those leasehold units may also be refurbished with the agreement of the leaseholder at their own cost.

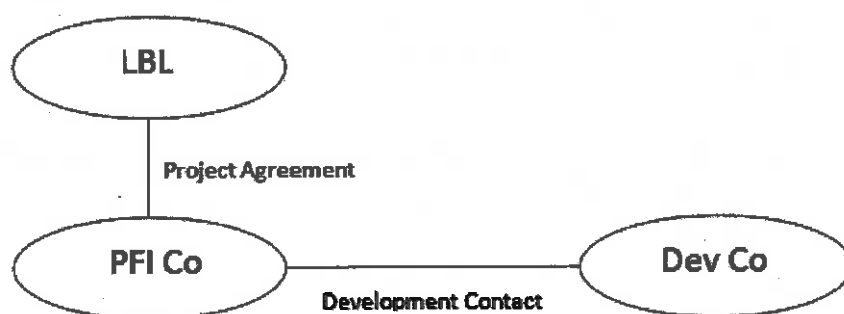
### 5.6.2 The Development Works

- The Development Works on Myatts Field North comprise the construction of new units which will be private for sale and additional affordable housing to ensure a tenure mix which satisfies planning requirements. These works will be funded by Regenter.
- Regenter's rights to the land comprising the Development Works will be granted by way of long leases for a term of 125 years. The PFI Contractor takes the full development risk, although this risk will be passed to an SPV incorporated to deliver the Development Works (Dev Co). The obligation to complete the Development Works will be contained in the Developments Works Leases which will be granted by the Council directly to Dev Co or in the case of the site for the 105 additional houses to be intermediate sale accommodation to Notting Hill Housing Trust.
- It was agreed with Regenter that it would be preferable to grant leases to the Development Land rather than a licence then lease approach due to:

- Current issues in the funding market requiring Regenter to have an interest in land which can be charged to the bank in order to secure credit to finance the Development Works
  - The risk that there would be a double charge to SDLT
- d) The Myatts Fields North project was procured on the basis that bidders would pay to the Council an amount which Lambeth would treat as revenue as a contribution to its costs incurred in procuring the project. This was termed in the invitation to submit detailed solutions document and in the draft Project Agreement accompanying it the 'Guaranteed Minimum Contribution' (GMC). In the case of the Regenter bid, the amount concerned was £8 million payable in three tranches, at financial close, in 2012 and 2014.

Lambeth was willing to forego the revenue receipt that it anticipated, allowing this to be recycled within the Scheme, resulting in a saving in the cost of the scheme. Consequential changes were therefore made to the project documentation to ensure the PFI Contractor is not required to commit to pay the £8m. The originally intended obligation on the part of the PFI Contractor has been removed from the draft Project Agreement releasing resources for expenditure on delivering the Service Works and the Services. The Council has received advice on the procurement law impact of the elimination of the requirement for payment of the GMC and concluded that there is no material procurement risk. The following clarification describes the final position.

The project comprises rebuild of HRA properties and a disposal of Council land for the construction of private dwellings. The project was planned in 2004 and received PRG approval of PFI Credits in March 2006, at a time when it was common practice for the two aspects to be combined into a single Project Agreement with the Council, as follows:



By contrast some housing PFI projects have separated the rebuild of HRA properties and sale of land for private dwellings into two contracts with the local authority.

The tender process requested bidders to propose a Unitary Charge to the Council for the provision of the HRA properties, plus a capital amount reflecting the disposal value of the private dwellings land. This capital amount bid could be split into separate tranches, but payment could not be conditional on external events (e.g. market performance of house prices) and would be subject to 'overage' arrangements to pay the Council a share of any additional value realised after financial close. The sum of the tranches bid was therefore termed the 'guaranteed minimum contribution', hence 'GMC'.

Regenter was selected as Preferred Bidder, having the best evaluated bid overall, and within this a GMC of [REDACTED] to be paid in three tranches of [REDACTED], [REDACTED] and [REDACTED].


The Council had budgeted to receive these lump sums from PFI Co, separate from its monthly payment of the Unitary Charge for the PFI HRA properties. The Council's affordability projections showed it would require contributions of approximately £983k per annum (indexed) to fund the Unitary Charge, taking into account PFI Grant from CLG and contributions from rents and management and maintenance allowances (but separate from the [REDACTED] GMC).

The GMC had been earmarked by the Council to pay for its procurement costs, and contribute to ancillary housing regeneration around Myatts Fields.

 In order for PFI Co to pay the Council the GMC, its external funders required Dev Co to first guarantee the payments to PFI Co, as follows:

### VFM Review

CLG's initial objective was to ensure the public sector as a whole maximised the value from the private sector proposals. Lambeth achieved this through various steps described in correspondence at the time and summarised in the FBC.

 In addition the Council agreed that the GMC payments would not be paid to the Council, but retained by PFI Co, in return for a lower Unitary Charge, as follows:

Whilst the Unitary Charge came down, the Council's revenue contribution remained the same (forecast £983k pa indexed), with the benefit reflected in lower PFI Grant from CLG. The proposed reduction in PFI Credits was £114.6m approved at OBC stage to £98.9m. This lower amount was no longer calculated by reference to HCA's PFI Credit Spreadsheet.

In itself this removal of the Council's GMC receipt in return for a lower Unitary Charge did not affect VFM. However there was a substantive VFM benefit, from PFI Co being able to fund some of its capital expenditure from the GMC received from Dev Co, and repaying PFI Co's debt early. This has reduced PFI Co's overall need for external bank borrowing, and reduced interest payments. The benefit of this has been fully reflected in a reduced Unitary Charge paid by the Council, worth approximately £2.7m over the contract life (net, after deducting the Council's interest on GMC no longer received).

Within the consortium, PFI Co's external funders still require Dev Co to guarantee the payments to PFI Co, as before. These arrangements are described as a 'letter of credit' but are between Dev Co and PFI Co and its funders, and entirely separate from the Council. The Council carries no risk for the GMC and no reference to it is required in the Council's project documentation.

For completeness of record, the [REDACTED] will now be paid by Dev Co to PFI Co in seven tranches.

A substantive matter for the Council is to protect its interests in the event of an early termination.

### Development land transfer

A related matter is the transfer outright of the development land from the Council to Dev Co, in order for Dev Co to generate the private sales which gave rise to the GMC proceeds, outside the HRA PFI. These plots, once transferred for private housing, cannot be recovered by the Council if the PFI project were to terminate early.

This need be no problem, provided that at every point in the life of the project the Council has a net positive value received from the contractor, which would lead to a compensation amount payable on an early termination always being positive (i.e. payment by the Council to outgoing PFI Co).

To ensure this is the case the Council has established that the value of HRA units completed, less demolition reinstatement, less a share of common infrastructure always exceeds the cumulative total of the open market value of the sites alienated.

Accordingly, all reference to the GMC in the Project Agreement will be removed (thus eliminating a project specific derogation from the HPP contract). Lambeth will not contribute capital to the project; it will simply not be entitled to be paid amounts that it would, in any case, have treated as revenue.

- e) The Council is also entitled to the Authority Rebate (being an overage payment payable by Regenter to the Council upon completion of the Development Works programme). The Authority Rebate will be [REDACTED] of the difference between the development costs (bid by Regenter at Final Tender stage) and the actual sale proceeds. Additionally, should the sale proceeds exceed [REDACTED], the Council will be entitled to a [REDACTED] share of anything above that [REDACTED].

### 5.6.3 Phasing and handover of the Development Works Sites

So as to ensure that upon termination of the Project Agreement for Contractor Default:

- An incoming contractor would have access to some development land; and/or
- The outgoing Contractor would already have satisfactorily completed sufficient of the Services Works to ensure that the Unitary Charge would have a significant capital value which an incoming Contractor would recognise.

The Council has agreed with the Contractor that the Development Works Lease will be granted in stages, as the Service Works progress. In addition, the Council has secured that at every point in the life of the project the Council has a net positive value received from the Contractor, which would lead to a compensation amount payable on an early termination always being positive (i.e. payment by the Council to the outgoing Contractor).

The Council will grant the Development Works Leases in phases. The first four Development Works Leases will be granted after financial close as required by the construction programme but only as and when the net value of refurbishment, infrastructure and new build works that have been completed always exceeds the cumulative total of the open market value of the sites alienated. The remaining three Development Works Leases will be not be granted until all of the existing Council rented units have been refurbished and 119 of the 247 existing Council rented units have been re-provided and then will be granted as further refurbishment, infrastructure and new build works have been completed of at least an agreed value.



Once the Development Works Leases are granted, they are not terminable if the Project Agreement is terminated; otherwise they would not provide suitable security for financing the Development Works.

Defaults in the performance of the Development Works cannot bring about termination of the Project Agreement.

Default by the Development Works Sub-contractor cannot impact on the Service Works because no element of the delivery of the Service Works (or the Services) is dependent on the delivery of the Development Works. The payment which the PFI Contractor expects to receive from the Development Works Sub-contractor as a contribution to the infra-structure costs is to be secured by means of the delivery to the PFI Contractor at financial close of a letter of credit in favour of the PFI Contractor.

The Council will have no remedy against the PFI Contractor arising from default by the Development Works Subcontractor.

#### **5.6.4 The Services**

Regenter will be required to manage as part of the Project Agreement the refurbished and new social rented units forming the Service Works. The management of all these units will be paid for by the Council through the Unitary Charge.

The remaining units (Intermediate Units, existing leasehold/freehold units, and all homes for sale) do not form part of Regenter's management obligation.

Infrastructure associated with the new housing (all tenures) will be adopted.

### **5.7 SoPC4 Derogations**

The Council has been keen to follow both SoPC4 and HPP as far as possible. However, due to the circumstances surrounding the project, it has been necessary to deviate marginally from the standard position with the agreement of PUK. The following are the main derogations approved by PUK.

#### **5.7.1**

In accordance with the position agreed in relation to the Development Works, the definition of Assets has been amended to exclude the land and buildings granted by way of long leases to Dev Co, including the Development Works Leases themselves. The Council will not be entitled to the return of this property as it will continue to vest in Dev Co (or its successors in title) until the expiry of the Development Works Leases.

#### **5.7.2 Relief Events**

There is reason to believe, given the location of the Project site, that the Project could be subject to the discovery of unexploded ordinance. Although the site has been developed since 1945, it is understood that unexploded ordinance can be found at depths greater than the existing foundations of the buildings on the site. Furthermore, the surveys of the site may not be of sufficient depth to identify the potential presence of unexploded ordinance and therefore there is an element of risk that would not become apparent until the demolition stage.

As a result, the Council has agreed to share the risk in relation to the discovery of an unexploded ordinance by way of a Relief Event in addition to those set out in SoPC4. This position was agreed with PUK by way of the derogations process.

### 5.7.3 Compensation Events

Unlike some other sectors, the Council has ongoing obligations to Regenter during the Services Period (including obligations in the protocols which form part of the Project Agreement). Therefore, the Compensation Event regime will continue to apply beyond the construction period. This is permitted by the HPP Model Contract which notes that in HRA projects Compensation Events will need to be extended to the Services Period. This is also in line with the guidance in SoPC4.

### 5.7.4 Warning Notices

The Project Agreement states at clause 40.1 that the persistent breach regime will apply during both the Service Period and the Works Period. However, the persistent breach regime does not apply to the direct execution of the Works. During the course of the Works, the Council will not be in occupation of the sites on which the works will be carried out (save for the properties to be refurbished which is addressed below) and will have little interest in the physical execution of the Works. Furthermore, the Council recognises that terminating the Contract on the basis of breaches relative to the direct execution of the Works would be disproportionate to the actual damage sustained by the Council as a result of such breaches. This in turn would have implications on the ability of Regenter to find funders to stand behind the project.

The Council recognises that in the case of the refurbished properties, it may continue to retain an interest in breaches arising from the execution of the Works. However, the Council does not believe that the ability to terminate the Contract in such a context would be necessary in order to protect its interests. Contractor breaches which are of concern to the Council in the context of refurbished properties and warrant a remedy can be addressed under the Council step-in provisions in clause 56, or (if not resulting from the direct execution of the works) the persistent breach regime.

This derogation from SOPC4 was highlighted in the Derogations Report (**Appendix 11**) and was the subject of comments from PUK. The Council addressed these comments and the amendment was agreed by PUK.

The calibration of the persistent breach regime has been properly and thoroughly considered from a commercial perspective and negotiated by the parties. It is in line with thresholds commonly seen in Project Agreements in various sectors. The Council is confident that it offers adequate protection to the Council whilst avoiding a hair-trigger which could compromise Project Co's and its funders' interest in the Project.

### 5.7.5 Step-in Rights

The Council does not require a right to step-in to Works generally because tenants will only remain in occupation of those dwellings that are to be refurbished. Therefore, the Council's rights to step-in are limited to the dwellings that are to be refurbished during the Construction Phase and all HRA dwellings during the Services Phase. This amendment is line with guidance published within HPP and has been agreed with PUK.

## 5.8 Market Testing

In accordance with HPP drafting and SoPC4, the Project Agreement adopts the standard drafting in respect of the process for market testing the elements of the Services in respect of this Project. All services will be market tested every 5 years.

The market tested elements group together the Services so that they are aligned in accordance to the sub-contracts which will be procured in order to deliver the Services as a whole. Specifically these are:

- Rent collection and arrears recovery
- Tenancy management
- Estate management services (including cleaning)
- Grounds maintenance and management
- Leasehold management

In accordance with HPP, the Project Agreement does not contain provisions for benchmarking of the Services.

## **5.9 Amendments since the Interim Final Business Case**

### **5.9.1 Land swap**

The Authority has completed a land swap with Lambeth Primary Care Trust for an area of land within the Project Site of which the PCT is a leaseholder. The PCT will be relocated to a new health centre on a nearby site previously owned by the Authority, but until that facility is completed the health centre will not be able to relocate.

If there is a delay in the PCT relocating, this could result in the Authority causing a delay to the construction programme for the project. Under the terms of the Project Agreement, the Authority is required to deliver designated areas of the Project Site with vacant possession to the Contractor on specified dates.

Any delay to the programme would cause the Contractor to incur additional costs for (for example financing costs, loss of profit and changes in mobilisation costs). The Authority accepted that this was a public sector risk but was insistent that it should be borne by the PCT. In order to avoid disputes over the amount, it was agreed that the Authority would pay liquidated and ascertained damages where there was a delay of up to one year in the grant by the Authority of a Development Works Lease to the Contractor which results from a failure by the PCT to relocate as anticipated. The Contractor was not able to predict its losses over a longer period and general damages would be payable to the extent that the delay was more than one year.

Corresponding provisions were inserted in the Authority's agreement with the PCT (in fact the liquidated damages in that agreement cover other losses of the Authority in addition to what might be payable to the Contractor. So the Authority would be fully covered by the PCT if the PCT's delay in vacating the existing health centre caused delay in the delivery of vacant possession to the Contractor of the affected parts of the Project Site. Under the land swap agreement, the PCT is obliged to give the Council vacant possession of the old health centre by 20th September 2012. This is before the date upon which the Council will be obliged to grant to the Development Works Subcontractor a Development Works Lease of the property concerned. In fact these provisions should be academic only, since the construction of the new health centre has proceeded throughout the delay in achieving final close of the project and the PCT should be able to relocate long before the Authority is obliged to provide vacant possession of the affected part of the Project Site.

### 5.9.2 Other amendments

In addition, a number of minor changes have been made throughout the Project Agreement to either:

- Clarify or amend grammatical or typographical errors in the drafting
- Remove square brackets around agreed drafting or cross-references where the drafting has now become settled

The Authority is mindful of its duties in respect of the Public Contracts Regulations and has at all times ensured that such amendments are for fine tuning purposes only and do not alter the price or risk profile as agreed at close of dialogue.

## 5.10 Derogations

Despite limiting discussions with the Preferred Bidder to fine tuning the Project Agreement, we have submitted to the HCA a small number of project-specific derogations to be agreed in finalising the Project Agreement for Financial Close.

A complete schedule of derogations approved to date, plus the derogations noted above, are provided at **Appendix III**.

## 5.11 Personnel implications (including TUPE)

There are personnel implications for the Myatts Field Tenant Management Organisation (MFTMO), which currently has the responsibility for managing and maintaining the estate under a Modular Management Agreement with the Council. The five staff employed by the MFTMO will transfer under the TUPE Regulations to either Pinnacle – the housing management sub-contractor for Regenter – or to Equipe – the refurbishment and maintenance sub-contractor.

Initial TUPE meetings have taken place and information continues to be exchanged and updated to ensure a smooth transition at Service Commencement.

## 5.12 Procurement route and implementation timescales

### 5.12.1 Procurement Process to Date

The stages of procurement up to the appointment of Preferred Bidder are set out in detail in the IFBC and in Section 3 of this document. This clearly shows that the project has been the subject of robust competition to ensure value for money has been driven throughout. Key points to note are:

- Healthy competitive tension throughout. Eight organisations submitted an initial interest in the project, five of which were invited to submit Outline Solutions. Three of these were then invited to submit Detailed Solutions, and two of these Bidders were able to develop and finalise their technical and commercial offering as part of the Final Tender process. At this Final Tender stage, one consortium (now the Preferred Bidder) provided a clearly more commercially advantageous Final Tender
- A comprehensive and rigorous competitive dialogue process, designed to ensure each bidder was able to put forward their optimum solution at each stage. This process was the subject of significant resource and commitment by the Council (and their advisers), Bidders and their teams, and importantly, the residents of Myatts Field North

- A clear and consistent set of evaluation criteria, against which submissions were scored, has been used throughout the whole process

Even after the appointment of the Preferred Bidder, and as required by HCA/CLG, the Council led a Value for Money review looking at all aspects of the project to identify any financial betterment that might be secured. As a result of this process, the Council was able to reduce its requirement for PFI Credit Support by more than 10% (or £16m) as a result of efficiencies identified and secured. Key outcomes from this Value for Money process included:

- The £1m+ financial savings achieved through value engineering the construction proposals. With limited loss of amenity, significant financial savings were achieved on the non-housing elements of the masterplan (community centre, park, etc.)
- The efficiencies secured through a review of the works programme, and adopting a more innovative approach to the issues around temporary decant were able to collectively save in excess of £1m
- The substantial savings in operational costs secured by:
  - Reviewing the scope of management and maintenance services and hours of operation
  - Reviewing operational insurances to drive better commercial outcomes
  - Optimising the contract term to better align it with the long term asset maintenance programme

In addition, this value for money process also saw a restructuring of how the value generated by the Development Works was utilised within the Project Agreement. This is detailed further in 4.6.4.

#### 5.12.2 Remaining Stages of Procurement

Subject to receipt of the appropriate consents from HCA/CLG and the Treasury, the Council and Preferred Bidder have targeted a Financial Close at the end of November 2011. The key milestones in this are as follows:

- |   |                                 |
|---|---------------------------------|
| • LB Lambeth submit Final Business Case | 30 <sup>th</sup> September 2011 |
| • Flow down to sub-contracts completed  | 7 <sup>th</sup> October 2011    |
| • SPV Investment Committee Approval     | 24 <sup>th</sup> October 2011   |
| • Section 27 Consent                    | 31 <sup>st</sup> October 2011   |
| • Funder Credit Committee               | 31 <sup>st</sup> October 2011   |
| • HCA/CLG/Treasury Approval             | 21 <sup>st</sup> November 2011  |
| • Financial Close                       | 26 <sup>th</sup> November 2011  |

This programme has been reviewed and endorsed by all parties connected to the Council and Preferred Bidder.

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## FUNDERS TERM SHEET

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>BIDDER MODEL</b>	<b>KEY ASSUMPTIONS</b>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

## BIDDER MODEL KEY ASSUMPTIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

## 6 Financial case

### 6.1 Introduction

The project proposed by Regenter and developed through Competitive Dialogue and the recent Value for Money review remains affordable to the Council at the level of PFI Credits recommended. The Unitary Charge over 25 year per the latest financial model is £271.4m (Nominal total cashflows) which will be funded through a combination of PFI Credits (£98.9m which equates to £7.7m per annum Revenue Support Grant) and Council contribution of £1.986m (April 2011 base date) per annum.

### 6.2 Impact on the Organisation's Income and Expenditure Account

An affordability assessment **Appendix 12** has been undertaken to ensure that the project is financially feasible and that the projected unitary charge can be met. This has been based on the current Regenter model. A summary of the assessment is provided in the table below.

HRA PFI Affordability	First Full Year (2017/18 – Full ops / post construction) £m – nominal	Final Full Year (2035/36) £m – nominal	Total Contract Period £m – nominal	Total Contract Period NPV £m – NPV @ 6.0875% to 1/4/2011
<b>Costs</b>				
Unitary Charge	10.6	12.9	271.4	131.7
Authority Monitoring Costs	0.1	0.2	4.6	2.7
Home loss and Disturbance	0.0	0.0	1.8	1.8
<b>Total Costs</b>	<b>10.7</b>	<b>13.1</b>	<b>277.8</b>	<b>136.2</b>
<b>Funded by:</b>				
PFI Revenue Support Grant	7.7	7.7	193.4	100.8
M&M Allowance	1.1	1.8	33.8	16.4
Rent/Service Charges over Guideline Rent	0.4	0.4	9.0	4.8
Additional Revenue Contribution	1.2	1.8	34.9	16.9
Interest received on Balances (at 3.5%)	0.4	0.0	6.7	3.7
<b>Total Funds</b>	<b>10.8</b>	<b>11.7</b>	<b>277.8</b>	<b>42.6</b>

#### 6.2.1 Expenditure

##### *Unitary Charge*

Table v summarises the real Unitary Charge and NPV of the total Unitary Charge over 25 years, assuming 33% of the Unitary Charge is subject to indexation at 2.5% and a discount rate of 3.5% real representative of the public sector cost of funds as defined in HM Treasury's Green Book.



**Table v**

	Real Annual Unitary Charge (Feb 2009 prices) £m	Total Nominal Unitary Charge £m	NPV of Unitary Charge (discounted at 6.0875%) £m
Regenter	9.901	271.416	112.259

An electronic version of the model, date stamped 21<sup>st</sup> July, is included at **Appendix 14**.

The figures above are based on bank terms at a SWAP of [REDACTED]. This is based on a current rate plus around 120bps to ensure there is sufficient buffer should the SWAP position change between now and financial close. It is also based on indexation of the Unitary Charge by 2.5% from preferred bidder appointment until financial close: lower than the outturn rate for RPIx, but above most indices for changes operational costs.

The table below outlines the movement in the unitary payment for the project between the Interim FBC (January 2011) and the post VFM review Final Bid position.

	Interim FBC (£m)	FBC (post VFM review (£m)
Unitary Payment Nominal	363.7	271.4
Movement	-	92.3
NPV of Unitary Charge (discounted at 6.0875%)	135.463	112.259
Movement	-	23.204

The main factors contributing to the downward reduction in the unitary payment are set out in **Appendix 2**.

### 6.2.2 Income

#### **PFI Credit Calculation**

An assessment of PFI credits has been calculated based on the following:

- The Unitary Charge calculated in Regenter reference model as outlined in section 6.2.1;
- The underlying costs and assumptions outlined in the above model; and
- Utilising the capital cost method for calculating PFI credits in accordance with the 'Local Government PFI Project Support Guide (2009-10 1<sup>st</sup> Revision)'.

Using these source data, on both the present value figures per the PFI credit determination and abatement calculation, would result in a PFI Credit level in excess of £98.9m. The Council agreed during the Ministerial VFM review that it would seek PFI Credits of no more than **£98.9m** and can confirm it is still able to achieve an affordable solution based on this reduced level of PFI credits.

**Table vi PFI credits Requested and Calculated Annuity**

Project	PFI Credits (£m)	Annual RSG (£m)	First Payment Month/Year	Contract End Month/Year	LA Pool Rate %
Myatts Field	98.9	7.737	October 2011	September 2036	6.0

### ***Council Resources***

The Council will contribute to the scheme through three areas being the Management and Maintenance budget, an additional HRA and interest earned on surplus balances in the smoothing reserve.

### **Management and Maintenance budget**

A detailed analysis was undertaken of the current income and expenditure in relation to the estate. This identified the income currently applied to the functions that would be passed to the PFI contractor. This included a rigorous assessment of central costs with a view to directing the maximum justifiable proportion of the income available to service the unitary charge. At the end of this exercise, the authority is confident that there is no further income within the HRA that could be applied to the PFI without a disproportionate share of retained central costs falling on the retained stock.

The M&M allowance contributed to the scheme equates to £978k per annum (April 2011 base date).

### ***Interest on Surplus Balances***

As would be expected, there are considerable cash balances projected in the early years of the contract and the interest on these balances will be applied to the scheme and will mitigate the effect of negative cash-flow in the later years. The Council has made an assumption that the interest will on average balance of 3.5% per annum over the life of the contract.

### ***Additional Council Contribution***

The Council recognises the strategic importance of this scheme to the Borough and has therefore approval from Cabinet to support the affordability of the scheme by providing an additional annual contribution from the Housing Revenue Account of £996k per annum in 2010/11 prices, which is £1.008m pa (April 2011). Please see **Appendix 27** and **Section 7.3.6** for further information.

## **6.3 Impact on Balance Sheet**

The Council has obtained an accounting treatment opinion letter from Grant Thornton which in summary concludes that the relevant assets of the Project will be on the Council's Balance Sheet. A copy of the opinion letter is provided at **Appendix 16**.

## **6.4 Overall Affordability**

The cost of the project over the 25 year concession period is £271.416m. This cost is to be met by PFI credits (£7.236m per annum), an annual, indexed linked contribution from the Council of £1.008m per annum (stated at 2011 price base) and the HRA Management and Maintenance Allowance subsidy (£978k pa April 2011 price base).

The Council believes it has achieved value for money on the base inputs to the financial model as evidenced through the recent VFM process. The SWAP rate and indexation may change up to financial close, but all other costs will remain fixed.

The Council has concluded, based on the exercise undertaken above, that the Project in its current form is affordable both in terms of the resources ring fenced for the project and based on a PFI credit award of £98.9m.

## **6.5 Improved Value for Money**

In April this year, in response to CLG/HCA requests to improve the value for money of this project, a detailed review of all aspects of the scheme was undertaken jointly by the Council and Regenter. This comprehensive reassessment resulted in a reduction in the PFI Credit requirement of 16% from £114.6m to £98.8m.

This is primarily driven by:

- The generation of capital savings within the scheme totalling [REDACTED] across construction and lifecycle
- The full reinvestment of the [REDACTED] received by the Council from the development works undertaken as part of the project (GMC), of which part was previously set aside to reimburse the Council's procurement costs
- The generation of management and maintenance cost savings of [REDACTED]

The savings included:

- Programme efficiencies generated by allowing double decants
- Value engineering the refurbishment and newbuild specification
- Changes to the specification and standards attained in the Open Spaces (including the Park)
- Changes to the Community Centre
- Energy Centre review
- Reduced contract term
- Changes to the housing management, estate management and warden arrangements
- Extending the CHP concession
- Reduced insurance costs
- SPV efficiencies

As has been described, the development sites are released by Lambeth in stages during the construction phase and the Consortium reinvests the proceeds received from its development vehicle into the PFI special purpose company. This in turn reduces the cost paid by Lambeth through the annual Unitary Charge. As a result of the VFM review there is no longer a contribution to Lambeth separate from the UC.

The lower UC reflects not only the value of the development site proceeds, but also the reduction in debt drawn down by the PFI Company; its associated finance costs and in the construction period interest rolled up. The full benefit of this has been passed through to Lambeth in a re-optimised model, thus improving value for money.

# 7 Management case

A great deal of attention has been focused on ensuring that the PFI project for Myatts Field North is deliverable, can succeed and achieves its full potential.

The project management arrangements are now in place to ensure the project is actively monitored and managed and that the outputs, outcomes and benefits are realised.

## 7.1 Project governance

### 7.1.1 Project Board

Since its inception, the PFI project has been overseen by the Council through a Project Board, chaired by the Deputy Cabinet Member for Housing.

The Board membership comprises resident representatives, a Ward Councillor, local stakeholders and senior officers. The Board is attended by the PFI Team, planners and a legal representative from the Council, as well as representatives from the Preferred Bidder following their appointment. The Project Board is responsible to the Council Cabinet and key decisions are considered by the Project Board before being referred with recommendations to Cabinet.

The Project Board provides effective leadership, direction and governance to the project and ensures that risks are properly managed

### 7.1.2 Strategic Group

Senior officers meet regularly as a Strategic Group to ensure both that the detailed strategy for the project is implemented successfully and to drive the project forward. The Strategic Group is attended by the Directors of Housing and Finance and Resources from the HRE Directorate, as well as senior officers from the legal and corporate finance teams. The Senior Responsible Owner for the project is Sue Foster, Executive Director of Housing, Regeneration and Environment who attends the Strategic Group as necessary.

### 7.1.3 PFI Team

The PFI Team was established in 2004 to deliver the procurement of the PFI Contract at Myatts Field North. Those involved in the procurement of the project largely continue into the implementation phases Client Team, providing vital continuity.

### 7.1.4 Prince2

The Council uses Prince2 for its project management functions.

### 7.1.5 Special Advisers

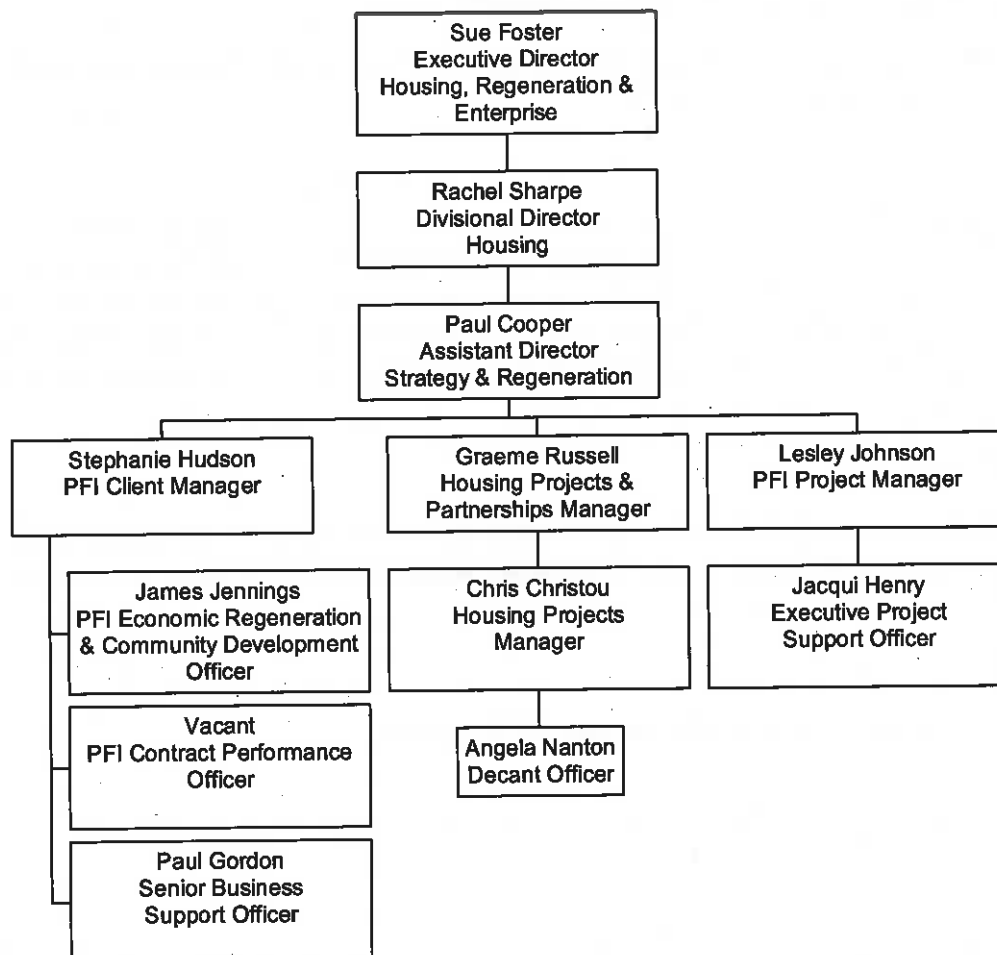
The Council has procured and appointed a consultant team for the project to assist with the procurement process. The consultant team comprises the Council's Special Advisers as follows:

- Eversheds Legal Adviser
- Deloitte Financial Adviser
- Gleeds Technical Adviser
- Grant Thornton Insurance

### 7.1.6 Client Team

The Client Team for post-contract management and monitoring is now in place and is working closely with the Preferred Bidder, Regenter, to ensure that processes, information and systems are ready for Service Commencement. The Client Team comprises a Client Manager, Contract and Performance Monitoring Officer, Community and Socio-Economic Development Officer, Decant Officer and a Project Support Officer.

The Client Team has the operational responsibility for the client function, ensuring that the project delivers its anticipated benefit and for risk management.



The Council has also retained the services of its Technical Adviser, Gleeds, to provide specialist support in the monitoring of the construction and refurbishment works.

The Client Team will meet the Contractor on a monthly basis to monitor performance in both service delivery and in the construction/refurbishment phases.

#### **7.1.7 Project Liaison Group**

The Project Liaison Group will operate throughout the PFI contract period. It will comprise three members from the Council, three from Regenter and three residents from the project site.

The membership of the group maintains the key role of residents at the heart of the project and provides a regular, executive level forum for the discussion and active management of the project between the Council and the PFI Contractor.

The functions of the Project Liaison Group are:

- To provide a means for the joint review of all aspects of the performance of the Project Agreement
- To provide a forum for joint strategic discussion and consideration of all aspects with regard to this Agreement including ensuring dissemination of information and consideration of the views of all the stakeholders
- Consideration of issues relating to:
  - Consents
  - Provision of the Works and Services, including transition between the phases
  - Authority Changes
  - Any other relevant issues.

#### **7.1.8 Communications**

There will be a Communications plan covering all project stakeholders, but perhaps of note is the communications line with the Myatts Field North residents.

The Residents Forum is a less formal, well-attended group which has served as a consultation forum as the scheme has progressed. It is chaired by a resident and has considered proposals and plans during the procurement process and in developing the final scheme with the Preferred Bidder. Its comments are reported to the Project Board.

The Residents Forum will ensure that residents' interests continue to be reflected in the delivery of the PFI Contract.

## **7.2 Contract monitoring**

### **7.2.1 Approach**

The level of public investment in this PFI project – and the expectations of residents and stakeholders – mean that robust post contract monitoring is essential.

The contract will be monitored continuously by the Council. The contract monitoring process will ensure that:

- Procedures are in place to measure performance against the required outputs
- Payments are made to the Contractor based on accurate reports of performance
- Problems are identified and dealt with promptly
- Partnership working continues to contribute to the success of the scheme
- Excellent communication serves all parties and the project, with dispute resolution processes in place
- The formal governance of the contract and any changes to it are well-managed

The contract monitoring and reporting requirements are set out in the Output Specification and the Payment Mechanism. The Council is very aware of the need for a tight monitoring and reporting regime to ensure that any under performance is identified and rectified as soon as possible, and sanctions implemented as appropriate.

Performance monitoring will be the responsibility of the Client Team through the specific resource of a dedicated Contract Performance Monitoring Officer, working under the direction of the Client Manager and supported by the Technical Adviser for the project.

The Contract and Performance Monitoring Officer will receive and validate the self-monitoring information provided by the Contractor. Validation will be done by way of surveys, review of complaints, technical investigations, spot checks and tests as well as through informal and formal contact with residents and other service users and audit of data records.

The Council and Regenter have made a joint appointment of an Independent Certifier to ensure that availability and service provision are as specified.

The Strategic Group will receive monitoring reports from the Client Team. These reports will reflect an up to date risk analysis for the project and progress against the project programme, deliverables and benefits.

An Information Protocol is being developed with the PFI Contractor to ensure that information is provided in the most appropriate format for use by the Council, both in its monitoring function and to meet wider reporting requirements. An IT protocol has also been agreed with Regenter to ensure that data is maintained by the Contractor and accessible to the Council as required.



### 7.3 Deliverability

Given the relative simplicity of the assets on this scheme, there is a general management presumption that change will not be necessary as part of this scheme other than any requirements to adapt individual dwellings to meet the needs of disabled residents.

To reinforce this presumption, any proposed change will need to be clearly articulated and a value for money assessment completed prior to consideration.

In common with most housing schemes under PFI, significant variation of the output specification is not expected to be required. As noted earlier, the Project Agreement closely adheres to the Housing Procurement Pack model: it incorporates Change provisions in the body of the contract which refer to a Change Protocol that follows the one set out in the Housing Procurement Pack model and (as encouraged by PUK at the time) a catalogue of pre-priced items for minor changes. These are most likely to be needed only for any requirements to adapt individual dwellings to meet the needs of disabled residents and perhaps for small changes in the Community Centre.

To reinforce this expectation, any proposed change will need to be initiated in accordance with the Change Protocol and, in the case of Changes not covered by the catalogue, the Council will complete a value for money assessment completed before the Change proceeds. Any Change will require authorisation from the Divisional Director for Finance & Resources.

Where tenants exercise their right to buy, this will not be considered as a Change under the Project Agreement, which includes the standard Change in the Number of Dwellings by Tenure (CNDT) mechanism. Consequent applicable adjustments to the Unitary Charge will be monitored in the same way as Deductions under the Payment Mechanism as part of the contract monitoring process described above.

#### 7.3.1 Programme

A summary programme showing the overall mobilisation, transition and implementation phases of the contract can be found in **Appendix 23**. In summary:

- Mobilisation will largely be completed prior to Financial Close as, consistent with precedent HRA Housing PFI schemes, Service Commencement immediately follows Financial Close
- The Contractor has made a commitment to a 100 day intensive service to residents, creating an impetus for change
- The refurbishment and new build programmes happen concurrently in the first 4 years of the contract

#### 7.3.2 Planning position

Planning permission has been granted in Outline for the overall masterplan. Permission was given for the number and mix of homes and tenures, layout, massing and open spaces, as well as the standard of build.

Detailed planning permission was granted for phase 1 and a Section 106 Agreement for the scheme was agreed and signed.

Following the changes to the scheme made as part of the Value for Money review, both a reserved matters application and a new planning application have now been approved for the new park and community centre respectively. The planning committee also approved an amendment to the Section 106 agreement which had previously required a minimum area of 1000m<sup>2</sup> for the community centre to be provided. Judicial review risk in the case of these applications is borne by the private sector, in that subsequent successful JR challenge will require the Contractor at their own cost to undertake such redesign works as is necessary in order to deliver the overarching project requirements for a park and community centre. In the event that a specific requirement(s) in the Output Specification is identified as being the obstacle to successfully securing the permission, then the Council cannot unreasonably reject a request from the Contractor for this requirement to be amended or even dropped.

A Reserved Matters planning application for phase 2 will be submitted by Regenter early in the new year. The attainment of the necessary consents is a Contractor risk.

### **7.3.3 Implementing the Compulsory Purchase Order (CPO)**

There are 58 homeowners and 305 tenants in homes that will be demolished in order to redevelop Myatts Field North. A CPO was put in place in 2006 to enable the redevelopment of the estate.

The Compulsory Purchase Order expired in June this year. In order to extend the powers of the CPO and further mitigate the risk of existing homeowners trying to frustrate the project, the Council issued Notices to Treat to all homeowners and tenants within the CPO area in May 2011. The service of these notices to treat will enable the Council to acquire the land interests concerned by service of notice of entry on the land owners at any time within three years after the service of notice to treat (despite the expiry of the CPO).

The Council has also negotiated Sales Agreements with 36 of the homeowners in which they contractually agree to sell to the Council according to the demolition programme.

Thus the Council will be able to acquire the outstanding land interests either under the Sales Agreements or by exercise of its rights following service of notice of entry. The Council has agreed a protocol with the proposed Contractor incorporating a process for ensuring that the Council is able to comply with its obligations under the Sales Agreements and deliver vacant possession of the relevant units at the required time.

### **7.3.4 Stopping up order**

Since the approval of the interim Final Business Case, the Council has finalised a stopping up order to allow the redevelopment to take place.

### **7.3.5 Decant strategy**

The Council has extensive experience of running decant programmes in situations like this and has developed and implemented a decant strategy to ensure that vacant possession can be delivered to meet the project timetable.

#### **7.3.5.1 Tenants**

Housing needs assessments have been carried out with the tenants in homes to be demolished. These are currently being updated to ensure that the best information is available to the Council's allocations team. Medical and Occupational Therapy assessments are being carried out as required to ensure that temporary and permanent homes properly meet people's needs.

### 7.3.5.2 Homeowners

Please see 7.3.3 above.

### 7.3.6 Council approvals

The PFI project for Myatts Field North has been formally noted and/or approved by the Council at the appropriate stages in its development. The approval to the project made by Cabinet on 13<sup>th</sup> December 2010 delegates authority to the Executive Directors of Housing, Regeneration and Environment and Finance and Resources to agree and sign the Project Agreement and all ancillary documents at Financial Close. It is the practice of the Council's Cabinet to review transactions into which the Council is proposing to enter at the level of principle and give very broad delegation to officers to determine the detail involved. It has received advice that this is fully in compliance with applicable law and results in the Council being committed to the transactions approved in the way by its Cabinet. Following approval further financial information is reported to Cabinet as the details of the proposed transaction become clearer and the officers exercises the authority delegated to them. This has been the case in respect of the Myatts Fields Project. Reports since that date have ensured that Cabinet and Council have been kept informed of progress on the project and the costs to the Council.

The table below summarises these approvals. The relevant Cabinet report is at **Appendix 27**.

Date and approval	Recommendation	Resolved
Council Cabinet June 2009	<p>"... (2) That Cabinet approves the appointment of Bidder A as the Preferred Bidder for the Myatts Field North PFI project (Subject to formal approval by CLG).</p> <p>(3) That Cabinet delegates powers to the Executive Director, Housing, Regeneration and Environment and the Executive Director of Finance and Resources in consultation with the Cabinet Member for Housing and Regeneration to award agree and sign the Project Agreement at Financial Close..."</p>	As recommendation
Council Cabinet December 2010	<p>"(1) That Cabinet confirms its commitment to funding the Myatts Field North PFI for the 30 year contract term, based on the costs and financial terms agreed at financial close.</p> <p>(2) That Cabinet confirms that the delegated authority granted to the Executive Directors of Housing, Regeneration and Environment and Finance and Resources to agree and sign the Project Agreement at Financial Close also applies to the Funders Direct Agreement, the issue of certificates under the Local Government (Contracts) Act 1997 (in respect of the Project Agreement and Funders Direct Agreement) and any ancillary documents considered necessary or desirable in connection with the project."</p>	As recommendation
Council Budget report July 2011	<p>"The Myatts Field PFI scheme was reported to Cabinet in June 2009 when approval was sought to appoint the preferred provider and updates have been given in the HRA rent and budget setting reports in 2010 and 2011. Delays have been experienced with Government approval processes. This has meant that the start of the scheme has been delayed. The current timetable being presented to government is for financial close in September 2011.</p> <p>Recently the scheme successfully went through a VFM review set by the Minister for Housing, along with all other housing PFI schemes. The</p>	Approved

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result has been a reduction in the requirement for PFI credits from £114m to £99m. Economies and efficiencies were identified in the scheme with the key commitments made to residents still achievable. Part of the efficiency obtained has been to commit the Guaranteed Minimum Contribution (GMC) of [REDACTED] directly to the scheme, rather than have this transferred to the Council and then invested in the scheme. As stated in the 2011 HRA budget setting report, the GMC has not been assumed in the budget going forward. The Council's contribution through the unitary charge remains at the level agreed in the 2010 HRA budget setting report..."

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## 7.4 Risk management

The Project Risk Register, attached at **Appendix 22**, identifies the foreseeable project risks and identifies a strategy and action taken to date to manage out and mitigate those risks. The Council has considerable experience of delivering complex projects and successfully managing such risks.

The Project Risk Register will be actively monitored and managed by the Client Manager and reported to each meeting of the Strategic Group and Project Board to ensure early action can be taken where problems are indicated.

## 7.5 Benefits Management

The project has been designed to deliver a number of benefits to the Council. These comprise a mixture of 'hard' and 'soft' benefits.

'Hard' benefits include improved performance levels on key established housing performance measures such as:

- Number of repairs
- Average void relet periods
- Tenant satisfaction
- Anti-social behaviour reports

'Soft' benefits of the scheme that can be less easily quantified include:

- Community pride and reputation
- Social and economic betterment

The Client Manager will monitor the outcomes in respect of the 'hard benefits' on an annual basis to assess the benefits of the scheme. Where the expected improvements are not realised, this will be communicated via the Project Liaison Group with a view to investigation and putting in place remedial measures (it is likely that, in most cases, shortcomings will also be attracting performance deductions).

The delivery or otherwise of the 'soft benefits' is more difficult to measure, however it is expected that the Residents Forum will offer a key barometer for their achievement.

## 7.6 Resident consultation

The Myatts Field North PFI project can be characterised by the significant resident and stakeholder consultation that has taken place and the lead role that local residents have played and will continue to play post contract.

Myatts Field North is managed by a Tenant Management Organisation, reflecting the leadership and commitment that exists within the community. Residents from the TMO and across the estate have been consulted from the outset of the project. The Outline Business Case described this early engagement and the successful test of opinion in favour of the PFI proposal. Masterplanning work and the production of Development Planning Guidelines and a previous outline planning application have all involved residents in developing the proposals in detail. Estate-wide and neighbourhood events have also been held to consult with residents and local stakeholders.

Resident representatives and other local stakeholders sit as full members of the Project Board, which is a sub-committee of the Council. Throughout the bidder selection process, residents reviewed and interrogated the bidders' proposals in detail. Sub groups of officers and residents examined and considered the design and masterplanning, construction and refurbishment and housing management proposals as part of the formal evaluation and contributed to the final evaluation scoring. Presentations, visits and workshops were held on a range of topics and with each of the bidders to support this process.

The design and service delivery proposals changed substantially through the Competitive Dialogue as a direct result of resident involvement in the negotiations.

A wider group, the Residents' Forum, worked to ensure that all residents had the opportunity of taking part in the project and having their comments heard and their questions answered. A programme of events, newsletters and visits continued as the proposals have developed. The Council has funded an independent adviser for residents throughout the project.

The local authority has resident support for the project, demonstrated by the successful test of opinion and the committed participation of tenant and leaseholder representatives from the TMO and elsewhere on the estate. A further indication of the support is the willingness of many residents to continue to engage even though the process has taken a long time. A further housing needs survey is currently underway to ensure that the new homes provided meet the needs of existing residents to be decanted. Arranging appointments for this exercise has proved very easy, again demonstrating the appetite of residents for the redevelopment.

A comprehensive programme of communication and consultation was developed to support the planning application and to ensure that residents could access all the information they needed during the transition phase. This programme included Resident Forum and Project Board meetings programmed to review and sign off the final design prior to the planning application being made. Regenter has a communication strategy to support the implementation phase. This includes estate-wide meetings in the first 100 days of the PFI contract and establishing resident groups to act as sounding boards as services are developed and monitored. In the period up to Financial Close, there will be a further series of meetings with residents to ensure that all new team members have understood the commitments previously made and that they continue to work with residents on their implementation.

Residents are taking a leading role in the design and set up of the new social enterprise to support community development following Financial Close. This new organisation forms part of the legacy of the Myatts Field North TMO and the Bramah Green Community Centre which currently serve the estate. It is intended that the social enterprise begins as soon after Financial Close as possible both in preparing for its role as manager of the new Community Centre to be provided in Phase 1 of the project, and to ensure ongoing resident and community involvement in all aspects of the PFI project.

Residents will remain closely involved with the project after Financial Close and will be part of the Council's formal monitoring arrangements of the PFI Contract. However the key principles are that two resident representatives will sit on the Board of the new social enterprise and the group that will oversee the monitoring of the PFI contract. There will also be a wider resident group to act as a consultative body to the Council and the PFI Contractor.


Homeowners have been consulted with other residents and at events specifically to address issues concerning them. They are represented on the Resident Forum and the Project Board. Formal consultation with leaseholders in homes to be demolished and in blocks to be refurbished was completed earlier this year. A further round of individual meetings with homeowners in those blocks to be demolished was held to ensure they understood their options.

It remains important to the Council that residents are at the heart of this project. This continues to give real impetus to the transformation and culture change to which the project aspires.

### ***Appendix 1–Housing PFI VFM review 2011***

In response to CLG/HCA requests to improve the value for money of the Myatts Field North project, a detailed review of all aspects of the scheme was undertaken jointly by the Council and Regenter. This can be summarised as follows:

Reduction of PFI Credit of 16%, from £114.3m to £98.8m. This is primarily driven by:

- The generation of capital savings within the scheme totalling £6.85m across construction and lifecycle
- The full reinvestment of the  received by the Council from the development works undertaken as part of the project, of which part was previously set aside to reimburse the Council's procurement costs
- The generation of management and maintenance cost savings of £14.09m.

#### ***Changes to project scope***

In order to achieve the significant reduction in PFI Credits required by this scheme, the scope of the project was thoroughly reviewed. The following material change to the scope of the project envisaged at Outline Business Case was made:

- Reduction in the contract term down to 25 from 30 years

Changes were also made to Regenter's position at Final Tender as follows:

- Value engineering the specification
- Permitting a level of temporary rehousing in order to drive a more efficient construction programme
- Amendment of the handback standard
- Re-alignment of bulk refuse arrangements
- Reduction in housing office hours
- Reduction in neighbourhood warden period of operation to match reduced construction period
- Removal of estate improvement fund
- Reduction in provisional sum for tree maintenance
- Combined Heat and Power Plant concession extended





**London Borough of Lambeth  
Myatts Field North PFI Project  
FBC Risks Matrix**

<b>Description of risk</b>	<b>Risk borne by Contractor</b>	<b>Risk borne by Authority</b>	<b>Comments/Actions to be taken to minimise risk</b>
<b>A. Detailed Planning Permission / Building Regulation Approvals</b>			
Planning permission and/or Building Regulation approvals not granted before or after Contract Close	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> <li>delays to programme/UC</li> </ul>	<ul style="list-style-type: none"> <li>Any amendments to permission required to achieve detailed permission to be approved by Authority (cost remains with Contractor)</li> </ul>	<ul style="list-style-type: none"> <li>Detailed planning permission sought and obtained before contract close in respect of certain sites</li> <li>Outline permission achieved across the whole site</li> <li>All other planning applications (stopping-up orders etc) achieved</li> </ul>
<b>B. CPO and Vacant Possession</b>			
Negotiation of Sale Agreements and associated buy-out costs by specified dates	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Robust management process to be put in place by Contractor as set out in the relevant Method Statement/Project Agreement.</li> </ul>
Implementation by and reliance on the CPO where buy-outs unsuccessful	<ul style="list-style-type: none"> <li>delay to start on site date and potential costs associated with delay</li> </ul>	<ul style="list-style-type: none"> <li>CPO is deficient</li> <li>Failure to act in accordance with the instructions from the Contractor</li> </ul>	<ul style="list-style-type: none"> <li>CPO had been properly enforced through ongoing legal advice</li> <li>Authority to ensure that resource is in place to deal with requests from Contractor to execute necessary documentation.</li> </ul>
Costs associated with CPO implementation	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Risk priced by Contractor</li> </ul>
Failure to provide the relevant Works Site by date required in the Construction Programme	<ul style="list-style-type: none"> <li>delay to start on site date and potential costs associated with delay</li> </ul>		<ul style="list-style-type: none"> <li>Authority obliged to provide the Vacant Possession Condition which it will do through enforcement of CPO and/or enforcing the terms of any Sales Agreements with leaseholders.</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
<b>C. Design</b>			
Design in construction not complying with planning requirements and/or Building Regulation approvals	<ul style="list-style-type: none"> <li>• cost of redesign</li> <li>• delay in receiving full unitary charge if failure to meet programme dates</li> <li>• potential cost for the provision of alternative accommodation</li> <li>• potential termination if long stop date extended</li> </ul>		<ul style="list-style-type: none"> <li>• Contractor to ensure design requirements and approvals are fully understood and met</li> <li>• Designs approved in Planning applications</li> </ul>
Stock condition survey and building surveys inaccurate	<ul style="list-style-type: none"> <li>• Additional work and cost, under-estimate of investment required and unitary charge too low</li> <li>• delay in receiving full Unitary Charge and additional cost of works to contractor</li> <li>• potential costs for providing alternative accommodation</li> <li>• potential termination if long stop date exceeded</li> </ul>	<ul style="list-style-type: none"> <li>• Risk shared with Authority (through Relief Event) to the extent surveyor is negligent</li> </ul>	<ul style="list-style-type: none"> <li>• Authority and Bidder have agreed survey briefs and understand survey findings</li> <li>• Authority and Bidder understand exclusions/limitations of stock condition and building surveys</li> <li>• Warranties from Surveyors to Contractor will be ready for financial close</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Structural and/or latent defects become apparent during refurbishment	<ul style="list-style-type: none"> <li>• Structural or latent defects to be remedied to the extent output specification to be met at contractors cost</li> <li>• under-estimate of investment required and Unitary Charge too low</li> <li>• delay in receiving full Unitary Charge</li> <li>• potential cost of provision of alternative accommodation</li> <li>• potential termination if long stop date exceeded</li> </ul>		<ul style="list-style-type: none"> <li>• Warranties from Surveyors to Council and Contractor</li> <li>• Authority and Bidder have agreed survey brief and understand survey findings</li> <li>• Authority and Bidder should note any exclusions/limitations of stock condition and building surveys</li> </ul>
Discriminatory and specific changes in law	<ul style="list-style-type: none"> <li>• cost of complying with legislation</li> </ul>		<ul style="list-style-type: none"> <li>• Discriminatory and specific changes in law only apply to services.</li> </ul>
General changes of law	<ul style="list-style-type: none"> <li>• delay in receiving full unitary charge if failure to meet programme dates</li> <li>• Increased costs</li> </ul>	<ul style="list-style-type: none"> <li>• increased costs</li> </ul>	<ul style="list-style-type: none"> <li>• Will be agreed cap on capital expenditure by reference to a progressive cost share by the Authority</li> </ul>
Changes in Authority design requirements post financial close		<ul style="list-style-type: none"> <li>• failure to meet programme dates without compensation</li> <li>• potential capital contribution and/or increased Unitary Charge if design requirements are more costly</li> </ul>	<ul style="list-style-type: none"> <li>• Will be covered by the Authority</li> <li>• Change Protocol and procedures in the Contract</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Life expectancy of building elements and components	<ul style="list-style-type: none"> <li>costs of future works to prolong life expectancy</li> <li>reduced unitary charge by virtue of unavailability or performance deductions associated with failure to meet target standards</li> </ul>		<ul style="list-style-type: none"> <li>Warranty from professional team and Contractor / sub-contractors</li> </ul>
<b>D. Construction/ Refurbishment Works Risk</b>			
Inadequate interpretation of output specification	<ul style="list-style-type: none"> <li>cost of redesign</li> <li>delay in receiving full Unitary Charge if failure to meet programme date</li> <li>potential cost of provision of alternative accommodation</li> <li>potential termination if long stop date exceeded</li> </ul>		<ul style="list-style-type: none"> <li>Detailed Method Statements and Data Room Data information which have been thoroughly received by the authority's technical advisors</li> <li>Pass through of risk to Sub-Contractor</li> </ul>
Ground structure problems or environmental contamination problems arise which affect building structure, programmed works or availability of accommodation	<ul style="list-style-type: none"> <li>cost of additional design works for ground structure problems</li> <li>delays in receiving full Unitary Charge</li> <li>potential cost of provision of alternative accommodation</li> <li>potential termination if long stop date exceeded</li> </ul>	<ul style="list-style-type: none"> <li>Relief to be granted to the Contractor in relation to "dark ground" areas</li> </ul>	<ul style="list-style-type: none"> <li>site and ground condition assessments and surveys undertaken by Authority and/or bidders to the extent practical</li> <li>works and design provision appropriate to ground structure and environmental contamination risk</li> </ul>
Consequential refurbishment works costs including damage or disruption to tenant decorations, fittings and fixtures	<ul style="list-style-type: none"> <li>Cost of repair or replacement</li> </ul>		<ul style="list-style-type: none"> <li>Full assessment of refurbishment works undertaken by Contractor</li> <li>Pass through of risk to Sub-Contractor</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Increased labour and materials costs during the contract	<ul style="list-style-type: none"> <li>any costs in excess of budget borne by contractor</li> </ul>		<ul style="list-style-type: none"> <li>Pass through of risk to Sub-Contractor</li> </ul>
Access to Services	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Bidder aware of forms of lease</li> <li>Relief where access not granted by Tenant</li> </ul>
Site safety and security	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Adequate preparation pre and post contract close</li> <li>Adequate training and site H&amp;S</li> </ul>
CDM (Construction Design Management) and all Health and Safety requirements	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Comprehensive and integrated approach to Health and Safety</li> </ul>
Changes in Authority works requirements		<ul style="list-style-type: none"> <li>failure to meet programme dates without compensation</li> <li>potentially increased capital and/or unitary charge if design requirements are more costly</li> </ul>	<ul style="list-style-type: none"> <li>Will be covered by the Authority Change Protocol and procedures in the Contract</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Delayed hand over of accommodation to Authority	<ul style="list-style-type: none"> <li>• delay in receiving full Unitary Charge if failure to meet programme dates</li> <li>• reduced Unitary Charge for failure to meet milestone dates</li> <li>• potential costs for provision of alternative accommodation</li> <li>• potential termination if long stop date exceeded</li> </ul>		<ul style="list-style-type: none"> <li>• Contract includes usual Relief Events, Force Majeure Events, Long Stop Events and also certain project specific Compensation Events</li> <li>• Agreed robust Certification procedures that clearly address certification and "snagging" e.g. when certification is and is not appropriate</li> </ul>
Industrial action by contractor staff	<ul style="list-style-type: none"> <li>• delay in receiving full unitary charge if failure to meet programme dates</li> <li>• reduced unitary charge for failure to meet completion date</li> </ul>		<ul style="list-style-type: none"> <li>• General industrial action in construction industry will be a Relief Event</li> </ul>
Construction Sub contractor default	<ul style="list-style-type: none"> <li>• delay in receiving full unitary charge if failure to meet programme date</li> <li>• costs in excess of budget if alternative supply is more costly</li> <li>• risk of not recovering full losses from the defaulting subcontractor</li> <li>• potential of costs of providing alternative accommodation</li> <li>• potential termination if long stop date exceeded</li> </ul>		<ul style="list-style-type: none"> <li>• Bidders to manage relationships with Sub-Contractors</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Disruption to Materials supply	<ul style="list-style-type: none"> <li>• delay in receiving full Unitary Charge if failure to meet programme date</li> <li>• reduced Unitary Charge for failure to meet completion date</li> <li>• costs in excess of budget if alternative supply is more costly</li> </ul>		<ul style="list-style-type: none"> <li>• Contract includes usual Relief Events</li> </ul>
Exceptionally adverse weather	<ul style="list-style-type: none"> <li>• delay in receiving full Unitary Charge if failure to meet programme date</li> <li>• potential costs of providing alternative accommodation</li> <li>• potential termination if long stop date exceeded</li> </ul>		<ul style="list-style-type: none"> <li>• Not a Relief Event.</li> <li>• Pass through to Sub-Contractor</li> </ul>
Vandalism to/theft of contractor works/ materials	<ul style="list-style-type: none"> <li>• delay in receiving full unitary charge if failure to meet programme dates</li> <li>• costs in excess of budget if alternative supply is more costly</li> <li>• potential liquidated damages for alternative accommodation</li> <li>• potential termination if long stop date exceeded</li> </ul>		<ul style="list-style-type: none"> <li>• Contractor/Sub-Contractor to ensure site security robust</li> </ul>
Industrial action by a supplier, transporter or manufacturer of materials	<ul style="list-style-type: none"> <li>• delay in receiving full unitary charge if failure to meet programme dates</li> </ul>	<ul style="list-style-type: none"> <li>• failure to meet programme dates without compensation</li> </ul>	<ul style="list-style-type: none"> <li>• General construction industry industrial action is a Relief Event</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Damage to Contractor's works	<ul style="list-style-type: none"> <li>increased costs/remedial works</li> <li>potential liquidated damages for alternative accommodation</li> <li>potential termination if long stop date exceeded</li> </ul>		<ul style="list-style-type: none"> <li>construction all risks insurance</li> <li>delay start up insurance</li> </ul>
Decant	<ul style="list-style-type: none"> <li>increased costs</li> <li>potential delays in programme if not carried out when necessary</li> </ul>	<ul style="list-style-type: none"> <li>provision of decant accommodation and temporary loss of use of accommodation</li> <li>Authority to ensure off-site decant properties available</li> </ul>	<ul style="list-style-type: none"> <li>Detailed discussions with bidder to map and plan decant and identify decant properties required</li> </ul>
<b>E. Operational Services</b>			
Void management	<ul style="list-style-type: none"> <li>reduced unitary charge associated with failure to meet target standards</li> <li>Security issues and costs</li> </ul>	<ul style="list-style-type: none"> <li>loss of rent on properties whilst vacant</li> <li>loss of nominations and cost of alternative accommodation</li> </ul>	<ul style="list-style-type: none"> <li>payment and performance mechanism provides appropriate and deterrent deductions for non-availability</li> </ul>
Tenancy management (repair and maintenance)	<ul style="list-style-type: none"> <li>reduced unitary charge associated with failure to meet Initial and Full Standard</li> </ul>	<ul style="list-style-type: none"> <li>loss of rental income from inability to make dwellings available for letting</li> </ul>	<ul style="list-style-type: none"> <li>Contractor / Sub-Contractor repairs monitoring and effective service response</li> </ul>
Refurbishment works disrepair litigation and statutory nuisance notices	<ul style="list-style-type: none"> <li>Contractor takes disrepair / litigation / compensation costs risk from point dwelling brought up to Availability Standard earlier</li> </ul>		



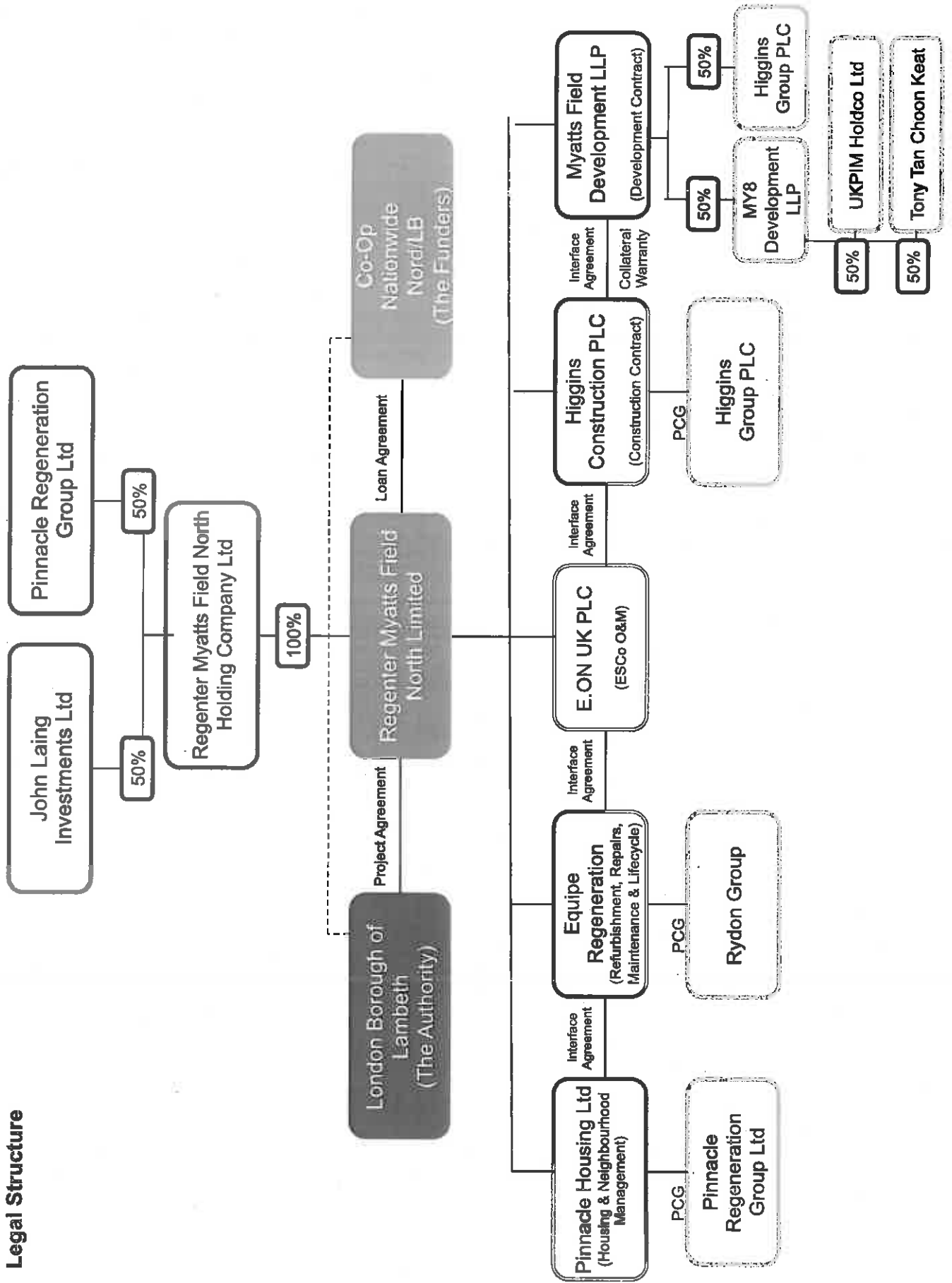
Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Contractor does not collect all legally recoverable monies owed by lessees	<ul style="list-style-type: none"> <li>requirement to make up short fall to Council through unitary charge following Initial grace period</li> </ul>		<ul style="list-style-type: none"> <li>Bidder has proposal in place to ensure maximum recovery which reflect recovery procedures reflect best practice</li> </ul>
Statutory restrictions on service charges recoverable from lessees		<ul style="list-style-type: none"> <li>costs in excess of statutory cap provided for in Unitary Charge not recoverable from tenants</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with requirements to consult under LTA 1985 have been completed</li> </ul>
Repairs and maintenance service failure	<ul style="list-style-type: none"> <li>reduced unitary charge associated with failure to meet target standards</li> </ul>		<ul style="list-style-type: none"> <li>Pass through of risk to sub-contractor</li> </ul>
Grounds maintenance and other common services failure	<ul style="list-style-type: none"> <li>reduced unitary charge associated with failure to meet target standards</li> </ul>		<ul style="list-style-type: none"> <li>Pass through of risk to sub-contractor</li> </ul>
Right to Buy/Right to manage	<ul style="list-style-type: none"> <li>adjustment to Unitary Charge to reflect savings from reduction in dwelling numbers</li> <li>increased costs due to incorrect appointment of variable and semi variable costs</li> </ul>	<ul style="list-style-type: none"> <li>loss of rental income (offset by capital receipt)</li> <li>marginal costs to be covered</li> <li>payment of compensation for fixed costs throughout contract period</li> </ul>	<ul style="list-style-type: none"> <li>Covered by Dwelling Numbers and Tenure Change procedure and mechanism</li> <li>Contractor placed in a no better no worse position</li> </ul>
Industrial action	<ul style="list-style-type: none"> <li>reduced unitary charge associated with failure to meet target standards</li> <li>post remedial period</li> </ul>		<ul style="list-style-type: none"> <li>potential Relief Event where industry wide</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Vandalism (damage to accommodation) (including by tenants, leaseholders and third parties)	<ul style="list-style-type: none"> <li>cost of repair/making good unless Authority risk or Authority Related Party</li> </ul>		<ul style="list-style-type: none"> <li>To be managed by the Contractor and risk reduced through design</li> </ul>
Changes in Authority service requirements		<ul style="list-style-type: none"> <li>potentially increased capital and/or unitary charge if design requirements are most costly</li> </ul>	<ul style="list-style-type: none"> <li>will be covered by the Change Control procedures in the Contract</li> </ul>
Construction and Refurbishment Cost overruns	<ul style="list-style-type: none"> <li>any cost in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Pass through risk to sub-contractor</li> </ul>
Sub-contractor default	<ul style="list-style-type: none"> <li>cost in excess of budget if alternative supply is more costly</li> <li>risk of not recovering full losses from the defaulting sub-contractor</li> <li>potential termination if thresholds exceeded</li> </ul>		
TUPE (as applicable)	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Authority warranties</li> <li>Contractor's risk should be minimised through due diligence</li> </ul>
Inability of Authority to provide tenants	<ul style="list-style-type: none"> <li>cost of securing properties</li> </ul>	<ul style="list-style-type: none"> <li>paying for service not used</li> </ul>	<ul style="list-style-type: none"> <li>Low risk as assessed by the Authority</li> </ul>
<b>F. Planned Maintenance/Cyclical Maintenance</b>			
Contractor planned maintenance cost increases	<ul style="list-style-type: none"> <li>any costs in excess of budget</li> </ul>		<ul style="list-style-type: none"> <li>Costs to managed between Sub-Contracts and Contractor</li> <li>Design standards to be achieved as part of construction phase</li> </ul>

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments / Actions to be taken to minimise risk
Planned maintenance programme delays	<ul style="list-style-type: none"> <li>reduced unitary charge associated with failure to meet target standards</li> </ul>		
Structural and/ or Latent defects becoming apparent	<ul style="list-style-type: none"> <li>Structural or latent defects to be remedied to the extent output specification to be met at contractor's cost</li> <li>under-estimate of investment required and Unitary Charge too low</li> <li>reduced unitary charge associated with failure to meet target standards</li> </ul>	<ul style="list-style-type: none"> <li>latent defects – only Authority risk in relation to areas of "dark ground" or where stock condition survey was deficient.</li> </ul>	<ul style="list-style-type: none"> <li>Risk pricing by Contractor and Sub-Contractor</li> <li>Defects to be remedied to extent needed to meet output specification</li> </ul>
<b>G. Utilities</b>			
Costs	<ul style="list-style-type: none"> <li>No risk – passed to tenant/leaseholder</li> </ul>	<ul style="list-style-type: none"> <li>No risk – passed to tenant/leaseholder</li> </ul>	<ul style="list-style-type: none"> <li>Element of cost certainty guaranteed through Project Agreement/lease provisions regarding cost vis-à-vis the wider market price.</li> </ul>
Continuity of supply and volume changes	<ul style="list-style-type: none"> <li>Income (In relation to heat only)</li> </ul>		<ul style="list-style-type: none"> <li>Relief for Contractor</li> <li>Managed by ESCO; District Heating System to be installed</li> </ul>
<b>H. Incentives for under-performance</b>			
Performance below adequate standard	<ul style="list-style-type: none"> <li>reduced unitary charge due to availability or performance deductions</li> </ul>		<ul style="list-style-type: none"> <li>payment and performance mechanism provides appropriate and deterrent deductions (and incentives)</li> <li>potential for termination if thresholds exceeded</li> </ul>
<b>I. Finance and Potential Changes in Costs of Finance</b>			

Description of risk	Risk borne by Contractor	Risk borne by Authority	Comments/Actions to be taken to minimise risk
Cost of finance increases	<ul style="list-style-type: none"> <li>cost of finance in excess of budget required to meet contractual commitments</li> </ul>		<ul style="list-style-type: none"> <li>Hedging arrangements put in place</li> </ul>
Changes in taxation	<ul style="list-style-type: none"> <li>increases in management and maintenance costs arising from changes to taxation</li> </ul>		<ul style="list-style-type: none"> <li>Contingency in financial model</li> </ul>
Inflation	<ul style="list-style-type: none"> <li>increase in costs outside agreed inflation indices</li> <li>inflation risk-sharing agreement</li> </ul>	<ul style="list-style-type: none"> <li>increases in Unitary Charge as inflation increases</li> <li>inflation risk-sharing agreement</li> </ul>	<ul style="list-style-type: none"> <li>inflation risk-sharing</li> <li>benchmarking and market testing arrangements put in place</li> <li>hedging arrangements put in place</li> </ul>
Real cost increases in ongoing expenditure	<ul style="list-style-type: none"> <li>increases due to deficiencies in original design or specification</li> </ul>	<ul style="list-style-type: none"> <li>increases following agreed benchmarking or market testing exercises</li> </ul>	<ul style="list-style-type: none"> <li>pass through risk to sub-contractor/ professional team</li> <li>benchmarking and market testing arrangements put in place</li> </ul>
Changes in welfare benefit or other legislation restricts income from asset	<ul style="list-style-type: none"> <li>performance deductions against rent collection standard</li> </ul>	<ul style="list-style-type: none"> <li>reduction in revenue</li> </ul>	

## Legal Structure





# **Accounting Treatment of the Myatts' Field North Estate Housing HRA PFI Project**

**January 2011**

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## **Introduction**

This report provides accounting advice to the London Borough of Lambeth (the Council), in respect of the Myatt's Field North Estate Housing HRA PFI Project (the 'Project') under International Financial Reporting Standards ('IFRS') as it is expected to be applied to local government.

## **IFRS in the Public Sector**

IFRS was adopted by central government bodies in 2009/10. Local Authorities are adopting IFRS from 2010/11, the only exception to this being the accounting of PFI contracts, whereby for the purposes of determining the balance sheet classification of assets created under PFI or similar contracts only, local government applied IFRIC 12 at the same time as Central Government in 2009/10.

Our advice has been based on the 2010 Code of Practice on Local Authority Accounting in the UK ("the Code") and is confined to the accounting treatment that flows from the information given to us by the Council, particularly the Project Agreement in relation to the Myatts Field North Estate Housing HRA PFI Project dated 17th December 2008 which the Council has confirmed contains the main terms of the project.

It will be the responsibility of the Council to prepare financial statements that reflect the accounting treatment of the scheme, using the accounting guidance relevant at that time. Furthermore, it will be for the Council's auditors to form an opinion on those financial statements. This advice has been given solely to the Council.

## **Scope**

The Council is proposing to enter into a 30 year agreement with Regenter for the provision and maintenance of new and refurbished Council housing. Grant Thornton has been asked to draft a short accounting opinion paper to advise the Council on the accounting treatment of the proposed transaction on its accounts.

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### **Background - Summary of the Myatts' Field North Project**

Myatts Field North is a large 1970's built Council estate of 477 houses, flats and maisonettes a mile from the Oval in south London. The PFI scheme proposes the demolition of 305 homes, to be replaced with 305 new build homes, of which 247 are for council housing under a licence of the land to Regenter for the duration of the project, 53 are leasehold and 5 are freehold with the refurbishment of the remaining 172 homes, also under a licence of the land to Regenter. The PFI service provider will build a new community centre, a new park with facilities and other amenities - and will manage the scheme for a 30 year period.

The newly constructed and refurbished homes will be subject to Council tenancies. Void risk remains with the Council, provided that the property complies with the output specification. Right to buy remains with the Council tenancies.

The concession agreement is for 30 years, at the end of which ownership of the homes with Council tenancies, the park and the community centre will revert back to the Council.

The PFI provider, Regenter, will be paid a unitary charge each month, which has components covering the rented homes, the park and the community centre. The unitary charge, which is subject to availability and performance deductions, is paid gross of rent, with Regenter passing on rent collected to the Council.

Regenter is also developing 503 homes, comprising 357 private houses and 146 affordable housing units, on land subject to a 125 year lease from the Council. The sales are subject to overage tied to property values. Regenter control the sales of these homes either directly or in the case of the 146 affordable homes, through their partner Notting Hill Housing Trust.

## **Accounting Treatment of the Park and the Community Centre**

### **Classification as Infrastructure**

PPP and PFI projects involve the operator undertaking an obligation to provide infrastructure (and related services) which are used to provide services to the general public, examples include roads, street lighting, schools, telecommunication centres etc.

As the park and the community centre will be used to provide services to the public it is clear that under the Code they fall to be classified as infrastructure for the purpose of IFRIC 12.

### **IFRIC 12 Control Tests**

Section 4.3.2.1 of the Code refers to the control tests set out in IFRIC 12:

- (a) the local authority controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and where
- (b) the local authority controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Where the control tests are met the Code requires infrastructure to be recognised as property, plant and equipment of the local authority. It is clear that the Council is specifying what services the park and the community centre must provide, to whom it must provide them, i.e. the citizens of London Borough of Lambeth, and at a price agreed as part of the unitary charge. At the end of the 30 year concession period the park and the community centre will revert to the Council. The provision of the park and the community centre therefore meets the IFRIC 12 control tests.

### **Recognition**

In line with section 4.3.2.9 of the Code the infrastructure shall be recognised at the point the asset is made available for service where the Council is not bearing construction risk, which will be the case under standard PFI contract documents. The asset will be recognised at that time at fair value, with an offsetting financial liability. Fair value is to be interpreted as the amount that would be paid for the asset in its existing use either as determined by a local authority valuer or as the capitalised construction costs as extracted from the Regenter financial model.

Where relevant separate assets shall be recognised under the CODE as land and buildings. In practice as the Council is giving a licence to enter the land to Regenter for the duration of the agreement the land on which the park and community centre will be situated will continue to be recognised on the balance sheet of the Council. The land asset will need be categorized separately from the buildings in the accounts of the Council.

The Code also requires the different components of an asset to be accounted for separately if they have a substantially different useful life and the Council will therefore need to consider whether component accounting applies to the park and the community centre.

### **Accounting for Payments**

The PPP or PFI payment can be separated into its service, financial interest and repayment of liability components. The financial interest component will be determined using the

implicit interest rate in the contract (which will be obtained from the Regenter financial model at financial close.)

## **Accounting Treatment of the New Build Affordable Social Rented Homes**

### **Classification as Infrastructure**

The Council requires 305 new constructed homes to be provided by Regenter.

As discussed above PPP and PFI projects involve the operator undertaking an obligation to provide infrastructure which is used to provide services to the general public, examples include roads, street lighting, schools, telecommunication centres etc.

Provision of social housing is judged to be a public service in the Code and therefore within the definition above.

### **IFRIC 12 Control Tests**

Section 4.3.2.1 of the Code refers to the control tests set out in IFRIC 12:

- (a) the local authority controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and where
- (b) the local authority controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Where the control tests are met the Code requires infrastructure to be recognised as property, plant and equipment of the local authority. It is clear that the Council is specifying what the new build homes are required to provide in the output specifications, to whom it must provide them, ie the tenants of London Borough of Lambeth, and at a price agreed as part of the unitary charge. At the end of the 30 year concession period ownership of the new build homes will revert to the Council. The provision of the new build homes therefore meets the IFRIC 12 control tests.

### **Recognition**

In line with section 4.3.2.9 of the Code the infrastructure shall be recognised at the point the asset is made available for service where the Council is not bearing construction risk, which will be the case under standard PFI contract documents. The asset will be recognised at that time at fair value, with an offsetting financial liability. Fair value is to be interpreted as the amount that would be paid for the asset in its existing use either as determined by a local authority valuer or as the capitalised construction costs (including demolition costs) as extracted from the Regenter financial model. The Council would also need to confirm that any valuation was conducted under the Modern Equivalent Asset approach as appropriate.

Where relevant separate assets shall be recognised under the CODE in respect of land and buildings. In practice as the Council is giving a licence to enter the land to Regenter for the duration of the agreement the land on which the 247 new build homes will be situated will continue to be recognised on the balance sheet of the Council. In respect of the 53 new build homes which are subject to a 125 year lease from the Council the land will continue to be shown as an operating lease on the balance sheet of the Council. The land asset will need be categorized separately from the buildings in the accounts of the Council.

The Code also requires the different components of an asset to be accounted for separately if they have a substantially different useful life and the Council will therefore need to consider

whether component accounting applies to the new build homes. This is a complex area that will require further review.

#### **Accounting for Payments**

The PPP or PFI payment can be separated into its service, financial interest and repayment of liability components. The financial interest component will be determined using the implicit interest rate in the contract (which will be obtained from the Regenter financial model at financial close.)

#### **Demolition of the Existing 305 Homes**

Once the Council has decided to demolish the existing 477 homes the Council will need to carry out an impairment assessment of the carrying amount of the existing homes, under IAS 36 "Impairment of Assets", as it is likely that the carrying amount will exceed the recoverable amount (the higher of fair value less cost to sell and its value in use), due to the obsolescence of the homes.

An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve (these entries will be reflected below the line in the Movement in Reserves Statement) to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset and thereafter in Surplus or Deficit on provision of services.

An impairment loss on a non-revalued asset (i.e. an asset with a carrying value based on historical cost) shall be recognised in Surplus or Deficit on provision of services, ie the Income and Expenditure Account.

### Accounting Treatment of the Refurbished Homes

#### **Classification as Infrastructure**

The Council requires Regenter to refurbish 172 homes. As above for the provision of new build homes the provision of social housing is judged to be a public service and therefore the refurbished homes fall within the definition of infrastructure.

#### **IFRIC 12 Control Tests**

Section 4.3.2.1 of the Code refers to the control tests set out in IFRIC 12:

(a) the local authority controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and where

(b) the local authority controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Where the control tests are met the Code requires infrastructure to be recognised as property, plant and equipment of the local authority. It is clear that the Council is specifying what the refurbished homes are required to provide in the output specifications, to whom Regenter must provide them, ie the tenants of London Borough of Lambeth, and at a price agreed as part of the unitary charge. At the end of the 30 year concession period ownership of the refurbished build homes will revert to the Council. The provision of the refurbished homes therefore meets the IFRIC 12 control tests.

#### **Recognition**

As required by section 4.3.2.10 of the Code where the operator enhances property already recognised on the balance sheet of the local authority, the local authority shall recognise the fair value of the enhancement in the carrying value of the property where the recognition criteria of IAS 16 are met, ie where:

- it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and
- the cost of the item can be measured reliably.

In line with section 4.3.2.9 of the Code the infrastructure shall be recognised at the point the asset is made available for service where the Council is not bearing construction risk, which will be the case under standard PFI contract documents. The asset will be recognised at that time at fair value, with an offsetting financial liability. Fair value is to be interpreted as the amount that would be paid for the asset in its existing use either as determined by a local authority valuer or as the capitalised construction costs as extracted from the Regenter financial model.

Where relevant separate assets shall be recognised under the Code in respect of land and buildings. In practice as the Council is giving a licence to enter the land to Regenter for the duration of the agreement the land on which the refurbished homes will be situated will continue to be recognised on the balance sheet of the Council. The land asset will need be categorized separately from the buildings in the accounts of the Council.



Section 4.1.2.40 of the Code also requires the different components of an asset to be accounted for separately if they have a substantially different useful life and the Council will therefore need to consider whether component accounting applies to the refurbished homes.

#### **Accounting for Payments**

The PPP or PFI payment can be separated into its service , financial interest and repayment of liability components. The financial interest component will be determined using the implicit interest rate in the contract (which will be obtained from the Regenter financial model at financial close.)

**Accounting Treatment of the Land Leased to Regenter**

The Council has granted a lease for 125 years for part of the land at Myatts Field, known as the Development Area, to Regenter. The value of the land subject to the lease will need to be included in the Lease Note to the Annual Accounts, under Disclosure by Lessors.

The Council will also need to consider the accounting for income for the leased land although in practice as the rental is a peppercorn the income is immaterial.

## Appendix 1 Disclosures

The following information shall be disclosed in relation to PFI and similar contracts, in addition to the disclosures relating to assets and liabilities required elsewhere in the Code:

- The value of assets held under PFI and similar contract at each balance sheet date, and an analysis of the movement in those values.
- The value of liabilities resulting from PFI and similar contracts at each balance sheet date, and an analysis of the movement in those values.
- Details of the payments due to be made under PFI and similar contracts (separated into repayments of liability, interest and service charges):
  - within one year
  - within 2 - 5 years
  - within 6 - 10 years; and
  - in each additional 5 year period.





**Grant Thornton**

## London Borough of Lambeth

**Myatts' Field North Estate Housing HRA PFI Project - ESA 95 Assessment**

**November 2009**

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#### **Appendices**

- A ESA 95 Guidance Flowchart**
- B Definition of the MGDD primary risk factors**

# 1 Introduction

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## 2 Scope of the Report

This memo provides a high level analysis of whether the assets and corresponding liability of the Myatts' Field North Estate Housing HRA PFI Project will be on or off balance sheet under the central government budgetary guidance on PFI.

As with the accounting treatment under the public sector interpretation of IFRIC 12, the guidance, which is the UK interpretation of 'European System of Accounts 1995' (ESA 95), also used a flow chart to aid the decision making process.



## 3 Application to the Myatts' Field Project

### 3.1 Background

Myatts Field North is a large 1970's built Council estate of 477 houses, flats and maisonettes a mile from the Oval in south London. The PFI scheme proposes the demolition of 305 homes, to be replaced by the construction of the same number of new build affordable social rented homes. The PFI scheme will also ensure that the remaining 156 homes are refurbished. The PFI service provider will build a new community centre, a new park and other amenities - and will manage the scheme for a 30 year period.

The newly constructed and refurbished homes will be subject to Council tenancies. Void risk remains with the Authority, provided that the property complies with the output specification. Right to buy remains with the Council tenancies.

The concession agreement is for 30 years, at the end of which ownership of the homes with Council tenancies, the park and the community centre will revert back to the Authority.

The PFI provider, Regenter, will be paid a unitary charge each month, which has components covering the rented homes, the park and the community centre. The unitary charge, which is subject to availability and performance deductions, is paid gross of rent, with Regenter passing on rent collected to the Authority.

Regenter is also developing homes for private sale, on land subject to a 125 year lease from the Authority. The sales are subject to overage tied to property values.

Regenter is a joint-venture between John Laing and Pinnacle Regeneration Group with the express purpose of bidding for, investing in and delivering housing PFI and PPP projects.

Funding is to be provided by the National Australia Bank, Co-operative Bank and Nord LB. for the Senior Debt and subordinated debt from the primary shareholders listed above, and equity similarly.

### 3.2 Applicability of IFRIC 12

An accounting view has been prepared for the project by financial advisers Grant Thornton UK LLP. This assessment concluded that it should be assessed under IFRIC12 as a service concession. Under the requirements for the National Accounts the balance sheet position with regard to the payment of PFI Credits should be assessed under ESA95, as set out in Part IV of the Manual on Government Deficit and Debt ("MGDD") and technical guidance as given in the "Technical Guidance on the Application of the Standards used in the production of National Accounts to PFI and Similar Transactions", September 2009.

### 3.3 Separability

It is necessary to consider whether any elements of the contract will be separable, for example where separate termination is possible, or benchmarking or market testing takes place.

Under the terms of the Project Agreement, market testing applies to:

- Rent collection and arrears recovery,
- Tenancy management,
- Estate Management services (including cleaning)
- Grounds maintenance and management,
- Leasehold management

The services above will be market tested every 5 years, and as such are not considered within this assessment.

All other parts of the Agreement and service contract are considered non-separable, in that they:

- are not capable of separate termination
- elements of the payment stream for availability of the building and services are not able to be separately identified

### 3.4 Key Risks

The guidance on National Accounts and accounting for PFI Contracts sets out that three key risks must be considered in determining the balance sheet treatment. Consistent with the definitions set out in Appendix B, the assessment of construction, availability and demand risk is detailed below.

### 3.5 Construction

As is expected under SOPC4, the construction risk in this project sits with the Private Sector partner. The private sector partner is responsible for any cost or time overruns, except where highlighted below.

In addition to constructing new homes Regenter is refurbishing 156 homes. It is noteworthy that the MGDD states: *"The construction risk applies only to the new capital expenditure under the responsibility of the partner, whatever the conditions in which the asset has been transferred"*. It is clear that Regenter bears the construction risk in relation to the new capital expenditure related to the refurbishment of the homes.

In common with most projects, there are instances where the public sector retains some construction risk:

#### Compensation Events

In the event of a Compensation Event occurring, the Council will be required to compensate the private sector for additional costs arising from the event as well as an extension of time to complete the works. These are strictly limited to situations where the Authority has breached its obligations under the Project Agreement.

#### Change in Law - Specific

As set out within SoPC4, the Authority retains the risk of the capital cost of any specific change in Law. The probability or consequence of this cannot be reasonably estimated, and is not considered to result in the Authority retaining the construction risk.

### 3.6 Availability

Regenter will be transferred the risk of availability of the dwellings, park and the community centre. This is as set out in the Payment Mechanism (Schedule 4) to the Project Agreement.

The payment mechanism provides for unavailability deductions to be calculated for each rented dwelling, for the park and for the community centre (and for each component making up the park and the community centre).

Failure to meet the availability standard and failure to rectify the unavailability within the rectification period will lead to an unavailability deduction, unless the unavailability is due to an Excusing Event or within the first 100 business days after the first Services Commencement date.

Availability standards are set out separately for the dwellings, park and the community centre. As an example availability standards for dwellings cover:

- roofs, external walls, wall finishes, chimney,
- internal fixture fittings and finishes,
- Kitchen,
- bathroom
- electrics,
- heating systems,
- hot water,
- water and drainage
- gas services,
- etc

Failure against the agreed levels required will result in a deduction from the Unitary Payment. Such deduction will be based on a unit rate for the dwelling, or the component of the park or community centre. The Authority has confirmed that all of the payment is at risk for Unavailability and a repeated unavailability ratchet factor can be applied to further increase the level of deduction for repeated or prolonged periods of Unavailability.

There are instances where deductions will not apply, as Excusing Causes within the Payment Mechanism, these include for example an Authority Breach, completion of Planned Preventative Maintenance, Compensation Events etc.

These instances are not significant enough to result in Regenter not taking Availability risk, and in the view of the Authority there is a real risk that deductions could be incurred by the Regenter.

### **3.7 Demand**

For the Myatts' Field North project the Authority retains the risk of voids, provided the void property complies with the Output Specification.

### **3.8 Provision of Finance**

Where the public sector guarantees the borrowings of the private sector partner in a PFI or similar transaction this should be taken as evidence that the partner does not bear the risks and rewards of ownership of the asset and that the assets should be recorded on the public sector balance sheet.

Further where as a result of termination, the private sector debt provider has a de-facto guarantee, either as a result of compensation arrangements in the contract, the right to "put" debt associated with the project to the public sector, or through another route, then this should be taken as evidence that the partner does not bear the risks and rewards of

ownership of the asset such that the assets should be recorded on the public sector balance sheet.

In the case of the Myatts' Field project if Regenter defaults on the Project Agreement compensation will be calculated as either the Adjusted Highest Compliant Tender Price in the case where the Authority retenders the project or as the Adjusted Estimated Fair Value of the Contract where the Authority uses an expert determination. In neither case is there a guarantee that the compensation amount will cover the amount of Regenter's outstanding senior debt at the point of termination.

It is therefore concluded that the provision of private finance is not guaranteed by the Authority.

### 3.9 Analysis

The flow chart used for analysis is detailed on Appendix A, with the Manual on Government Deficit and Debt ("MGDD") definition of primary risk factors detailed on Appendix B. We detail the individual tests below in tabular form with our assessment of the project against each test.

ESA Flow Chart Test	Analysis
<p>Step 1(a). Is the project a contract for services that depends on the provision of dedicated assets?</p> <p>All transactions that meet the IFRIC 12 definition of a service concession should be considered.</p>	<p>The project is for the construction and refurbishment of affordable homes and a community centre, on the Myatts' Field site, owned by the London Borough of Lambeth. Regenter provides maintenance and capital replacement services.</p> <p>The Authority specifies the service to be provided, to whom the services must be provided and at what price. At the end of the concession period the ownership of the care homes passes to the Authority.</p> <p>The contract therefore appears to be within the scope of the guidance.</p>
<p>Step 1(b). Is the public sector procuring authority the main purchaser of the services provided by the provision of the dedicated assets?</p>	<p>The Authority is solely responsible for meeting the unitary charge and therefore the contract meets this condition and continues to remain within the scope of the guidance.</p>
<p>Step 2. Is there strong evidence, having reference to the MGDD primary risk factors, that the private sector bears the majority of the risks associated with the asset?</p>	<p>The MGDD risk factors are based on:</p> <ul style="list-style-type: none"> <li>• Construction risk;</li> <li>• Availability risk and;</li> <li>• Demand risk.</li> </ul> <p>See Appendix B for full details of MGDD definition of primary risks.</p> <p>The guidance centres firstly on construction risk. If the private sector is deemed to bear this risk then if it also bears either availability or demand risk then the assets would be off the public sector national accounts.</p> <p>The analysis above has confirmed that the private sector bears construction and availability risk.</p> <p>The assets therefore fall to be treated as off the public sector national accounts.</p>

Step 3. Does private, non-guaranteed, finance make up the majority of the finance in the project?	The project is financed by private finance, which is not guaranteed by the Authority.
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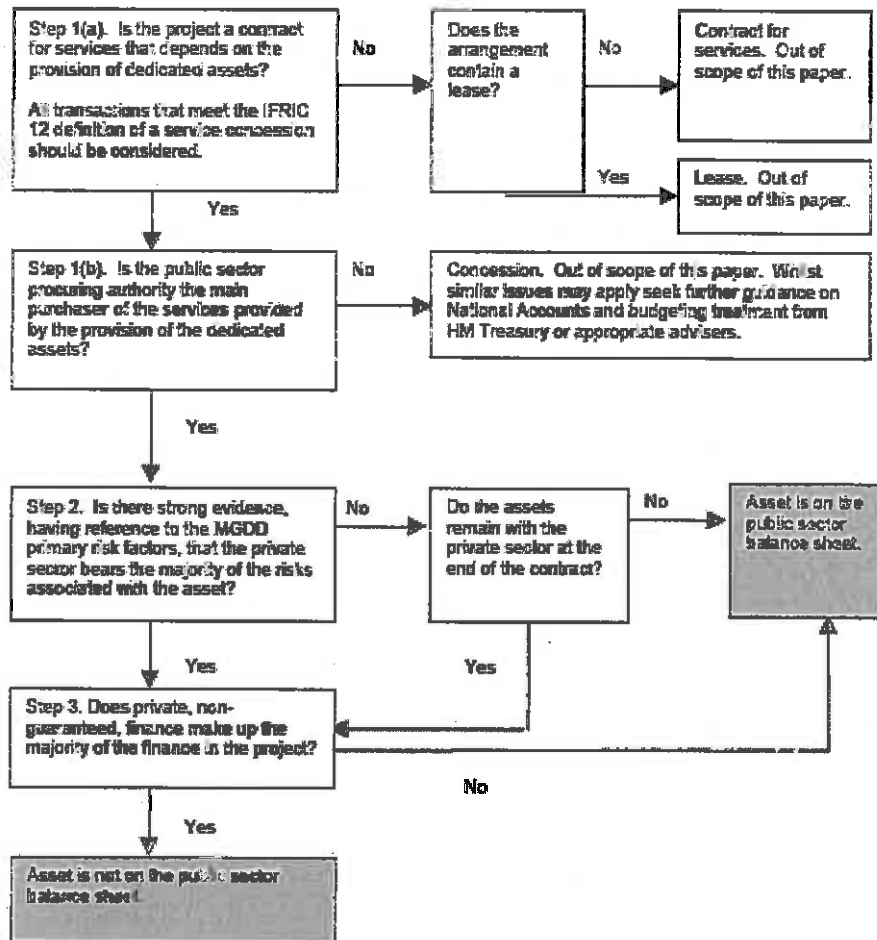
## 4 Conclusion

The Assessment above has shown that Regenter will take the risk of construction and availability, save for a few limited instances, as provided for in SoPC4. The Authority will retain the risk of demand.

As set out in the guidance for ESA95, as Regenter will be taking construction and one of availability and demand risk, it is expected that the project would be accounted for as 'off-balance sheet' for the purposes of the National Accounts.

This report does not assess the budgetary accounting of the scheme. Budgetary accounting under the Consolidated Budgetary Guidance is complex and such contracts may include barter transactions and prepayment balances for Resource DEL accounting matters.

## A ESA 95 Guidance Flowchart



## B Definition of the MGDD primary risk factors

The MGDD defines the primary risk factors as follows (MGDD Part IV, 4.2, section 2a):

- “Construction risk: covers events related to the initial state of the involved asset(s). In practice it is related to events such as late delivery, non-respect of specified standards, significant additional costs, technical deficiency, and external negative effects (including environmental risk) triggering compensating payments to third parties;
- “Availability risk: covers cases where, during the operation of the asset, the responsibility of the partner is called upon, because of insufficient management (“bad performance”), resulting in a volume of services lower than what was commercially agreed, or in services not meeting the quality standards specified in the contract;
- “Demand risk: covers the variability of demand (higher or lower than expected when the contract was signed) irrespective of the performance of the private partner. In other words, a shift of demand cannot be directly linked to an inadequate quality of the services provided by the partner. Instead, it should result from other factors, such as the business cycle, new market trends, a change in final users’ preferences, or technological obsolescence. This is part of a usual “economic risk” borne by private entities in a market economy.”

The paper now considers the MGDD primary risk factors, and their constituent parts in more detail.

### **Construction Risk**

Construction risk covers the risks associated with delivering the asset in working condition. It is expected that under SOPC 4 compliant contracts, construction risk would be held by the private sector; however it is important to consider carefully whether this is actually the case before any conclusion is drawn. The key aspects of construction risk include penalties for late delivery, exposure to cost overruns and changes in relevant prices, failure to meet specified standards, initial design risk and exposure to external factors such as environmental risks.

When considering construction risks it is only risk associated with the newly created assets that should be considered. Where newly created assets are developed on existing public sector land, whilst there may be potential to transfer risks associated with the ground conditions, it is more likely that the risks associated with the existing land will remain with the public sector. As the analysis is only concerned with the newly created assets this would not be an indicator that the public sector bears construction risk.

Where an existing asset is upgraded by the private sector it may be that some latent defect risk is retained by the public sector. Whilst this may suggest a sharing of certain aspects of the construction risk, it would not necessarily lead to the conclusion that the public sector bears significantly all of the risk associated with construction. The MGDD states “*The construction risk applies only to the new capital expenditure under the responsibility of the partner, whatever the conditions in which the asset has been transferred*”.

In cases where the private sector partner is not responsible for latent defects, and these can be clearly separated from the majority of the capital spending, then it may be concluded that the private sector does not bear construction risk. However, in cases where the latent defect risk is significant compared to the total capital spending, then this could be indicative of either a sharing of construction risk, such that other factors should be considered in



addition to the MGDD primary risk tests, or it could be indicative that the public sector bears construction risk, such that the asset should be considered as being on the public sector balance sheet.

In limited circumstances, the public sector could take risks in the a project that the private sector collectively is unable to bear. For example, where the public sector bears the risks associated with unexpected exogenous events beyond the coverage of commercially available insurance then, subject to an assessment of all relevant factors, this may not lead to an assessment that the public sector carries construction risk.

### **Availability risk**

Availability risk covers the risks associated with making the asset available in the required condition to deliver the services associated with the asset over the life of the arrangement, including risks associated with lifecycle maintenance. Deductions for non-availability or poor performance must be automatic and significant in order to conclude that the private sector partner holds availability risk. A cap on the amount of deductions could suggest insufficient risk transfer to the private sector. In such cases, the significance of the potential deduction compared to the overall value of the contract should be considered.

Where the private sector partner is not penalised for events that arise due to circumstances outside of its control then this may suggest that insufficient availability risk has transferred to the private sector. However, limited, specific and clearly defined exogenous events that do not lead to performance deductions, such as “force majeure” or changes in government policy or legislation that is specific to the project, would not suggest that the majority of availability risk has not been transferred to the private sector. In these cases however, it is expected that the private sector partner would bear changes in non-project specific government policy or general legislative change.

### **Demand risk**

This risk covers the volume of services that the final user demands of the private sector partner. The risk covers changes in the behaviour of the final user of the assets, due to such factors as general economic factors, new market trends, direct competition or technological obsolescence. Where demand risk is shared, the significance of the relative allocations should be considered.

In circumstances where a shift in demand results from a government action that relates specifically and directly to the asset in question, for example a significant policy change or development by the public sector, or under public sector mandate, of a competing asset, then the presence of a compensation payment from government would not imply the classification, or reclassification, of the assets to the public sector. However, if such clauses exist it is expected that the private sector would bear changes in non-project specific government policy or general legislative change.



# Grant Thornton

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**LONDON BOROUGH OF LAMBETH**

**TOWN AND COUNTRY PLANNING ACT 1990**

**STOPPING UP OF HIGHWAY – PARTS OF AKERMAN ROAD AND MYATTS FIELDS NORTH HOUSING ESTATE (ALL EXISTING FOOTPATHS AND ESTATE ROADS WITHIN THE EXISTING AREA KNOWN AS MYATTS FIELDS NORTH HOUSING ESTATE, BOUNDED BY AKERMAN ROAD, CANCELL ROAD, COWLEY ROAD, ELLIOTT ROAD AND MOSTYN ROAD)**

*[Note: This notice is about stopping up the highway on parts of Akerman Road and on the Myatts Field North Housing Estate, as part of the planned redevelopment of that housing estate. Parts of Akerman Road and the existing footpaths and estate roads which run through that housing estate will cease to be highway and instead become part of the redeveloped housing estate. Other parts of Akerman Road will be improved and new footpaths, roads and public areas will be provided within the housing estate following its redevelopment.]*

1 NOTICE IS HEREBY GIVEN that Lambeth Borough Council on 22<sup>nd</sup> December 2010 made Orders under section 247 of the Town and Country Planning Act 1990, entitled the London Borough of Lambeth (Stopping Up of Highways) (Akerman Road) Order 2010 and the London Borough of Lambeth (Stopping Up of Highways) (Myatts Field North Estate) Order 2010.

2 The Orders authorise the stopping up of highway within the site of the existing Myatts Field North Housing Estate and on parts of Akerman Road, so as to enable the development described in the Schedule to this Notice. They also authorise the improvement of the footway in Akerman Road and the provision of new and the improvement of existing public areas and footpaths and roads in the new development. The areas to be stopped-up and improved are shown on the plans attached to the orders.

3 The Orders authorise the stopping up and improvement only to enable the development described in the Schedule to this Notice to be carried out in accordance with the planning permission granted to Regenter Myatts Field North Ltd by Lambeth Borough Council under reference 10/01014/OUT on 17<sup>th</sup> June 2010.

4 Copies of the Orders and the relevant plans may be inspected, free of charge, between 9.30 am until 4.30 pm on Mondays to Fridays (except Bank and Public Holidays), at the offices of the Council's Transport and Highways Group, 3<sup>rd</sup> Floor, Blue Star House, 234-244 Stockwell Road, London SW9 9SP. Please telephone 0207 926 9000 and select the Transport and Highways option, to arrange an inspection.

5. Copies of the Orders and the relevant plans may be obtained free of charge on application to the Council, by writing to: Barbara Poulter at the address specified in paragraph 4 above or by telephoning 0207 926 0209.

6. Any person aggrieved by the Orders and desiring to question the validity thereof, or of any provision contained therein, on the grounds that it is not within the powers of the above Act or that any requirement of that Act or of any regulation made thereunder has not been complied with in relation to that Order, may, within 6 weeks of 24<sup>th</sup> December 2010 apply to the High Court for the suspension or quashing of the Order or of any provisions contained therein.

Dated 24<sup>th</sup> December 2010

Martin Sachs  
Head of Transport and Highways

**SCHEDULE**

Erection of 808 new homes, refurbishment of 172 existing homes and the demolition of 305 homes. Erection of a new community centre, provision of a new retail unit and refurbishment of

existing retail units, the installation of a combined heat and power plant and the improvement to the public realm in general including new estate roads, new pedestrian routes and open spaces together with the provision of car and cycle parking places.

# Myatts Field North - Contract Risk Register

## Key to Table

High	More than 12
Medium	6 to 12
Low	Less than 6

Ref	Stage	Risk	Mitigation	Probability	Impact	Score	Owner	Notes
1	Procurement	Loss of key personnel in run up to Financial Close	Documentation largely completed	3	2	6		Probability of departures perhaps increases as FC approaches - all steps taken to manage this but this cannot be mitigated.
2	Procurement	Failure to secure consent from HCA/CLG/Treasury	FBC drafting completed following advice and guidance received.	1	5	5		Recent Ministerial Approval does not mitigate but does significantly reduce probability.
3	Procurement	Failure to satisfactorily finalise the project documentation within timescales for FC	Clear programme set and responsibilities in place	2	4	8		Key remaining issues are the EsCo and CPO process. Both parties recognise the importance of these to the programme.
4	Transition	Loss of continuity between procurement and contract management phases.	Contract manager in post. Retention of technical support through construction period.	1	4	4		Systems all in place - mitigation optimised.
5	Transition	Cessation of works by TMO leave substantial reported backlog of uncompleted repairs	TMO being managed to continue to deliver essential works	3	2	6		
6	Transition	IT systems of Council and PFI Contractor not compatible/data transfer fails	Alternative options exist - Regenter to use Council systems	3	3	9		
7	Contract Management - Construction	Failure to complete CPO processes within timescales notified by Regenter	Contract management processes to be drawn up, resources to be identified. Approvals structures to be put in place now.	3	4	12		Completion of mitigation steps will substantially reduce risk.
8	Contract Management - Construction	CPO is deficient		1	4	4		No mitigation
9	Contract Management - Construction	Authority drives changes in contract specification	Contract management structures to be put in place to try and control variations	4	2	8		Nature of project and financial constraints mean changes of any significance are unlikely

10	Contract Management - Construction	Failure of planning consents - Park	Reserved Matters application already submitted to get determination prior to FC leaving only risk of Judicial Review. Widespread consultation has been completed and no objections expected now or later.	2	2			Reserved matters reduces the risk as the principles cannot be unpicked.
11	Contract Management - Construction	Failure of planning consents - Community Centre	Planning application already submitted to get determination prior to FC leaving only risk of Judicial Review. Widespread consultation has been completed and no objections expected now or later.	3	2	6		
12	Contract Management - Construction	Failure to provide vacant possession of sites in timely fashion	Decant status to be granted before FC. Housing Needs Assessments complete by end August with complex cases referred to dedicated OT for review. Sales Agreements in place with the majority of homeowners in blocks to be demolished. Valuation of majority property type established recently at LVT. Council procuring removal and associated services to speed up process and limit cost. Decant team in place and preparing for initial moves. Agreed LADs in place for any delay in PCT building - with PCT liable for the LADs.	2	4	8		

13	Contract Management - Construction	Failure to provide off-site properties for temporary decant at all/in timely fashion	List of potential properties will be drawn up. Procedures for dealing with property transfer from ALMO/TMO to temporary decant status and then back at end of decant to be agreed. Decant status to be granted before FC. Housing Needs Assessments complete by end August with complex cases referred to dedicated OT for review. PFI Contractor to carry out physical surveys of off-site properties and prepare to begin works immediately following FC	3	4	12	Properties already being identified (many of which are currently void). It is likely that a number of households will remain off-site rather than return.
14	Contract Management - Construction	Insufficiency of budget for off-site temporary decants	Mechanics put in place to monitor expenditure effectively to provide early warning of potential cost overruns.	3	2	6	Council will top up if required - average of c. £20k per property in budget.
15	Contract Management - Operational	Demand risk		1	3	3	No mitigation necessary - demand remains greater than supply
16	Contract Management - Operational	Contract payments not made in correct timescales	Contract management processes to be drawn up & training to be provided. Sample monthly reports requested to assist familiarisation process. Financial structures and approvals to be put in place now.	2	5	10	Completion of mitigation steps will substantially reduce risk.
17	Contract Management - Operational	Failure to meet statutory obligations as a result of failure by the Contractor	Step-in rights allow Council to undertake services in the event that the Contractor significantly or persistently fails	1	3	3	
18	Contract Management - Operational	Reputational risk as a result of poor performance	Contract payment arrangements incentivise performance on the part of the Contractor to at least the levels provided by the Council in other stock	1	3	3	Project Liaison Group to meet frequently at a senior level to monitor progress and take action as necessary to ensure performance standards can be met.
19	Contract Management - Operational	Inflation runs ahead of budget increases		2	3	6	No mitigation possible

## Project Summary

Stage	End Date	Nr of Risks	Total Risk Score	Average Risk Score
Procurement	30 September 2011	3	19	6
Transition		3	19	6
Contract Management - Construction		8	60	8
Contract Management - Operational	30 September 2036	5	25	



# Myatts Field North PFI Implementation Plan

ID	Task Name	Start	Finish	2011	2012	2013	2014	2015	2015
1	Financial Close	Fri 30/09/11	Fri 30/09/11	A	B	C	D	E	F
2	Service Commencement	Mon 03/10/11	Mon 03/10/11	G	H	I	J	K	L
3	Mobilisation	Fri 10/09/11	Fri 30/09/11	M	N	O	P	Q	R
4	Staffing	Fri 10/09/11	Fri 30/09/11	S	T	U	V	W	X
5	TUPE	Fri 10/09/11	Fri 30/09/11	Y	Z	A	B	C	D
6	Recruitment	Tue 05/07/11	Fri 30/09/11	E	F	G	H	I	J
7	Office/Site set-up	Mon 05/09/11	Fri 30/09/11	K	L	M	N	O	P
8	ICT	Wed 15/06/11	Fri 30/09/11	Q	R	S	T	U	V
9	Sub-Contract and Supplier Procurement	Mon 04/07/11	Fri 30/09/11	W	X	Y	Z	A	B
10	Finalise Contract Management Procedures	Fri 10/06/11	Fri 30/09/11	C	D	E	F	G	H
11	WORKS	Tue 04/10/11	Fri 25/03/16	I	J	K	L	M	N
12	Refurbishment Works	Tue 04/10/11	Mon 17/03/14	O	P	Q	R	S	T
13	Retained Properties	Tue 20/03/12	Mon 17/03/14	U	V	W	X	Y	Z
14	Offsite Temporary Decant Properties	Tue 04/10/11	Mon 01/04/13	A	B	C	D	E	F
15	Identification	Tue 04/10/11	Mon 02/07/12	G	H	I	J	K	L
16	Refurbishment & Move In	Tue 03/04/12	Mon 01/04/13	M	N	O	P	Q	R
17	New Build Works (incl site clearance)	Tue 04/10/11	Fri 25/03/16	S	T	U	V	W	X
18	New Housing - Phase I	Fri 25/11/11	Fri 08/05/15	Y	Z	A	B	C	D
19	New Housing - Phase II	Tue 02/04/13	Fri 25/03/16	E	F	G	H	I	J
20	Site Clearance	Tue 02/04/13	Mon 28/10/13	K	L	M	N	O	P
21	Construction	Mon 30/12/13	Fri 25/03/16	Q	R	S	T	U	V
22	Community Centre	Thu 01/05/14	Fri 29/05/15	W	X	Y	Z	A	B
23	Park & Public Realm	Tue 04/10/11	Fri 29/05/15	C	D	E	F	G	H
24	SERVICES	Tue 04/10/11	Mon 29/06/15	I	J	K	L	M	N
25	100 Day Promise	Tue 04/10/11	Mon 23/01/12	O	P	Q	R	S	T
26	Environmental Impact Team	Tue 04/10/11	Mon 23/01/12	U	V	W	X	Y	Z
27	Consultation with community	Tue 04/10/11	Mon 23/01/12	A	B	C	D	E	F
28	Service Commencement	Tue 04/10/11	Mon 23/01/12	G	H	I	J	K	L
29	Removal of Graffiti/Litter	Tue 04/10/11	Mon 23/01/12	M	N	O	P	Q	R
30	Resident Visits	Tue 04/10/11	Mon 28/11/11	S	T	U	V	W	X
31	Organise activities for youth	Tue 04/10/11	Mon 23/01/12	Y	Z	A	B	C	D
32	Repair to damaged playground equipment	Tue 04/10/11	Mon 23/01/12	E	F	G	H	I	J
33	ASB Impact Team	Tue 04/10/11	Mon 23/01/12	K	L	M	N	O	P
34	Identify top 10 problems	Tue 04/10/11	Mon 14/11/11	Q	R	S	T	U	V
35	Intensive period of daily intervention	Tue 04/10/11	Mon 23/01/12	W	X	Y	Z	A	B
36	Services Generally	Tue 04/10/11	Mon 29/06/15	C	D	E	F	G	H
37	Delivery of Housing Management Services	Tue 04/10/11	Mon 29/06/15	I	J	K	L	M	N
38	Delivery of Maintenance Services	Tue 04/10/11	Mon 29/06/15	O	P	Q	R	S	T



**Appendix 16**  
**Resident consultation –**  
**Schedule 2006 - 2011**

DATE	MEETING / VISIT	SUBJECT	NOTES / COMMENTS
2004 to date	PPCR	PPCR – An Independent Residents Advisor was appointed in 2004 to advise tenants and leaseholders on the PFI process. They remain part of the project.	
March 2006 to date	Newsletters	Newsletters have been distributed to residents since 2004 and will continue to be circulated on a monthly basis. Sample attached	Will continue until Financial Close and beyond
May 2006	Inaugural Residents Forum Meeting	This was an opportunity to ensure residents' issues were kept at the top of the agenda throughout the PFI procurement process. The Residents' Forum meet on a monthly basis and is the main consultative body for residents on the estate. The Forum is facilitated by the Independent Residents Advisor. The Preferred Bidder, once approved, will join these meetings.	Residents Forum meets on a monthly basis and will continue until Financial Close – and beyond
July 2004 to date	Project Board	The Project Board was setup in 2004. It is a sub-committee of the Council and chaired by the Deputy Member for Housing. The PFI Team's framework for involving and consulting residents during the PFI Procurement Process. Consultation Plan attached at APPENDIX B	Meetings are held at least every 3 months
July 2007	Housing Needs Assessment Survey	The purpose was to find out residents housing needs, and take this information into account when planning the sizes of the new homes. It also served as an opportunity to respond to questions and comments raised by residents.	A new housing needs survey is underway, so that we have updated information from residents whose homes will be demolished

July 2006	The Council held a Market Assessment Day at the Oval Conferencing Suite	This event was targeted at potential PFI partners for the project.	
2007	Resident/TMO Consultation through the PFI Process – summarised in Appendix C		Attached APPENDIX C
2 <sup>nd</sup> 3 <sup>rd</sup> 4 <sup>th</sup> July 2007	Walkabout with Bidders		3 Bidders were invited on the walkabout
16 <sup>th</sup> 17 <sup>th</sup> 18 <sup>th</sup> July 2007	Bidders Presentations	Create, Partners & Regenter presented their initial proposals to the Council, residents and consultants.	
June 2008	Create & Regenter to meet with TMO Management Committee	Discussions on the role and development of the TMO. Governance and the TMO involvement in decision making Working relationships and communication arrangements	These meetings were held in two sessions
12-Jan-08	Exhibition for residents	The bidders presented information and answered questions regarding Masterplan, Construction, Refurbishment and Housing Management Service	
19-Feb-08	Construction & Refurbishment Sub-Group – including resident representatives	ISDS Feedback on Construction & Refurbishment	
27-Feb-08	Housing & Estates Management Sub-group – including resident representatives	ISDS Feedback on Housing Management Services	
10-28 Mar-08	Community Centre consultation – including resident representatives	Phone calls and interviews regarding Community Centre use and activities	
13-Mar-08	Housing & Estates Management Sub-group – including resident representatives	Clarification and improvement of Housing Management Services	

14-Mar-08	Masterplanning Sub-group – including resident representatives	Open Space; Foxley Sq retail units; location of disabled units; disabled access in retained units; car parking; single aspect flats; potential increase in building heights of current lower storey blocks	
19-Mar-08	Construction & Refurbishment Sub-Group	Works in Occupation	
26-Mar-08	Masterplanning Sub-group	Reduction of building heights of buildings on northern side of the park, open space, car parking, re-design of north-west area, architectural styles & cladding, community centre design	
28-Mar-08	PC Allan Douglas-Smith	Safety and security issues, anti-social behaviour, youth activities	
02-Apr-08	Construction & Refurbishment Sub-Group	Services (utilities, energy, digital)	
07-Apr-08	Masterplanning Sub-group	General building heights acceptable subject to daylight studies; re-location of community centre; open space - axis/focal views to be improved; unit mix and types;	
16-Apr-08	Construction & Refurbishment Sub-Group	Demolition & Decant	
17-Apr-08	Housing & Estates Management Sub-group	Clarification and improvement of Housing Management Services	
22-Apr-08	Masterplanning Sub-group	Open space; scheme re-design presentation; revised heights of blocks 9, 19, 6, 16, 3, 17; Community Centre feedback; tenure mix (new provision: 38% 3bed, 70/30 affordable/intermediate); car parking figures in line with guidance	
26-Apr-08	Canning Town and Hallfield visit	Visit to current projects to review Refurbishment and Housing Management Services	
01-May-08	Construction & Refurbishment Sub-Group	New Build - General Approach, H&S, Site Management, Quality Control, Environmental management	

06-May-08	Masterplanning Sub-group	Open space; Re-design of areas raised at previous meeting; confirmation of tenure mix provision; architectural options; Community centre comments; daylight studies	
20-May-08	Masterplanning Sub-group	Group acceptance of Open Space loss; massing, density & tenure mix; accepted building mass and heights; further comments on Community Centre design	
27-May-08	CHP Plant Visit - Bermondsey	Visit to review individual property heating panels (Heat Interface Units) & controls / CHP plant	
29-May-08	Construction & Refurbishment Sub-Group	New Build - Technical Details	
20-Jun-08	Residents Exhibition – Postcard for return	Suggestions for Resident Exhibition and other comments	
24-Jun-08	Youth Consultation Exhibition	Youth service provision	
26-Jun-08	Construction & Refurbishment Sub-Group	Maintenance Proposals	
28-Jun-08	Residents Exhibition	Masterplan, Construction, Refurbishment and Housing Management Services	
01-Jul-08	Housing & Estates Management Sub-group	Feedback from June 08 Exhibition regarding youth provision, use of community centre, disabled bungalows, improvements around Fountain Place	
01-Jul-08	TMO meeting	Discussion about TMO role going forward	
15-Jul-08	Myatt's Field Community Bulletin, Issue 2	Newsletter addressing residents concerns raised at the June 08 Exhibition and Housing & Estate Management Sub-group	
16-Jul-08	CHP Plant Visit - Consort Road	Individual property heating panels & controls / CHP plant	

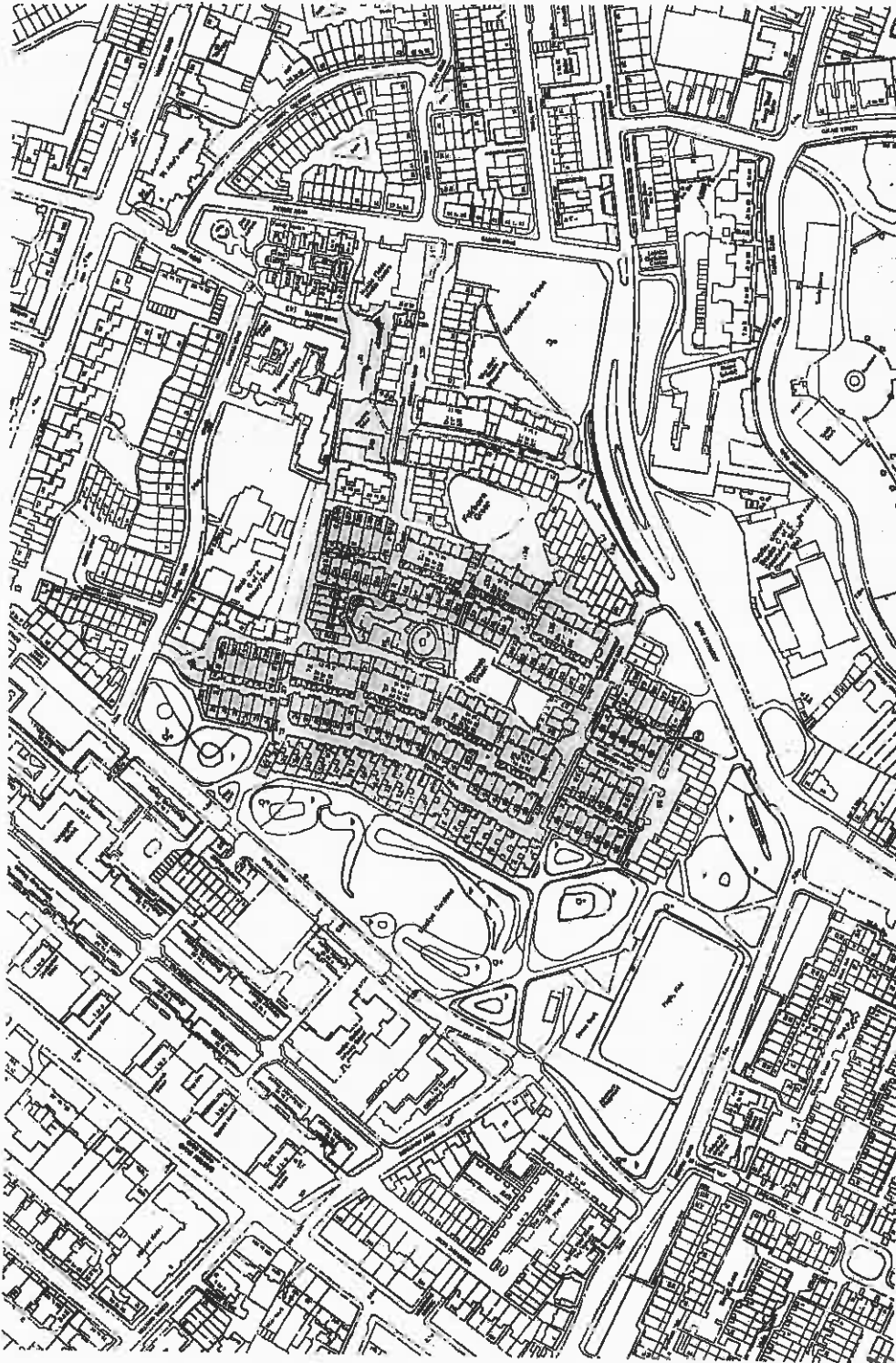
16-Jul-08	Higgins Site Visit - London Quadrant, Stockwell	Construction sub-group	
26-Aug-08	TMO meeting	Discussion about TMO role going forward	
09-Sep-08	TMO meeting	Community Centre Business Plan presentation	
16-Sep-08	Bentilee Community Centre Visit	Example of community centre design and management	
26-Nov-08	Leaseholder/Freeholder Presentation	Regenter options for Leaseholders/Freeholders - CPO process	
01-Dec-08	LBL BSF Team	BSF use of Hammlton Green for temporary accommodation	
12-Dec-08	ESCo Resident Presentation	Benefits of ESCo Services to Residents followed by dis+D26tribution of FAQs via the PFI team	
July 2009	TMO Meeting	Regenter / TMO	Meetings to take place every three weeks
13-Jan-09	PCT Team	PCT / Regenter design, boundaries, access, road layout	
Feb 09	Project Board	Meetings to monitor all aspects of project development and make recommendations to Council Cabinet	Meetings more frequent – to be every 6 weeks
May 09 to May 10	Resident drop in and surgery events	Guided by residents Forum, events to ensure full consultation with residents and neighbours on the detailed masterplan prior to planning submission	
July 10	Leaseholder surgeries	To discuss particular issues affecting leaseholders in homes to be refurbished and those in homes to be demolished	
Summer 10	Community Organisation development	Visits to established Community Organisations delivering neighbourhood services, running successful centres etc	Variety of organisational models viewed
Spring 2011	Community Centre and park design	Design development in forum meetings and exhibitions to consider the detailed design of the community centre and park	





Map referred to in the  
~~Proposed~~ London Borough of Lambeth  
 (Myatts Field North Estate)  
 Compulsory Purchase Order 2007

Map



KEY



Land Within Compulsory Purchase  
 Order Boundary



This is the map referred to in the London Borough of  
 Lambeth (Myatts Field North Estate) Compulsory Purchase  
 Order 2007 as confirmed with modification by the Secretary  
 of State for Communities and Local Government.  
 Signed by authority of the Secretary of State for  
 Communities and Local Government  
 Andrew Melville  
 Head of Planning and Housing  
 Government Office for London  
 20 February 2008



This map is based on Ordnance Survey data and is not a substitute for a detailed survey.  
 It is not to be used for any purpose other than that for which it was prepared.  
 It is the responsibility of the user to ensure that the map is used for the purpose for which it was prepared.





Your Ref:

Our Ref: 10/01014/OUT

Regenter Myatts Field North Ltd  
c/o Mr Andrew Taylor: Savills  
First Floor  
Lansdowne House  
57 Berkeley Square  
London  
W1J 6ER



Date Printed 17th August 2010

Dear Regenter Myatts Field North Ltd

**TOWN AND COUNTRY PLANNING ACT 1990.**  
**DECISION NOTICE**

**PERMISSION FOR DEVELOPMENT**

The London Borough of Lambeth hereby permits under the above mentioned Acts and associated orders the development referred to in the schedule set out below subject to any conditions imposed therein and in accordance with the plans submitted, save in so far as may otherwise be required by the said conditions.

In accordance with the statutory provisions your attention is drawn to the Statement of Applicant's Rights and General Information attached.

Application Number: 10/01014/OUT Date of Application: 01.04.2010 Date of Decision: 16.08.2010

Proposed Development At: Myatts Field North Housing Estate London

For: Outline application to determine the principle of the scale, layout and access for the demolition of 305 existing homes, the refurbishment of 172 homes and the erection of 808 new homes ranging from one to six storeys in height. Erection of new 1000m<sup>2</sup> community centre (Use Class D1), new 435m<sup>2</sup> retail unit (Use Class A1), refurbishment of existing retail units, installation of a combined heat and power plant, and improvement to the public realm with new streets, pedestrian routes and open/amenity spaces, together with the provision of car and cycle parking spaces.

Details of the external appearance of the buildings and landscaping are reserved for later determination, except in relation to parts of the application site within phase one, where full detailed planning permission has been applied for (for the demolition of 305 dwellings, the

Lambeth Planning  
Development Control  
Phoenix House  
10 Wandsworth Road  
London SW8 2LL

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[www.lambeth.gov.uk/planning](http://www.lambeth.gov.uk/planning)  
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erection of 485 dwellings, highways and parking, associated landscaping, the installation of a combined heat and power plant).

#### Approved Plans

2.1/0001; 2.1/0002; 2.1/0003; 2.1/0004; 2.1/0005; 2.1/0006; 2.1/0007; 2.1/0008; 2.1/0009; 2.1/0010;  
2.1/0011; 2.1/0012; 2.1/0013; 2.1/0014; 2.1/0015; 2.1/0016; 2.1/0017; 2.1/0018; 2.1/0019; 2.1/0020; 2.1/0030;  
2.1/0031; 2.1/0032; 2.1/0033; 2.1/0034; 2.1/0035; 2.1/0036; 2.1/0038; 2.1/0039; 2.1/0040; 2.1/0041; 2.1/0042;  
2.1/0043; 2.1/0044; 2.1/0050; 2.1/0051; 2.1/0052; 2.1/0053; 2.1/0054; 2.1/0055; 2.1/0056; 2.1/0057; 2.1/0058;  
2.1/0059; 2.1/0060; 2.1/0061; 2.1/0062; 2.1/0063; 2.1/0064; 2.1/0065; 2.1/0066; 2.1/0067; 2.1/0070; 2.1/0071;  
2.1/0072; 2.1/0073; 2.1/0074; 2.1/0075; 2.1/0076; 2.1/0077; 2.1/0078; 2.1/0079; 2.1/0080; 2.1/0081; 2.1/0082;  
2.1/0083; 2.1/0084; 2.1/0085; 2.1/0086; 2.1/0087; 2.1/0088; 2.1/0089; 2.1/0090; 2.1/0091; 2.1/0092; 2.1/0093;  
2.1/0094; 2.1/0095; 2.1/0096; 2.1/0097; 2.1/0098; 2.1/1001; 2.1/1002; 2.1/1003; 2.1/1004; 2.1/1005; 2.1/1006;  
2.1/1007; 2.1/1008; 2.1/1020; 2.1/1021; 2.1/1022; 2.1/1023; 2.1/1024; 2.3/0105; 2.3/0106; 2.3/0107; 2.3/0108;  
2.3/0109; 2.3/0110; 2.3/0111; 2.3/0113; 2.3/0114; 2.3/0151; 2.3/0153; 2.3/0154; 2.3/0155; 2.3/0157; 2.3/0158;  
2.3/0159; 2.3/0205; 2.3/0221; 2.3/0222; 2.3/0223; 2.3/0224; 2.3/0225; 2.3/0226; 2.3/0230; 2.3/0231; 2.3/0232;  
2.3/0233; 2.3/0234; 2.3/0238; 2.3/0255; 2.3/0256; 2.3/0301; 2.3/0302; 2.3/0310; 2.3/0311; 2.3/0320; 2.3/0340;  
2.3/0350; 2.3/0351; 2.3/0420; 2.3/0520; 2.3/0601; 2.3/0602; 2.3/0603; 2.3/0605; 2.3/0606; 2.3/0607; 2.3/0608;  
2.3/0609; 2.3/0700; 2.3/0701; 2.3/0702; 2.3/0703; 2.3/0704; 2.3/0705; 2.3/0706; 2.3/0707; 2.3/0708; 2.3/0709;  
2.3/0710; 2.3/0711; 2.3/0712; 2.3/0713; 2.3/0714; 2.3/0715; 2.3/0720; 2.3/0721; 2.3/0722; 2.3/0723; 2.3/0724;  
2.3/0725; 2.3/0730; 2.3/0731; 2.3/0732; 2.3/0733; 2.3/0734; 2.3/0735; 2.3/0736; 2.3/0737; 2.3/0738; Arboricultural Impact  
Assessment; Air Quality Assessment; Ecological Assessment; Energy Assessment; Flood Risk Assessment;  
Geo-Environmental Assessment; Refuse Management Statement; Sustainability Statement; Transport  
Assessment and Travel Plan

#### Conditions

1 Details of the following reserved matters for Phase 2 as set out in the approved Phasing Plan AA1173/2.1/0006 shall be submitted to and approved in writing by the Local Planning Authority before this phase of the development is implemented:

(a) Appearance

(b) Landscaping

Reason: To accord with the provisions of the Town and Country Planning Act (General Development Procedure Order) 1995 and to enable the Local Planning Authority to retain adequate control over the proposed development.

2 Application for approval of all the matters referred to in condition 1 shall be made to the Local Planning Authority in writing before the expiration of eight years from the date of this permission.  
Reason: To comply with section 92(2)(a) of the Town and Country Planning Act 1990.

3 Phase 1 of the development must be begun not later than five years from the date of the grant of this permission.

Reason: To comply with the provisions of Section 91(1)(a) of the Town and Country Planning Act 1990 and Section 51 of the Planning and Compulsory Purchase Act 2004.

4 Phase 2 of the development must be begun no later than whichever is the later of the following dates:  
(i) the expiration of ten years from the date of this decision notice; or,  
(ii) the expiration of two years from the final approval of the reserved matters or, in the case of approval on different dates, the final approval of the last such matter to be approved.

Reason: To comply with the provisions of Section 91(1)(a) of the Town and Country Planning Act 1990 and Section 51 of the Planning and Compulsory Purchase Act 2004.

5 The development hereby permitted shall be carried out in accordance with the following approved plans:

2.1/0001; 2.1/0002; 2.1/0003; 2.1/0004; 2.1/0005; 2.1/0006; 2.1/0007; 2.1/0008; 2.1/0009; 2.1/0010; 2.1/0011;  
2.1/0012; 2.1/0013; 2.1/0014; 2.1/0015; 2.1/0016; 2.1/0017; 2.1/0018; 2.1/0019; 2.1/0020; 2.1/0030; 2.1/0031;  
2.1/0032; 2.1/0033; 2.1/0034; 2.1/0035; 2.1/0036; 2.1/0038; 2.1/0039; 2.1/0040; 2.1/0041; 2.1/0042; 2.1/0043;  
2.1/0044; 2.1/0050; 2.1/0051; 2.1/0052; 2.1/0053; 2.1/0054; 2.1/0055; 2.1/0056; 2.1/0057; 2.1/0058; 2.1/0059;  
2.1/0060; 2.1/0061; 2.1/0062; 2.1/0063; 2.1/0064; 2.1/0065; 2.1/0066; 2.1/0067; 2.1/0070; 2.1/0071; 2.1/0072;  
2.1/0073; 2.1/0074; 2.1/0075; 2.1/0076; 2.1/0077; 2.1/0078; 2.1/0079; 2.1/0080; 2.1/0081; 2.1/0082; 2.1/0083;  
2.1/0084; 2.1/0085; 2.1/0086; 2.1/0087; 2.1/0088; 2.1/0089; 2.1/0090; 2.1/0091; 2.1/0092; 2.1/0093; 2.1/0094;

2.1/0095; 2.1/0096; 2.1/0097; 2.1/0098; 2.1/1001; 2.1/1002; 2.1/1003; 2.1/1004; 2.1/1005; 2.1/1006; 2.1/1007; 2.1/1008; 2.1/1020; 2.1/1021; 2.1/1022; 2.1/1023; 2.1/1024; 2.3/0105; 2.3/0106; 2.3/0107; 2.3/0108; 2.3/0109; 2.3/0110; 2.3/0111; 2.3/0113; 2.3/0114; 2.3/0151; 2.3/0153; 2.3/0154; 2.3/0155; 2.3/0157; 2.3/0158; 2.3/0159; 2.3/0205; 2.3/0221; 2.3/0222; 2.3/0223; 2.3/0224; 2.3/0225; 2.3/0226; 2.3/0230; 2.3/0231; 2.3/0232; 2.3/0233; 2.3/0234; 2.3/0236; 2.3/0255; 2.3/0256; 2.3/0301; 2.3/0302; 2.3/0310; 2.3/0311; 2.3/0320; 2.3/0340; 2.3/0350; 2.3/0351; 2.3/0420; 2.3/0520; 2.3/0601; 2.3/0602; 2.3/0603; 2.3/0605; 2.3/0606; 2.3/0607; 2.3/0608; 2.3/0609; 2.3/0700; 2.3/0701; 2.3/0702; 2.3/0703; 2.3/0704; 2.3/0705; 2.3/0706; 2.3/0707; 2.3/0708; 2.3/0709; 2.3/0710; 2.3/0711; 2.3/0712; 2.3/0713; 2.3/0714; 2.3/0715; 2.3/0720; 2.3/0721; 2.3/0722; 2.3/0723; 2.3/0724; 2.3/0725; 2.3/730; 2.3/731; 2.3/732; 2.3/733; 2.3/734; 2.3/735; 2.3/736; 2.3/737; 2.3/738;

Arborocultural Impact Assessment; Air Quality Assessment; Ecological Assessment; Energy Assessment; Flood Risk Assessment; Geo-Environmental Assessment; Refuse Management Statement; Sustainability Statement; Transport Assessment and Travel Plan

Reason: To ensure that the development is implemented in accordance with the approved plans.

6 Prior to the commencement of development hereby permitted in the relevant phase as set out in the approved Phasing Plan, details of all publicly accessible open space for that Phase shall be submitted to and approved in writing by the Local Planning Authority. Development in that Phase shall be in accordance with the approved details.

Reason: In order to minimise danger, obstruction and inconvenience to users of the highway and of the development as well as ensuring adequate levels of publically accessible open space are available during the course of construction and upon completion (Policies 9 31 and 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

7 Each phase of the development shall be served by means of adoptable estate roads and footways which shall be laid out in accordance with details to be submitted and approved in writing by the local planning authority, prior to the occupation of any dwellinghouses hereby permitted in that phase.

Reason: In order to minimise danger, obstruction and inconvenience to users of the highway and of the development. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

8 No part of the relevant phase of the development shall be occupied until the new means of access have been sited and laid out in accordance with the approved drawings, and constructed in accordance with details to be submitted to and approved in writing by the Local Planning Authority.

Reason: In order to minimise danger, obstruction and inconvenience to users of the highway and of the development. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

9 Within one month of the new/alterd accesses being brought into use all other existing access points not incorporated in the development hereby permitted shall be stopped up by raising the existing dropped kerb/removing the existing bellmouth/and reinstating the footway verge and highway boundary to the same line, level and detail as the adjoining footway verge and highway boundary.

Reason: To limit the number of access points along the site boundary for the safety and convenience of the highway users. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

10 The development shall not begin until details of the disposal of surface water from the highway have been approved in writing by the local planning authority and no dwelling shall be occupied in each relevant phase until the works for the disposal of surface water within that phase.

Reason: To ensure that all highways have adequate drainage, in the interests of highway safety (Policies 9 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers)..

11 Details of the parking, garaging, manoeuvring and the loading and unloading of vehicles shall be submitted to and approved in writing by the Local Planning Authority prior to the commencement of the relevant phase of development. The parking, manoeuvring and loading/unloading areas within each phase shall be laid out and made available for use in accordance with the approved scheme before the development hereby permitted is occupied and that area shall not thereafter be used for any other purpose, or obstructed in any way.

Reason: to enable vehicles to draw off, park and turn clear of the highway to minimise danger, obstruction and inconvenience to users of the highway. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

12 Details indicating the specifications of the 808 secure, covered residential cycle parking spaces, the cycle parking spaces for the non-residential uses and off on-street visitor cycle parking spaces shall be submitted to and approved in writing by the local planning authority prior to the commencement of the relevant phase of the development. The parking spaces hereby approved shall be retained and maintained for the duration of the use.

Reason: To ensure adequate cycle parking is available on site and to promote sustainable modes of transport. (Policies 9 and 14 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

13 The car parking spaces hereby approved shall be laid out in accordance with approved plan AA1173/2.1/0013 unless otherwise approved in writing by the local planning authority, and shall be retained for the duration of the use.

Reason: To ensure that adequate cycle parking is provided. (Policies 9 and 14 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

14 Details of a scheme to light the access roads and vehicle parking areas hereby permitted within each phase shall be submitted to and approved in writing by the local planning authority prior to the commencement of the relevant phase and shall be implemented before each relevant building within the phase is occupied and thereafter retained and maintained for the duration of the use.

Reason: In the interests of public safety. (Policies 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

15 The development shall not begin until provision has been made to accommodate all site operatives', visitors' and construction vehicles loading, off-loading, parking and turning within the site during the construction period in accordance with details to be submitted and agreed in writing by the local planning authority. The loading, off-loading, parking and turning areas shall be provided so as to avoid any damage to trees on the site.

Reason: To minimise danger and inconvenience to highway users, and to avoid damage to trees. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

16 Before any development commences, full details of the proposed construction methodology, in the form of a Method of Construction Statement, shall be submitted to and approved in writing by the Local Planning Authority. The Method of Construction Statement shall include details regarding: the notification of neighbours with regard to specific works; advance notification of road closures; details regarding parking, deliveries, and storage; details regarding dust mitigation, details of measures to prevent the deposit of mud and debris on the public highway, and other measures to mitigate the impact of construction on the amenity of the area. The details of the approved Method of Construction Statement must be implemented and complied with for the duration of the demolition and construction process.

Reason: To ensure minimal nuisance or disturbance is caused to the detriment of the amenities of adjoining occupiers and of the area generally, and avoid hazard and obstruction to the public highway. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

17 Notwithstanding approved plans, no development of each proposed building as set out in the approved plan AA1173/2.1/0003 shall take place until detailed elevational drawings, together with samples and a schedule of all materials to be used in the elevations, balconies, roofing and windows/joinery of that building hereby permitted are submitted to and approved in writing by the Local Planning Authority. The development shall thereafter be carried out solely in accordance with the approved details.

Reason: To safeguard and enhance the visual amenities of the locality. (Policy 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

18 All homes hereby approved in both phases are to be built to lifetime homes standards, and 10% of all homes across the site are to be built in accordance with Wheelchair Homes standards. The approved details are to be maintained in that manner thereafter.

Reason: To ensure that the needs of future occupiers are needed should they lose mobility. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

19 Prior to the commencement of each phase of construction, full details of the proposed children's playspace within that phase, including specifications of type and location of equipment and a playspace management plan shall be submitted to and approved by the Local Planning Authority. The development shall be carried out and maintained in accordance with the approved details, unless otherwise agreed in writing by the Local Planning Authority.

**Reason:** To ensure appropriate children's play space is provided on site. (Policies 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**20** No part of the development hereby permitted shall be occupied or used until a strategy for the management of deliveries and servicing has been submitted to and approved in writing by the Local Planning Authority. Deliveries and servicing shall thereafter be carried out solely in accordance with the approved detail.  
**Reason:** To ensure deliveries are carried out in a satisfactory manner. (Policy 9 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**21** The development hereby permitted shall not be commenced until such time as a scheme to reduce the existing surface water run off rates has been submitted to, and approved in writing by, the Local Planning Authority.

**Reason:** To ensure the development does not result in excessive water runoff. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**22** Development shall not commence until a drainage strategy detailing any on and/or off site drainage works, has been submitted to and approved by, the local planning authority in consultation with the sewerage undertaker. No discharge of foul or surface water from the site shall be accepted into the public system until the drainage works referred to in the strategy have been completed.

**Reason:** To prevent sewage flooding and to ensure that sufficient capacity is made available to cope with the new development and in order to avoid adverse environmental impact upon the community. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**23** Development should not be commenced until impact studies of the existing water supply infrastructure have been submitted to, and approved in writing by, the local planning authority (in consultation with Thames Water). The studies should determine the magnitude of any new additional capacity required in the system and a suitable connection point.

**Reason:** To ensure that the water supply infrastructure has sufficient capacity to cope with the/this additional demand. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**24** Prior to demolition, the applicant shall submit to the local planning authority a biodiversity protection plan, which shall detail a 'watching brief' on the application site as to protected species during the subsequent site demolition, clearance and rebuilding phases. It should include reporting procedures to inform and alert site staff and management as to any findings of protected species or their roosts/nests and enable them to report these findings to the Local Planning Authority, a qualified ecological advisor or Natural England.  
**Reason:** to safeguard the boroughs biodiversity. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

**25** No trees other than those shown to removed (a total of 269) on the Approved Plan Drwg No. DFC-A-21-TTP Rev C (Tree Protection Plan) , submitted in Appendix 4 for the Arboricultural Assessment shall be felled, pruned, uprooted, damaged or otherwise disturbed without the prior written agreement of the Local Planning Authority.

**Reason:** To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality and wider area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**26** All development shall be carried out in accordance with the approved Tree Protection Plan ref DFC-A-21-TTP Rev C, unless otherwise agreed with the Local Planning Authority. The development shall thereafter be carried out in strict accordance with the approved details.

**Reason:** To ensure the retention of, and avoid damage to, the existing trees on or adjacent to the site that represent an important visual amenity to the surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**27** All development shall be carried out in accordance with the approved Tree Surgery works given in Appendix 6 Arboricultural Assessment, unless otherwise agreed with the Local Planning Authority. Thereafter, the approved works shall be carried out in accordance with BS3998:1999. The development shall thereafter be implemented in strict accordance with those approved details.

**Reason:** To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality and the wider surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).



28 Prior to the commencement of the development hereby approved, an Arboricultural Method Statement in accordance with section 7 of the BS5837:2005 relating to (a) construction operations / grounds works of any kind involving changes in levels and / or disturbance within the Root Protection Areas of the retained trees shall be submitted to and agreed in writing by the Local Planning Authority. Thereafter, the Method Statement shall be implemented in strict accordance with the approved details.

Reason: To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represents an important visual amenity to the locality and wider area (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

29 Prior to the commencement of the development hereby approved, details of all Arboricultural Site Supervision shall be submitted to and approved in writing by the Local Planning Authority. The development shall thereafter be implemented in strict accordance with the approved details.

Reason: To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality, and the wider surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

30 Prior to the commencement of each phase of development as set out in the approved Phasing Plan, the following information shall be submitted to and approved in writing by the Local Planning Authority

(i) A scheme indicating details of the quantity, size, species, position of all trees, shrubs and hedges to be planted, together with an indication of how they integrate with the proposal in the long term with regard to their mature size and anticipated routine maintenance.

(ii) A scheme setting out the protection of all trees from vandalism.

(iii) A full scheme indicating a schedule of Materials, layout and finishes for all hard and soft landscaped areas

Reason: To ensure that an adequate streetscape and public realm is created. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

31 If within a period of 5 years from the date of planting of any tree that tree, or any tree planted in replacement for it, is removed, uprooted, destroyed or dies, (or becomes in the opinion of the Local Planning Authority seriously damaged or defective), another tree of the same species and size as originally planted shall be planted at the same place, unless the Local Planning Authority gives its written consent to any variations.

Reason: To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality, and the wider surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

32 No development shall take place until there has been submitted to and approved in writing by the Local Planning Authority a scheme for mitigating for any contamination which poses an unacceptable risk to either the public or to the successful creation, establishment and use of any garden, communal, open space or public areas. The scheme of mitigation thereby approved shall be carried out before the implementation of the relevant works.

Reason: To protect the environment. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

33 Any details of external refurbishment works for retained properties within the application site should be submitted to the local planning authority for approval prior to the start of the relevant refurbishment works.

Reason: To safeguard and enhance the visual amenities of the locality. (Policy 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

34 The hours of operation of the Community Centre, new retail and refurbished retail units permitted shall each be submitted to, and agreed in writing by, the Local Planning Authority prior to first occupation of the relevant premises and shall not operate other than in accordance with the agreed hours without the prior approval in writing of the local planning authority.

Reason: To safeguard the amenity of local residents. (Policies 7 and 29 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

35 Prior to commencement of the relevant works, full details of the materials and elevations of the proposed new and refurbished shopfronts at a scale of no less than 1:50 shall be submitted to and approved by the local planning authority.

Reason: To ensure a high standard of design. (Policy 37 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

36 Prior to the commencement of the relevant phase of development, details of the proposed defensible



spaces that would sit to the front of the ground floor residential units shall be submitted to and approved in writing by the local planning authority. The details shall be at a scale of no less than 1:50 and shall include sections and a specification of the type of planting to be used.

Reason: To ensure that a satisfactory design is achieved which also safeguards the security of the ground floor flats and amenity areas. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

37 Notwithstanding the approved plans, prior to the commencement of each phase, of the development, details of all exterior entrances of all buildings (both vehicular and pedestrian) shall be submitted to and approved by the local planning authority. The details shall include the means of enclosure to an appropriate standard as to ensure security. The details approved shall be maintained thereafter.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

38 Prior to commencement of each phase of development, an entry and exit management plan for the proposed flats shall be submitted to and approved by the local planning authority. The management plan shall indicate how access to and from each block of flat will be controlled, to ensure that an appropriate level of security is maintained within the development.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

39 Prior to commencement of each phase of development, the applicant shall submit to the local planning authority for approval a crime and community safety scheme. The scheme shall demonstrate that the entire development achieves 'Secure by Design' accreditation, and is equipped with appropriately secure doors and windows, and where necessary CCTV.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

40 Prior to commencement of the development, the applicant shall submit to the local planning authority for approval full details of the proposed over-ground waste depositing units. The depositing units shall be installed and retained thereafter.

Reason: To ensure a high standard of streetscape design. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

41 Prior to the commencement of the development, the applicant shall submit to the local planning authority for approval details the locations where it has been identified possible, viable and appropriate to install Green or Brown roofs. Any Green or Brown Roofs shall be installed accordingly and maintained thereafter.

Reason: In the interests of biodiversity and sustainable design and construction. (Policies 34 and 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

42 Prior to the commencement of the relevant phase of development hereby permitted, details of a lighting strategy for all public areas within that phase shall be submitted to and approved in writing by the Local Planning Authority. The lighting strategy shall be implemented in full before occupation of the relevant phase and retained thereafter.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

43 Prior to occupation of each Phase of development, a wayfinding strategy shall be implemented following approval in writing by the Local Planning Authority. This shall set out a strategy for each phase of the site and its interface with adjoining public highways, including the following:

(a) Signage - including fixed and free standing signs;

(b) Location of Fixed and free-standing external lighting fixtures (design and luminosity) in accordance with condition 38;

(c) street names and numbering

(d) wayfinding - including proposed external surface materials (colour and texture).

The strategy shall be implemented prior to first occupation of each Phase of the development.

Reason: To ensure that the layout of the estate and its permeability is of a sufficient standard. (Policy 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

44 No plumbing or pipes, other than rainwater pipes, shall be fixed to the external faces of buildings, unless otherwise agreed with the local planning authority.

Reason: to ensure a high standard of streetscape design. (Policy 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

45 The proposed new-build residential flats shall be so designed and constructed to ensure that environmental road traffic noise shall not exceed the following standards:

Living Rooms: 40dB(A) Leq 18 hour 07.00hrs to 23.00hrs

Bedrooms: 30dB(A) Leq 8 hour and no individual noise event to exceed 45dB(A) max [measured with F time weighting]. - 23.00hrs to 07.00hrs

Reason: To safeguard the amenities of residential properties. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

46 Prior to the commencement of the relevant phase of the development, details of:

(a) the soundproofing of premises; and,

(b) insulation of premises (including ventilation);

in the non-residential uses hereby permitted shall be submitted to and approved in writing by the Local Planning Authority. The details shall include an acoustic report to meet the requirements of Condition 42 above.

Reason: To safeguard the amenities of residential properties and of the area generally. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

47 Prior to the commencement of the relevant phase of the development, details of any ventilation and filtration equipment, including details of any external plant equipment and trunking, shall be submitted to and approved in writing by the Local Planning Authority. All equipment shall be installed in accordance with the approved details prior to the commencement of the relevant use and shall be retained for the duration of the use.

Reason: To protect the amenities of the area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

48 Prior to the installation of the Combined Heat and Power plant, full details of all filtration equipment and sound insulating measures are to be submitted to and approved in writing by the local planning authority. The measures approved shall be installed before the CHP is operational and shall be maintained thereafter.

Reason: To safeguard the amenities of adjoining occupiers and the surrounding area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

49 Noise from the installation of a Combined Heat and Power plant and any other plant, machinery, air conditioning or other equipment should not exceed a level of 5dB(A) above existing background level (or 10dB(A) below if there is a particular tonal quality when measured to British Standard BS4142-1997, at a point metre external to the nearest noise sensitive premises and the area in general. comments sent to planning.

Reason: To safeguard the amenities of adjoining occupiers and the surrounding area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

50 No deliveries to the non residential uses hereby approved shall be taken to, or dispatched from, other than between the hours of 08.00 and 23.00 Mondays to Saturdays, and at no time on Sundays, Bank Holidays or Public Holidays, unless otherwise agreed in writing by the Local Planning Authority.

Reason: To safeguard the amenities of future and adjoining occupiers and the surrounding area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

51 Notwithstanding approved plans, prior to the commencement of each residential site (as identified on plan AA1173/2.1/0003) hereby permitted, details of how the external treatment and fenestration of that building will restrict overlooking into surrounding properties shall be submitted to and approved in writing by the Local Planning Authority. The development shall be implemented and retained thereafter in accordance with the approved details.

Reason: In the interests of residential amenity and to prevent instances of actual or perceived overlooking. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

52 Prior to the commencement of development hereby permitted in the relevant phase, details of all proposed boundary treatments within that phase shall be submitted to and approved in writing by the Local Planning Authority. The development in that phase shall be in accordance with the approved details.  
Reason: In the interests of a high standard of townscape design and to safeguard residential amenity. (Policies 7 and 33 and 38 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

53 The existing Health Centre on Palmos Road shall not be demolished until the new health centre (ref:09/01055/FUL) has been constructed, unless approved in writing by the local planning authority.  
Reason: To safeguard the Boroughs community facilities. (Policy 26 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

54 Prior to the submission of reserved matters for the relevant phase of development, a scheme shall have been submitted to and approved in writing by the Local Planning Authority, after consultation with Sport England, for the provision of new sports facilities including, as a minimum, (i) one half-size sand filled synthetic turf pitch (63m x 55m) with fencing and sports lighting (ii) one multi-use games area (37m x 18.5m) with fencing and sports lighting and (iii) changing accommodation with a minimum of two changing rooms and locker storage. The sports facilities shall be designed in accordance with Sport England/NGS Technical Guidance Notes, unless otherwise agreed by the Local Planning Authority in consultation with Sport England. The scheme shall include a timetable for the provision of the new facilities in accordance with the phasing of the development.

Reason: To ensure the satisfactory quantity, quality and accessibility of compensatory provision. (Policy 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

55 The development hereby permitted shall not be commenced until a scheme has been submitted to and approved in writing by the Local Planning Authority, after consultation with Sport England, for the provision of temporary replacement facilities that are at least as accessible as the existing playing pitch/playing field/sports facility, and at least as large as a MUGA and shall include a timetable for the provision of the new facility.

Reason: To ensure the satisfactory quantity, quality and accessibility of compensatory provision which secures a continuity of use. (Policy 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

56 The development hereby permitted shall not be commenced until a Phasing strategy has been submitted to and approved in writing by the Local Planning Authority. The Phasing Strategy will identify and describe all of the phases of construction and timing of new development (excluding works of refurbishment and alteration to existing buildings), including the following:

(a) The use (by Use Class), quantum, location and timing of provision of the non-residential uses hereby permitted;

(b) The type, quantum, location and timing of provision of the 'market' and 'affordable housing' hereby permitted;

(c) The type, quantum, location and timing of provision of the residential amenity space, publicly accessible open space and formal play space hereby permitted;

Reason: In order that the Local Planning Authority can be satisfied that the phasing of the new development will be satisfactory.

57 One set of temporary football nets will be made available on request for the course of construction to be used in the temporary open space.

Reason: To ensure the satisfactory quantity, quality and accessibility of compensatory sports provision which secures continuity of use. (Policy 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

#### Notes to Applicants:

1 You are advised that this permission does not authorise the display of advertisements at the premises and separate consent may be required from the Local Planning Authority under the Town and Country Planning (Control of Advertisements) Regulations 1992.

2 In connection with the soundproofing condition, you should consult the Council's Building Control Section before carrying out any works.

3 As soon as building work starts on the development, you must contact the Street Naming and Numbering Officer if you need to do the following- name a new street- name a new or existing building- apply new street numbers to a new or existing building. This will ensure that any changes are agreed with Lambeth Council before use, in accordance with the London Buildings Acts (Amendment) Act 1939 and the Local Government Act 1985. Although it is not essential, we also advise you to contact the Street Naming and Numbering Officer before applying new names or numbers to internal flats or units. Contact details are listed below: Rachel Harrison, Street Naming and Numbering Officer e-mail: rharrison1@lambeth.gov.uk tel: 020 - 7926 2283 fax: 020 7926 9131.

4 You are advised to consult the National Rivers Authority at Wah Kwong House, 10 Albert Embankment, London SE1 7SP (tel: 0171 735 9993) regarding the method and extent of the site investigation and details of appropriate measures to prevent pollution of ground water and surface water.

5 You are advised that under the terms of the Water Resources Act 1991, the prior written consent of the National Rivers Authority is required for any discharge of sewage or trade effluent into controlled waters (e.g. watercourses and underground waters), and may be required for any discharge of surface water to such controlled waters or for any discharge of sewage or trade effluent from buildings or fixed plant into or onto ground or into waters which are not controlled waters. Such consent may be withheld. Contact Mr D DeCoster on 0181 310 5500 for details.

6 You are advised that under the terms of the Water Industries Act 1991, the prior written consent of the London Borough of Lambeth, Sewerage Contractor for Thames Water Utilities Ltd is required for any development works draining into, or connecting to, the public sewers. Contact Mr S K Bellehewe on 0171 926 7108.

7 You are advised to contact Thames Water Utilities regarding mains/supply pipe connections for the development at Network Services Waterloo District, Thames Water Utilities Ltd, Waterworks Road, Brixton Hill, London SW2 1SB. Contact Mr D Kirk on 0645 200800 for details.

8 You are advised of the necessity to consult the Council's Highways team prior to the commencement of construction on 020 7926 9000 and Transport for London via email (centrallicensing@tfl.gov.uk), in order to obtain necessary approvals and licences prior to undertaking any works within the Public Highway including Scaffolding, Temporary/Permanent Crossovers, Oversailing/Undersailing of the Highway, Drainage/Sewer Connections, Hoarding, Excavations (including adjacent to the highway such as basements, etc), Temporary Full/Part Road Closures, Craneage Licences etc.

9 It is current Council policy for the Council's contractor to construct new vehicular accesses and to reinstate the footway across redundant accesses. The developer is to contact the Council's Highways team on 020 7926 9000, prior to the commencement of construction, to arrange for any such work to be done. If the developer wishes to undertake this work the Council will require a deposit and the developer will need to cover all the Council's costs (including supervision of the works). If the works are of a significant nature, a Section 278 Agreement (Highways Act 1980) will be required and the works must be carried out to the Council's specification.

10 The applicant is informed that advertisement consent is required for any proposed signage.

11 You are advised that this consent is without prejudice to any rights which may be enjoyed by any tenants/occupiers of the premises.

12 Your attention is drawn to Sections 4, 7 and 8A of the Chronically Sick and Disabled Persons Act 1970 and the Code of Practice for Access for the Disabled to Buildings (B.S. 5810:1979) regarding the provision of means of access, parking facilities and sanitary conveniences for the needs of persons visiting, using or employed at the building or premises who are disabled.

13 Your attention is drawn to the necessity to register your food business with the Council's Environmental Health Division, under the Food Premises (Registration) Regulations 1991 before the use commences. Failure to do so may result in prosecution.

14 You are advised to consult the Council's Environmental Health Division with regard to the extraction of fumes from the premises

15 You are advised of the necessity to consult the Council's Streetcare team within the Public Protection Division with regard to the provision of refuse storage and collection facilities.

16 Your attention is drawn to the provisions of the Building Regulations, and related legislation which must be complied with to the satisfaction of the Council's Building Control Officer.

17 This decision letter does not convey an approval or consent which may be required under any enactment, by-law, order or regulation, other than Section 57 of the Town and Country Planning Act 1990.

18 The applicant is advised that in applying to discharge condition 3 attached to this permission, the use of lighter materials and other such design features should be included.

19 You are advised of the necessity to consult the Transport and Highways team within the Transport Division of the Directorate of Environmental Services, with regard to any alterations affecting the public footway.

20 You are advised to consult the Council's Environmental Health Division concerning compliance with any requirements under the Housing, Food, Safety and Public Health and Environmental Protection Acts and any by-laws or regulations made thereunder.

21 You are advised that the buildings within Phase 2 should have a wider variety of architectural styles than Phase 1.

22 The applicant is advised that the residents of Calais Gate and St Gabriels Manor will be consulted with by the Local Planning Authority pursuant to the discharge of condition 17 in relation to the residential blocks to the east of Akerman Road, and that this condition will be decided by the Planning Applications Committee

Yours sincerely



**Les Brown**

Divisional Director, Planning  
Regeneration & Housing Department

Date letter printed: 17th August 2010

**INFORMATION FOR APPLICANTS GRANTED PLANNING PERMISSION SUBJECT TO CONDITIONS, OR  
WHERE PERMISSION HAS BEEN REFUSED**

**General information**

This permission is subject to due compliance with any local acts, regulations, building by laws and general statutory provisions in force in the area and nothing therein shall be regarded as dispensing with such compliance or be deemed to be a consent by the council there under.

Your attention is drawn to the provisions of the Building Regulations 2000 and related legislation which must be complied with to the satisfaction of the Council's Building Control Officer, Phoenix House, 10 Wandsworth Road, SW8. (PH. 020 7926 1200) The Council's permission does not modify or affect any personal or restrictive covenants, easements, etc., applying to or affecting the land or the rights of any person entitled to the benefits thereof.

**Statement of applicants rights arising from the refusal of planning permission or from the grant of permission subject to conditions.**

**Appeals to the Secretary of State**

If you are aggrieved by this decision to refuse permission for the proposed development or to grant it subject to conditions, then you can appeal to the First Secretary of State under section 78 of the Town and Country Planning Act 1990.

Appeals must be made on a form which is obtainable from the Planning Inspectorate, Room 3/15 Eagle Wing, Temple Quay House, Temple Quay, Bristol BS1 6PN. Alternatively an Appeal form can be downloaded from their website at [www.planning-inspectorate.gov.uk](http://www.planning-inspectorate.gov.uk) or you can contact them by phoning 0117 372 6372. The First Secretary of State can allow a longer period for giving notice of an appeal, but he will not normally be prepared to use this power unless there are special circumstances, which excuse the delay in giving notice of appeal.

The First Secretary of State need not consider an appeal if it seems to him that the local planning authority could not have granted planning permission for the proposed development or could not have granted it without the conditions they imposed, having regard to the statutory requirements, to the provisions of any development order and to any directions given under a development order. In practice, the First Secretary of State does not refuse to consider appeals solely because the local planning authority based their decision on a direction given by him.

**Purchase Notices**

If either the local planning authority or the First Secretary of State refuses permission to develop land or grants it subject to conditions, the owner may claim that he can neither put the land to a reasonably beneficial use in its existing state nor render the land capable of a reasonably beneficial use by the carrying out of any development which has been or would be permitted. In these circumstances, the owner may serve a purchase notice on the London Borough of Lambeth. This notice will require the Council to purchase his interest in the land in accordance with the provisions of Part VI of the Town and Country Planning Act 1990.

**Lambeth Planning  
Development Control  
Phoenix House  
10 Wandsworth Road  
London SW8 2LL**

Telephone 020 7926 1180  
Facsimile ~020 7926 1171  
[www.lambeth.gov.uk/planning](http://www.lambeth.gov.uk/planning)  
[lambethplanning@lambeth.gov.uk](mailto:lambethplanning@lambeth.gov.uk)



Your Ref:

Our Ref: 10/01014/OUT

Regenter Myatts Field North Ltd  
c/o Mr Andrew Taylor: Savills  
First Floor  
Lansdowne House  
57 Berkeley Square  
London  
W1J 6ER



Date Printed 17th August 2010

Dear Regenter Myatts Field North Ltd

**TOWN AND COUNTRY PLANNING ACT 1990.**  
**DECISION NOTICE**

**PERMISSION FOR DEVELOPMENT**

The London Borough of Lambeth hereby permits under the above mentioned Acts and associated orders the development referred to in the schedule set out below subject to any conditions imposed therein and in accordance with the plans submitted, save in so far as may otherwise be required by the said conditions.

In accordance with the statutory provisions your attention is drawn to the Statement of Applicant's Rights and General Information attached.

Application Number: 10/01014/OUT Date of Application: 01.04.2010 Date of Decision: 16.08.2010

Proposed Development At: Myatts Field North Housing Estate London

**For:** Outline application to determine the principle of the scale, layout and access for the demolition of 305 existing homes, the refurbishment of 172 homes and the erection of 808 new homes ranging from one to six storeys in height. Erection of new 1000m<sup>2</sup> community centre (Use Class D1), new 435m<sup>2</sup> retail unit (Use Class A1), refurbishment of existing retail units, installation of a combined heat and power plant, and improvement to the public realm with new streets, pedestrian routes and open/amenity spaces, together with the provision of car and cycle parking spaces.

Details of the external appearance of the buildings and landscaping are reserved for later determination, except in relation to parts of the application site within phase one, where full detailed planning permission has been applied for (for the demolition of 305 dwellings, the

Lambeth Planning  
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10 Wandsworth Road  
London SW8 2LL

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[www.lambeth.gov.uk/planning](http://www.lambeth.gov.uk/planning)  
[lambethplanning@lambeth.gov.uk](mailto:lambethplanning@lambeth.gov.uk)

A copy of this decision notice is available on the Lambeth Planning website at [www.lambeth.gov.uk/planning](http://www.lambeth.gov.uk/planning)

erection of 485 dwellings, highways and parking, associated landscaping, the installation of a combined heat and power plant).

#### Approved Plans

2.1/0001; 2.1/0002; 2.1/0003; 2.1/0004; 2.1/0005; 2.1/0006; 2.1/0007; 2.1/0008; 2.1/0009; 2.1/0010;  
2.1/0011; 2.1/0012; 2.1/0013; 2.1/0014; 2.1/0015; 2.1/0016; 2.1/0017; 2.1/0018; 2.1/0019; 2.1/0020; 2.1/0030;  
2.1/0031; 2.1/0032; 2.1/0033; 2.1/0034; 2.1/0035; 2.1/0036; 2.1/0038; 2.1/0039; 2.1/0040; 2.1/0041; 2.1/0042;  
2.1/0043; 2.1/0044; 2.1/0050; 2.1/0051; 2.1/0052; 2.1/0053; 2.1/0054; 2.1/0055; 2.1/0056; 2.1/0057; 2.1/0058;  
2.1/0059; 2.1/0060; 2.1/0061; 2.1/0062; 2.1/0063; 2.1/0064; 2.1/0065; 2.1/0066; 2.1/0067; 2.1/0070; 2.1/0071;  
2.1/0072; 2.1/0073; 2.1/0074; 2.1/0075; 2.1/0076; 2.1/0077; 2.1/0078; 2.1/0079; 2.1/0080; 2.1/0081; 2.1/0082;  
2.1/0083; 2.1/0084; 2.1/0085; 2.1/0086; 2.1/0087; 2.1/0088; 2.1/0089; 2.1/0090; 2.1/0091; 2.1/0092; 2.1/0093;  
2.1/0094; 2.1/0095; 2.1/0096; 2.1/0097; 2.1/0098; 2.1/1001; 2.1/1002; 2.1/1003; 2.1/1004; 2.1/1005; 2.1/1006;  
2.1/1007; 2.1/1008; 2.1/1020; 2.1/1021; 2.1/1022; 2.1/1023; 2.1/1024; 2.3/0105; 2.3/0106; 2.3/0107; 2.3/0108;  
2.3/0109; 2.3/0110; 2.3/0111; 2.3/0113; 2.3/0114; 2.3/0151; 2.3/0153; 2.3/0154; 2.3/0155; 2.3/0157; 2.3/0158;  
2.3/0159; 2.3/0205; 2.3/0221; 2.3/0222; 2.3/0223; 2.3/0224; 2.3/0225; 2.3/0226; 2.3/0230; 2.3/0231; 2.3/0232;  
2.3/0233; 2.3/0234; 2.3/0238; 2.3/0255; 2.3/0256; 2.3/0301; 2.3/0302; 2.3/0310; 2.3/0311; 2.3/0320; 2.3/0340;  
2.3/0350; 2.3/0351; 2.3/0420; 2.3/0520; 2.3/0601; 2.3/0602; 2.3/0603; 2.3/0605; 2.3/0606; 2.3/0607; 2.3/0608;  
2.3/0609; 2.3/0700; 2.3/0701; 2.3/0702; 2.3/0703; 2.3/0704; 2.3/0705; 2.3/0706; 2.3/0707; 2.3/0708; 2.3/0709;  
2.3/0710; 2.3/0711; 2.3/0712; 2.3/0713; 2.3/0714; 2.3/0715; 2.3/0720; 2.3/0721; 2.3/0722; 2.3/0723; 2.3/0724;  
2.3/0725; 2.3/0730; 2.3/0731; 2.3/0732; 2.3/0733; 2.3/0734; 2.3/0735; 2.3/0736; 2.3/0737; 2.3/0738; Arborocultural Impact  
Assessment; Air Quality Assessment; Ecological Assessment; Energy Assessment; Flood Risk Assessment;  
Geo-Environmental Assessment; Refuse Management Statement; Sustainability Statement; Transport  
Assessment and Travel Plan

#### Conditions

1 Details of the following reserved matters for Phase 2 as set out in the approved Phasing Plan AA1173/2.1/0006 shall be submitted to and approved in writing by the Local Planning Authority before this phase of the development is implemented:

(a) Appearance

(b) Landscaping

Reason: To accord with the provisions of the Town and Country Planning Act (General Development Procedure Order) 1995 and to enable the Local Planning Authority to retain adequate control over the proposed development.

2 Application for approval of all the matters referred to in condition 1 shall be made to the Local Planning Authority in writing before the expiration of eight years from the date of this permission.  
Reason: To comply with section 92(2)(a) of the Town and Country Planning Act 1990.

3 Phase 1 of the development must be begun not later than five years from the date of the grant of this permission.  
Reason: To comply with the provisions of Section 91(1)(a) of the Town and Country Planning Act 1990 and Section 51 of the Planning and Compulsory Purchase Act 2004.

4 Phase 2 of the development must be begun no later than whichever is the later of the following dates:  
(i) the expiration of ten years from the date of this decision notice; or,  
(ii) the expiration of two years from the final approval of the reserved matters or, in the case of approval on different dates, the final approval of the last such matter to be approved.  
Reason: To comply with the provisions of Section 91(1)(a) of the Town and Country Planning Act 1990 and Section 51 of the Planning and Compulsory Purchase Act 2004.

5 The development hereby permitted shall be carried out in accordance with the following approved plans:

2.1/0001; 2.1/0002; 2.1/0003; 2.1/0004; 2.1/0005; 2.1/0006; 2.1/0007; 2.1/0008; 2.1/0009; 2.1/0010; 2.1/0011;  
2.1/0012; 2.1/0013; 2.1/0014; 2.1/0015; 2.1/0016; 2.1/0017; 2.1/0018; 2.1/0019; 2.1/0020; 2.1/0030; 2.1/0031;  
2.1/0032; 2.1/0033; 2.1/0034; 2.1/0035; 2.1/0036; 2.1/0038; 2.1/0039; 2.1/0040; 2.1/0041; 2.1/0042; 2.1/0043;  
2.1/0044; 2.1/0050; 2.1/0051; 2.1/0052; 2.1/0053; 2.1/0054; 2.1/0055; 2.1/0056; 2.1/0057; 2.1/0058; 2.1/0059;  
2.1/0060; 2.1/0061; 2.1/0062; 2.1/0063; 2.1/0064; 2.1/0065; 2.1/0066; 2.1/0067; 2.1/0070; 2.1/0071; 2.1/0072;  
2.1/0073; 2.1/0074; 2.1/0075; 2.1/0076; 2.1/0077; 2.1/0078; 2.1/0079; 2.1/0080; 2.1/0081; 2.1/0082; 2.1/0083;  
2.1/0084; 2.1/0085; 2.1/0086; 2.1/0087; 2.1/0088; 2.1/0089; 2.1/0090; 2.1/0091; 2.1/0092; 2.1/0093; 2.1/0094;



2.1/0085; 2.1/0086; 2.1/0087; 2.1/0088; 2.1/1001; 2.1/1002; 2.1/1003; 2.1/1004; 2.1/1005; 2.1/1006; 2.1/1007; 2.1/1008; 2.1/1020; 2.1/1021; 2.1/1022; 2.1/1023; 2.1/1024; 2.3/0105; 2.3/0106; 2.3/0107; 2.3/0108; 2.3/0109; 2.3/0110; 2.3/0111; 2.3/0113; 2.3/0114; 2.3/0151; 2.3/0153; 2.3/0154; 2.3/0155; 2.3/0157; 2.3/0158; 2.3/0159; 2.3/0205; 2.3/0221; 2.3/0222; 2.3/0223; 2.3/0224; 2.3/0225; 2.3/0226; 2.3/0230; 2.3/0231; 2.3/0232; 2.3/0233; 2.3/0234; 2.3/0238; 2.3/0255; 2.3/0256; 2.3/0301; 2.3/0302; 2.3/0310; 2.3/0311; 2.3/0320; 2.3/0340; 2.3/0360; 2.3/0361; 2.3/0420; 2.3/0520; 2.3/0601; 2.3/0602; 2.3/0603; 2.3/0606; 2.3/0608; 2.3/0607; 2.3/0608; 2.3/0609; 2.3/0700; 2.3/0701; 2.3/0702; 2.3/0703; 2.3/0704; 2.3/0705; 2.3/0706; 2.3/0707; 2.3/0708; 2.3/0709; 2.3/0710; 2.3/0711; 2.3/0712; 2.3/0713; 2.3/0714; 2.3/0715; 2.3/0720; 2.3/0721; 2.3/0722; 2.3/0723; 2.3/0724; 2.3/0725; 2.3/730; 2.3/731; 2.3/732; 2.3/733; 2.3/734; 2.3/735; 2.3/736; 2.3/737; 2.3/738;

Arboricultural Impact Assessment; Air Quality Assessment; Ecological Assessment; Energy Assessment; Flood Risk Assessment; Geo-Environmental Assessment; Refuse Management Statement; Sustainability Statement; Transport Assessment and Travel Plan

Reason: To ensure that the development is implemented in accordance with the approved plans.

6 Prior to the commencement of development hereby permitted in the relevant phase as set out in the approved Phasing Plan, details of all publicly accessible open space for that Phase shall be submitted to and approved in writing by the Local Planning Authority. Development in that Phase shall be in accordance with the approved details.

Reason: In order to minimise danger, obstruction and inconvenience to users of the highway and of the development as well as ensuring adequate levels of publically accessible open space are available during the course of construction and upon completion (Policies 9 31 and 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

7 Each phase of the development shall be served by means of adoptable estate roads and footways which shall be laid out in accordance with details to be submitted and approved in writing by the local planning authority, prior to the occupation of any dwellinghouses hereby permitted in that phase.

Reason: In order to minimise danger, obstruction and inconvenience to users of the highway and of the development. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

8 No part of the relevant phase of the development shall be occupied until the new means of access have been sited and laid out in accordance with the approved drawings, and constructed in accordance with details to be submitted to and approved in writing by the Local Planning Authority.

Reason: In order to minimise danger, obstruction and inconvenience to users of the highway and of the development. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

9 Within one month of the new/alterd accesses being brought into use all other existing access points not incorporated in the development hereby permitted shall be stopped up by raising the existing dropped kerb/removing the existing bellmouth/and reinstating the footway verge and highway boundary to the same line, level and detail as the adjoining footway verge and highway boundary.

Reason: To limit the number of access points along the site boundary for the safety and convenience of the highway users. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

10 The development shall not begin until details of the disposal of surface water from the highway have been approved in writing by the local planning authority and no dwelling shall be occupied in each relevant phase until the works for the disposal of surface water within that phase.

Reason: To ensure that all highways have adequate drainage, in the interests of highway safety (Policies 9 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers)..

11 Details of the parking, garaging, manoeuvring and the loading and unloading of vehicles shall be submitted to and approved in writing by the Local Planning Authority prior to the commencement of the relevant phase of development. The parking, manoeuvring and loading/unloading areas within each phase shall be laid out and made available for use in accordance with the approved scheme before the development hereby permitted is occupied and that area shall not thereafter be used for any other purpose, or obstructed in any way.

Reason: to enable vehicles to draw off, park and turn clear of the highway to minimise danger, obstruction and inconvenience to users of the highway. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

12 Details indicating the specifications of the 808 secure, covered residential cycle parking spaces, the cycle parking spaces for the non-residential uses and off on-street visitor cycle parking spaces shall be submitted to and approved in writing by the local planning authority prior to the commencement of the relevant phase of the development. The parking spaces hereby approved shall be retained and maintained for the duration of the use.

Reason: To ensure adequate cycle parking is available on site and to promote sustainable modes of transport. (Policies 9 and 14 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

13 The car parking spaces hereby approved shall be laid out in accordance with approved plan AA1173/2.1/0013 unless otherwise approved in writing by the local planning authority, and shall be retained for the duration of the use.

Reason: To ensure that adequate cycle parking is provided. (Policies 9 and 14 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

14 Details of a scheme to light the access roads and vehicle parking areas hereby permitted within each phase shall be submitted to and approved in writing by the local planning authority prior to the commencement of the relevant phase and shall be implemented before each relevant building within the phase is occupied and thereafter retained and maintained for the duration of the use.

Reason: In the interests of public safety. (Policies 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

15 The development shall not begin until provision has been made to accommodate all site operatives', visitors' and construction vehicles loading, off-loading, parking and turning within the site during the construction period in accordance with details to be submitted and agreed in writing by the local planning authority. The loading, off-loading, parking and turning areas shall be provided so as to avoid any damage to trees on the site.

Reason: To minimise danger and inconvenience to highway users, and to avoid damage to trees. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer),

16 Before any development commences, full details of the proposed construction methodology, in the form of a Method of Construction Statement, shall be submitted to and approved in writing by the Local Planning Authority. The Method of Construction Statement shall include details regarding: the notification of neighbours with regard to specific works; advance notification of road closures; details regarding parking, deliveries, and storage; details regarding dust mitigation, details of measures to prevent the deposit of mud and debris on the public highway, and other measures to mitigate the impact of construction on the amenity of the area. The details of the approved Method of Construction Statement must be implemented and complied with for the duration of the demolition and construction process.

Reason: To ensure minimal nuisance or disturbance is caused to the detriment of the amenities of adjoining occupiers and of the area generally, and avoid hazard and obstruction to the public highway. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

17 Notwithstanding approved plans, no development of each proposed building as set out in the approved plan AA1173/2.1/0003 shall take place until detailed elevational drawings, together with samples and a schedule of all materials to be used in the elevations, balconies, roofing and windows/joinery of that building hereby permitted are submitted to and approved in writing by the Local Planning Authority. The development shall thereafter be carried out solely in accordance with the approved details.

Reason: To safeguard and enhance the visual amenities of the locality. (Policy 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

18 All homes hereby approved in both phases are to be built to lifetime homes standards, and 10% of all homes across the site are to be built in accordance with Wheelchair Homes standards. The approved details are to be maintained in that manner thereafter.

Reason: To ensure that the needs of future occupiers are needed should they lose mobility. (Policies 9 and 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

19 Prior to the commencement of each phase of construction, full details of the proposed children's playspace within that phase, including specifications of type and location of equipment and a playspace management plan shall be submitted to and approved by the Local Planning Authority. The development shall be carried out and maintained in accordance with the approved details, unless otherwise agreed in writing by the Local Planning Authority.

**Reason:** To ensure appropriate children's play space is provided on site. (Policies 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**20** No part of the development hereby permitted shall be occupied or used until a strategy for the management of deliveries and servicing has been submitted to and approved in writing by the Local Planning Authority. Deliveries and servicing shall thereafter be carried out solely in accordance with the approved detail.

**Reason:** To ensure deliveries are carried out in a satisfactory manner. (Policy 9 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**21** The development hereby permitted shall not be commenced until such time as a scheme to reduce the existing surface water run off rates has been submitted to, and approved in writing by, the Local Planning Authority.

**Reason:** To ensure the development does not result in excessive water runoff. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**22** Development shall not commence until a drainage strategy detailing any on and/or off site drainage works, has been submitted to and approved by, the local planning authority in consultation with the sewerage undertaker. No discharge of foul or surface water from the site shall be accepted into the public system until the drainage works referred to in the strategy have been completed.

**Reason:** To prevent sewage flooding and to ensure that sufficient capacity is made available to cope with the new development and in order to avoid adverse environmental impact upon the community. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**23** Development should not be commenced until impact studies of the existing water supply infrastructure have been submitted to, and approved in writing by, the local planning authority (in consultation with Thames Water). The studies should determine the magnitude of any new additional capacity required in the system and a suitable connection point.

**Reason:** To ensure that the water supply infrastructure has sufficient capacity to cope with the/this additional demand. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**24** Prior to demolition, the applicant shall submit to the local planning authority a biodiversity protection plan, which shall detail a 'watching brief' on the application site as to protected species during the subsequent site demolition, clearance and rebuilding phases. It should include reporting procedures to inform and alert site staff and management as to any findings of protected species or their roosts/nests and enable them to report these findings to the Local Planning Authority, a qualified ecological advisor or Natural England.

**Reason:** to safeguard the boroughs biodiversity. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

**25** No trees other than those shown to removed (a total of 269) on the Approved Plan Drwg No. DFC-A-21-TTP Rev C (Tree Protection Plan) , submitted in Appendix 4 for the Arboricultural Assessment shall be felled, pruned, uprooted, damaged or otherwise disturbed without the prior written agreement of the Local Planning Authority.

**Reason:** To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality and wider area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**26** All development shall be carried out in accordance with the approved Tree Protection Plan ref DFC-A-21-TTP Rev C, unless otherwise agreed with the Local Planning Authority. The development shall thereafter be carried out in strict accordance with the approved details.

**Reason:** To ensure the retention of, and avoid damage to, the existing trees on or adjacent to the site that represent an important visual amenity to the surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

**27** All development shall be carried out in accordance with the approved Tree Surgery works given in Appendix 6 Arboricultural Assessment, unless otherwise agreed with the Local Planning Authority. Thereafter, the approved works shall be carried out in accordance with BS3998:1989. The development shall thereafter be implemented in strict accordance with those approved details.

**Reason:** To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality and the wider surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

28 Prior to the commencement of the development hereby approved, an Arboricultural Method Statement in accordance with section 7 of the BS5837:2005 relating to (a) construction operations / grounds works of any kind involving changes in levels and / or disturbance within the Root Protection Areas of the retained trees shall be submitted to and agreed in writing by the Local Planning Authority. Thereafter, the Method Statement shall be implemented in strict accordance with the approved details.

Reason: To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represents an important visual amenity to the locality and wider area (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

29 Prior to the commencement of the development hereby approved, details of all Arboricultural Site Supervision shall be submitted to and approved in writing by the Local Planning Authority. The development shall thereafter be implemented in strict accordance with the approved details.

Reason: To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality, and the wider surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

30 Prior to the commencement of each phase of development as set out in the approved Phasing Plan, the following information shall be submitted to and approved in writing by the Local Planning Authority

(i) A scheme indicating details of the quantity, size, species, position of all trees, shrubs and hedges to be planted, together with an indication of how they integrate with the proposal in the long term with regard to their mature size and anticipated routine maintenance.

(ii) A scheme setting out the protection of all trees from vandalism.

(iii) A full scheme indicating a schedule of Materials, layout and finishes for all hard and soft landscaped areas

Reason: To ensure that an adequate streetscape and public realm is created. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

31 If within a period of 5 years from the date of planting of any tree that tree, or any tree planted in replacement for it, is removed, uprooted, destroyed or dies, (or becomes in the opinion of the Local Planning Authority seriously damaged or defective), another tree of the same species and size as originally planted shall be planted at the same place, unless the Local Planning Authority gives its written consent to any variations.

Reason: To ensure the retention of, and avoid damage to, the retained trees on or adjacent to the site that represent an important visual amenity to the locality, and the wider surrounding area. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

32 No development shall take place until there has been submitted to and approved in writing by the Local Planning Authority a scheme for mitigating for any contamination which poses an unacceptable risk to either the public or to the successful creation, establishment and use of any garden, communal, open space or public areas. The scheme of mitigation thereby approved shall be carried out before the implementation of the relevant works.

Reason: To protect the environment. (Policy 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

33 Any details of external refurbishment works for retained properties within the application site should be submitted to the local planning authority for approval prior to the start of the relevant refurbishment works.

Reason: To safeguard and enhance the visual amenities of the locality. (Policy 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

34 The hours of operation of the Community Centre, new retail and refurbished retail units permitted shall each be submitted to, and agreed in writing by, the Local Planning Authority prior to first occupation of the relevant premises and shall not operate other than in accordance with the agreed hours without the prior approval in writing of the local planning authority.

Reason: To safeguard the amenity of local residents. (Policies 7 and 29 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

35 Prior to commencement of the relevant works, full details of the materials and elevations of the proposed new and refurbished shopfronts at a scale of no less than 1:50 shall be submitted to and approved by the local planning authority.

Reason: To ensure a high standard of design. (Policy 37 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

36 Prior to the commencement of the relevant phase of development, details of the proposed defensible

spaces that would sit to the front of the ground floor residential units shall be submitted to and approved in writing by the local planning authority. The details shall be at a scale of no less than 1:50 and shall include sections and a specification of the type of planting to be used.

Reason: To ensure that a satisfactory design is achieved which also safeguards the security of the ground floor flats and amenity areas. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers)

37 Notwithstanding the approved plans, prior to the commencement of each phase, of the development, details of all exterior entrances of all buildings (both vehicular and pedestrian) shall be submitted to and approved by the local planning authority. The details shall include the means of enclosure to an appropriate standard as to ensure security. The details approved shall be maintained thereafter.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

38 Prior to commencement of each phase of development, an entry and exit management plan for the proposed flats shall be submitted to and approved by the local planning authority. The management plan shall indicate how access to and from each block of flat will be controlled, to ensure that an appropriate level of security is maintained within the development.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

39 Prior to commencement of each phase of development, the applicant shall submit to the local planning authority for approval a crime and community safety scheme. The scheme shall demonstrate that the entire development achieves 'Secure by Design' accreditation, and is equipped with appropriately secure doors and windows, and where necessary CCTV.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

40 Prior to commencement of the development, the applicant shall submit to the local planning authority for approval full details of the proposed over-ground waste depositing units. The depositing units shall be installed and retained thereafter.

Reason: To ensure a high standard of streetscape design. (Policy 39 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

41 Prior to the commencement of the development, the applicant shall submit to the local planning authority for approval details the locations where it has been identified possible, viable and appropriate to install Green or Brown roofs. Any Green or Brown Roofs shall be installed accordingly and maintained thereafter.

Reason: In the interests of biodiversity and sustainable design and construction. (Policies 34 and 52 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

42 Prior to the commencement of the relevant phase of development hereby permitted, details of a lighting strategy for all public areas within that phase shall be submitted to and approved in writing by the Local Planning Authority. The lighting strategy shall be implemented in full before occupation of the relevant phase and retained thereafter.

Reason: In the interest of community safety. (Policy 32 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

43 Prior to occupation of each Phase of development, a wayfinding strategy shall be implemented following approval in writing by the Local Planning Authority. This shall set out a strategy for each phase of the site and its interface with adjoining public highways, including the following:

(a) Signage - Including fixed and free standing signs;

(b) Location of Fixed and free-standing external lighting fixtures (design and luminosity) in accordance with condition 38

(c) street names and numbering

(d) wayfinding - including proposed external surface materials (colour and texture).

The strategy shall be implemented prior to first occupation of each Phase of the development.

Reason: To ensure that the layout of the estate and its permeability is of a sufficient standard. (Policy 31 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

44 No plumbing or pipes, other than rainwater pipes, shall be fixed to the external faces of buildings, unless otherwise agreed with the local planning authority.

Reason: to ensure a high standard of streetscape design. (Policy 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

45 The proposed new-build residential flats shall be so designed and constructed to ensure that environmental road traffic noise shall not exceed the following standards:

Living Rooms: 40dB(A) Leq 18 hour 07.00hrs to 23.00hrs

Bedrooms: 30dB(A) Leq 8 hour and no individual noise event to exceed 45dB(A) max [measured with F time weighting]. - 23.00hrs to 07.00hrs

Reason: To safeguard the amenities of residential properties. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

46 Prior to the commencement of the relevant phase of the development, details of:

(a) the soundproofing of premises; and,

(b) insulation of premises (including ventilation);

in the non-residential uses hereby permitted shall be submitted to and approved in writing by the Local Planning Authority. The details shall include an acoustic report to meet the requirements of Condition 42 above.

Reason: To safeguard the amenities of residential properties and of the area generally. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

47 Prior to the commencement of the relevant phase of the development, details of any ventilation and filtration equipment, including details of any external plant equipment and trunking, shall be submitted to and approved in writing by the Local Planning Authority. All equipment shall be installed in accordance with the approved details prior to the commencement of the relevant use and shall be retained for the duration of the use.

Reason: To protect the amenities of the area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

48 Prior to the installation of the Combined Heat and Power plant, full details of all filtration equipment and sound insulating measures are to be submitted to and approved in writing by the local planning authority. The measures approved shall be installed before the CHP is operational and shall be maintained thereafter.

Reason: To safeguard the amenities of adjoining occupiers and the surrounding area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

49 Noise from the installation of a Combined Heat and Power plant and any other plant, machinery, air conditioning or other equipment should not exceed a level of 5dB(A) above existing background level (or 10dB(A) below if there is a particular tonal quality when measured to British Standard BS4142-1997, at a point metre external to the nearest noise sensitive premises and the area in general. comments sent to planning.

Reason: To safeguard the amenities of adjoining occupiers and the surrounding area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

50 No deliveries to the non residential uses hereby approved shall be taken to, or dispatched from, other than between the hours of 08.00 and 23.00 Mondays to Saturdays, and at no time on Sundays, Bank Holidays or Public Holidays, unless otherwise agreed in writing by the Local Planning Authority.

Reason: To safeguard the amenities of future and adjoining occupiers and the surrounding area. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).

51 Notwithstanding approved plans, prior to the commencement of each residential site (as identified on plan AA1173/2.1/0003) hereby permitted, details of how the external treatment and fenestration of that building will restrict overlooking into surrounding properties shall be submitted to and approved in writing by the Local Planning Authority. The development shall be implemented and retained thereafter in accordance with the approved details.

Reason: In the interests of residential amenity and to prevent instances of actual or perceived overlooking. (Policies 7 and 33 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refer).



52 Prior to the commencement of development hereby permitted in the relevant phase, details of all proposed boundary treatments within that phase shall be submitted to and approved in writing by the Local Planning Authority. The development in that phase shall be in accordance with the approved details.  
Reason: In the interests of a high standard of townscape design and to safeguard residential amenity. (Policies 7 and 33 and 38 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 06 August 2010 refer).

53 The existing Health Centre on Palmos Road shall not be demolished until the new health centre (ref:09/01055/FUL) has been constructed, unless approved in writing by the local planning authority.  
Reason: To safeguard the Boroughs community facilities. (Policy 26 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 06 August 2010 refers).

54 Prior to the submission of reserved matters for the relevant phase of development, a scheme shall have been submitted to and approved in writing by the Local Planning Authority, after consultation with Sport England, for the provision of new sports facilities including, as a minimum, (i) one half-size sand filled synthetic turf pitch (63m x 55m) with fencing and sports lighting (ii) one multi-use games area (37m x 18.5m) with fencing and sports lighting and (iii) changing accommodation with a minimum of two changing rooms and locker storage. The sports facilities shall be designed in accordance with Sport England/NGB Technical Guidance Notes, unless otherwise agreed by the Local Planning Authority in consultation with Sport England. The scheme shall include a timetable for the provision of the new facilities in accordance with the phasing of the development.  
Reason: To ensure the satisfactory quantity, quality and accessibility of compensatory provision. (Policy 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

55 The development hereby permitted shall not be commenced until a scheme has been submitted to and approved in writing by the Local Planning Authority, after consultation with Sport England, for the provision of temporary replacement facilities that are at least as accessible as the existing playing pitch/playing field/sports facility, and at least as large as a MUGA and shall include a timetable for the provision of the new facility.  
Reason: To ensure the satisfactory quantity, quality and accessibility of compensatory provision which secures a continuity of use. (Policy 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

56 The development hereby permitted shall not be commenced until a Phasing strategy has been submitted to and approved in writing by the Local Planning Authority. The Phasing Strategy will identify and describe all of the phases of construction and timing of new development (excluding works of refurbishment and alteration to existing buildings), including the following:  
(a) The use (by Use Class), quantum, location and timing of provision of the non-residential uses hereby permitted;  
(b) The type, quantum, location and timing of provision of the 'market' and 'affordable housing' hereby permitted;  
(c) The type, quantum, location and timing of provision of the residential amenity space, publicly accessible open space and formal play space hereby permitted;  
Reason: In order that the Local Planning Authority can be satisfied that the phasing of the new development will be satisfactory.

57 One set of temporary football nets will be made available on request for the course of construction to be used in the temporary open space.  
Reason: To ensure the satisfactory quantity, quality and accessibility of compensatory sports provision which secures continuity of use. (Policy 50 of the Unitary Development Plan Adopted 6 August 2007 Policies Saved Beyond 05 August 2010 refers).

#### Notes to Applicants:

1 You are advised that this permission does not authorise the display of advertisements at the premises and separate consent may be required from the Local Planning Authority under the Town and Country Planning (Control of Advertisements) Regulations 1992.

2 In connection with the soundproofing condition, you should consult the Council's Building Control Section before carrying out any works.

3 As soon as building work starts on the development, you must contact the Street Naming and Numbering Officer if you need to do the following- name a new street- name a new or existing building- apply new street numbers to a new or existing building. This will ensure that any changes are agreed with Lambeth Council before use, in accordance with the London Buildings Acts (Amendment) Act 1939 and the Local Government Act 1985. Although it is not essential, we also advise you to contact the Street Naming and Numbering Officer before applying new names or numbers to internal flats or units. Contact details are listed below: Rachel Harrison, Street Naming and Numbering Officer e-mail: rharrison1@lambeth.gov.uk tel: 020 - 7926 2283 fax: 020 7926 9131.

4 You are advised to consult the National Rivers Authority at Wah Kwong House, 10 Albert Embankment, London SE1 7SP (tel: 0171 735 9993) regarding the method and extent of the site investigation and details of appropriate measures to prevent pollution of ground water and surface water.

5 You are advised that under the terms of the Water Resources Act 1991, the prior written consent of the National Rivers Authority is required for any discharge of sewage or trade effluent into controlled waters (e.g. watercourses and underground waters), and may be required for any discharge of surface water to such controlled waters or for any discharge of sewage or trade effluent from buildings or fixed plant into or onto ground or into waters which are not controlled waters. Such consent may be withheld. Contact Mr D DeCoster on 0181 310 5500 for details.

6 You are advised that under the terms of the Water Industries Act 1991, the prior written consent of the London Borough of Lambeth, Sewerage Contractor for Thames Water Utilities Ltd is required for any development works draining into, or connecting to, the public sewers. Contact Mr S K Bellehewe on 0171 926 7108.

7 You are advised to contact Thames Water Utilities regarding mains/supply pipe connections for the development at Network Services Waterloo District, Thames Water Utilities Ltd, Waterworks Road, Brixton Hill, London SW2 1SB. Contact Mr D Kirk on 0845 200800 for details.

8 You are advised of the necessity to consult the Council's Highways team prior to the commencement of construction on 020 7926 9000 and Transport for London via email (centrallicensing@tfl.gov.uk), in order to obtain necessary approvals and licences prior to undertaking any works within the Public Highway including Scaffolding, Temporary/Permanent Crossovers, Oversailing/Undersailing of the Highway, Drainage/Sewer Connections, Hoarding, Excavations (including adjacent to the highway such as basements, etc), Temporary Full/Part Road Closures, Craneage Licences etc.

9 It is current Council policy for the Council's contractor to construct new vehicular accesses and to reinstate the footway across redundant accesses. The developer is to contact the Council's Highways team on 020 7926 9000, prior to the commencement of construction, to arrange for any such work to be done. If the developer wishes to undertake this work the Council will require a deposit and the developer will need to cover all the Council's costs (including supervision of the works). If the works are of a significant nature, a Section 278 Agreement (Highways Act 1980) will be required and the works must be carried out to the Council's specification.

10 The applicant is informed that advertisement consent is required for any proposed signage.

11 You are advised that this consent is without prejudice to any rights which may be enjoyed by any tenants/occupiers of the premises.

12 Your attention is drawn to Sections 4, 7 and 8A of the Chronically Sick and Disabled Persons Act 1970 and the Code of Practice for Access for the Disabled to Buildings (B.S. 5810:1979) regarding the provision of means of access, parking facilities and sanitary conveniences for the needs of persons visiting, using or employed at the building or premises who are disabled.

13 Your attention is drawn to the necessity to register your food business with the Council's Environmental Health Division, under the Food Premises (Registration) Regulations 1991 before the use commences. Failure to do so may result in prosecution.



14 You are advised to consult the Council's Environmental Health Division with regard to the extraction of fumes from the premises.

15 You are advised of the necessity to consult the Council's Streetcare team within the Public Protection Division with regard to the provision of refuse storage and collection facilities.

16 Your attention is drawn to the provisions of the Building Regulations, and related legislation which must be complied with to the satisfaction of the Council's Building Control Officer.

17 This decision letter does not convey an approval or consent which may be required under any enactment, by-law, order or regulation, other than Section 57 of the Town and Country Planning Act 1990.

18 The applicant is advised that in applying to discharge condition 3 attached to this permission, the use of lighter materials and other such design features should be included.


19 You are advised of the necessity to consult the Transport and Highways team within the Transport Division of the Directorate of Environmental Services, with regard to any alterations affecting the public footway.

20 You are advised to consult the Council's Environmental Health Division concerning compliance with any requirements under the Housing, Food, Safety and Public Health and Environmental Protection Acts and any by-laws or regulations made thereunder.

21 You are advised that the buildings within Phase 2 should have a wider variety of architectural styles than Phase 1.

22 The applicant is advised that the residents of Calais Gate and St Gabriels Manor will be consulted with by the Local Planning Authority pursuant to the discharge of condition 17 in relation to the residential blocks to the east of Akeman Road, and that this condition will be decided by the Planning Applications Committee.

Yours sincerely



**Les Brown**

Divisional Director, Planning  
Regeneration & Housing Department

Date letter printed: 17th August 2010

**INFORMATION FOR APPLICANTS GRANTED PLANNING PERMISSION SUBJECT TO CONDITIONS, OR  
WHERE PERMISSION HAS BEEN REFUSED**

**General Information**

This permission is subject to due compliance with any local acts, regulations, building by laws and general statutory provisions in force in the area and nothing therein shall be regarded as dispensing with such compliance or be deemed to be a consent by the council there under.

Your attention is drawn to the provisions of the Building Regulations 2000 and related legislation which must be complied with to the satisfaction of the Council's Building Control Officer, Phoenix House, 10 Wandsworth Road, SW8. (PH. 020 7926 1200) The Council's permission does not modify or affect any personal or restrictive covenants, easements, etc., applying to or affecting the land or the rights of any person entitled to the benefits thereof.

**Statement of applicants rights arising from the refusal of planning permission or from the grant of permission subject to conditions.**

**Appeals to the Secretary of State**

If you are aggrieved by this decision to refuse permission for the proposed development or to grant it subject to conditions, then you can appeal to the First Secretary of State under section 78 of the Town and Country Planning Act 1990.

Appeals must be made on a form which is obtainable from the Planning Inspectorate, Room 3/15 Eagle Wing, Temple Quay House, Temple Quay, Bristol BS1 6PN. Alternatively an Appeal form can be downloaded from their website at [www.planning-inspectorate.gov.uk](http://www.planning-inspectorate.gov.uk) or you can contact them by phoning 0117 372 6372. The First Secretary of State can allow a longer period for giving notice of an appeal, but he will not normally be prepared to use this power unless there are special circumstances, which excuse the delay in giving notice of appeal.

The First Secretary of State need not consider an appeal if it seems to him that the local planning authority could not have granted planning permission for the proposed development or could not have granted it without the conditions they imposed, having regard to the statutory requirements, to the provisions of any development order and to any directions given under a development order. In practice, the First Secretary of State does not refuse to consider appeals solely because the local planning authority based their decision on a direction given by him.

**Purchase Notices**

If either the local planning authority or the First Secretary of State refuses permission to develop land or grants it subject to conditions, the owner may claim that he can neither put the land to a reasonably beneficial use in its existing state nor render the land capable of a reasonably beneficial use by the carrying out of any development which has been or would be permitted. In these circumstances, the owner may serve a purchase notice on the London Borough of Lambeth. This notice will require the Council to purchase his interest in the land in accordance with the provisions of Part VI of the Town and Country Planning Act 1990.

**Lambeth Planning  
Development Control  
Phoenix House  
10 Wandsworth Road  
London SW8 2LL**

Telephone 020 7926 1180  
Facsimile ~020 7926 1171  
[www.lambeth.gov.uk/planning](http://www.lambeth.gov.uk/planning)  
[lambethplanning@lambeth.gov.uk](mailto:lambethplanning@lambeth.gov.uk)

1. THE COUNCIL'S PERMISSION IS GRANTED SUBJECT TO THE PROVISIONS OF THE BUILDING REGULATIONS 2000 AND RELATED LEGISLATION WHICH MUST BE COMPLIED WITH TO THE SATISFACTION OF THE COUNCIL'S BUILDING CONTROL OFFICER, PHOENIX HOUSE, 10 WANDSWORTH ROAD, SW8. (PH. 020 7926 1200) THE COUNCIL'S PERMISSION DOES NOT MODIFY OR AFFECT ANY PERSONAL OR RESTRICTIVE COVENANTS, EASEMENTS, ETC., APPLYING TO OR AFFECTING THE LAND OR THE RIGHTS OF ANY PERSON ENTITLED TO THE BENEFITS THEREOF.



## LAMBETH BOROUGH COUNCIL

# STOPPING UP ORDER

L.B.C. 2010 No. 120

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The London Borough of Lambeth (Stopping Up of Highways)  
(Akerman Road) Order 2010

Made 22<sup>nd</sup> December 2010

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The Council of the London Borough of Lambeth, in exercise of the powers conferred by section 247 of the Town and Country Planning Act 1990(a) (hereinafter referred to as "the Act"), and of all other powers thereunto enabling, hereby make the following Order:-

1. This Order may be cited as the London Borough of Lambeth (Stopping Up of Highways) (Akerman Road) Order 2010 and shall come into force on the date on which notice that the order has been made is first published in accordance with section 252(10) of the Act.

2. In this Order, unless the context otherwise requires:-

"Council" means the Council of the London Borough of Lambeth;

"deposited plan" means the drawings marked "Myatt Fields North Drawing No. 9838\501" and titled "Highway to be stopped up", and deposited at the Council's offices at Blue Star House, 234-244 Stockwell Road, London SW9 9SP;

"developer" means Regenter Myatts North Limited;

"statutory undertaker" has the same meaning as in section 262 of the Act.

3. The Council authorises the stopping up of areas of land in the London Borough of Lambeth described in the Schedule 1 to this Order and shown hatched on the deposited plan, in order to enable development to be carried out in accordance with the planning permission granted under Part III of the Act on 17<sup>th</sup> June 2010 under reference number 10/01014/OUT.

4. The developer shall, to the reasonable satisfaction of the Council, improve the area of existing highway in the London Borough of Lambeth described in Schedule 2 to this Order and shown by cross-hatching on the deposited plan.

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(a) 1990 c.8 - as amended by the Greater London Authority Act 1999 (1999 c.29)

5. Any statutory undertaker having apparatus under, in, on, over, along or across any area of highway authorised to be stopped up pursuant to this Order, shall no longer have the same rights as respects that apparatus after that area of highway is stopped up as they had immediately beforehand.

Dated this twenty-second day of December 2010.

*Martin Sachs*

Martin Sachs  
Head of Transport and Highways

#### SCHEDULE 1

##### Description of highway to be stopped up

(a) All that part of the north-western footway of AKERMAN ROAD which is shown hatched on the deposited plan and is bounded on the north-west by so much of the south-eastern boundary of Myatt Fields Estate -

(i) as extends from a point 26.3 metres south-west of the south-western kerb-line of Patmos Road south-westward for a distance of 157.21 metres and which as a width of 9 metres at its north-eastern extremity and 11.96 metres at its south-western extremity and a width of 15.75 metres at its widest point;

(ii) as extends from a point 51.72 metres north-east of a point opposite the party wall of Nos. 56 and 58 Aklerman Road north-eastward for a distance of 43.36 metres and which as a width of 6.81 metres at its north-easternmost extremity and 4.58 metres at its south-westernmost extremity;

(iii) as extends from a point 6.71 metres north-east of a point opposite the party wall of Nos. 56 and 58 Ackerman Road north-eastward for a distance of 66.86 metres and which as a width of 6.03 metres at its north-easternmost extremity and 350 millimetres at its south-westernmost extremity.

(b) All that part of the south-eastern footway of AKERMAN ROAD which is shown hatched on the deposited plan and is bounded on the south-east and east sides by so much of the north-western boundaries of (i) Nos. 1 to 26 Calais Gate; (ii) St Gabriel's Manor; (iii) Stannard Hall Goldsmiths' College; and (iv) Charles Edward Brooke Girls' Church of England Lower School; and by so much of the western boundary of Nos. 1 to 25 Dover House, Cormont Road -

(i) as extends from the south-westernmost boundary of the Lothian Christian Centre to a point 117.88 metres south-west of the south-westernmost boundary of the Lothian Christian Centre and which as a width of 24.19 metres at its north-easternmost extremity and a width of 560 millimetres at its south-westernmost extremity;

(ii) as extends from a point 117.88 metres south-west of the south-westernmost boundary of the Lothian Christian Centre south-westward for a distance of 73.71 metres and which as a width of 560 millimetres at its north-easternmost extremity and 28.24 metres at its south-westernmost extremity and 35.27 metres at its widest point;

- (iii) as extends from the northern boundary of No. 58 Akerman Road northward and north-eastward for a distance of 89.87 metres and which as a width of 28.4 metres at its southernmost extremity and a width of 21.37 metres at its north-easternmost extremity.

## SCHEDULE 2

### Description of highway to be improved

All that those parts of the footway and carriageway of Akerman Road which are shown cross-hatched on the deposited plan and lie between the north-eastern kerb-line of Patmos Road and (i) a point 6.3 metres north of the party wall of Nos. 56 and 58 Akerman Road on the south-east side, and (ii) a point 2.6 metres south of that party wall on the north-west side, and which do not lie within the parts of Akerman Road specified in Schedule 1 to this Order.

