

DECISIONS DELEGATED TO OFFICERS

Decision title:	Blackbird Leys Regeneration Project: Progression of Phase 1 through Viability Gateway 2
Decision date:	20 November 2023
Source of delegation:	<p>Cabinet, on 11 March 2020 (Item 8 – Blackbird Leys Development Project Detailed Design) resolved to:</p> <p>‘Delegate authority to the Executive Director of Development, in consultation with the Cabinet Member for Leisure & Housing and the Cabinet Member for Affordable Housing, to approve moving through the remaining Gateways of the Development Agreement and subsequently entering into a lease for the land with Catalyst Housing Limited, subject to the approved budget.’</p>
What decision was made?	<p>To move through Viability Gateway 2, as outlined in the Development Agreement between Oxford City Council and Catalyst Housing Limited, now Peabody, into Stage 3.</p> <p>It must be noted that this decision is for Phase 1 only, and that the Deed of Variation to the Development Agreement adds an additional viability gateway for Phase 2.</p>
Purpose:	The decision establishes Phase 1 of the Blackbird Leys regeneration project as a viable project, with a fixed construction cost and progresses it into the delivery phase or Stage 3 as outlined in the Development Agreement and Cabinet decision of 11 March 2020.
Reasons:	<p>The Development Agreement (DA) sets out how the Blackbird Leys Regeneration Project is to be brought forward through a series of Gateways, where at key stages the schemes' viability is tested and agreed by both parties. In 2022, Peabody Housing Association merged with CHL and became Peabody in April 2023, who are continuing the development partnership on the Blackbird Leys regeneration project. Further background on the DA can be found in the March 2020 cabinet report.</p> <p>Since 2018, OCC officers have been working with development partners to achieve scheme efficiencies to close the viability gap, through Stages 1 and 2. The DA sets out how the project is to be brought forward through a series of gateways, where at key stages the schemes' viability is tested and agreed by both parties.</p>

In June 2022, after CHL was acquired by Peabody, a decision was made by the development partners to review the viability and deliverability of the Blackbird Leys Regeneration Project, which paused the project's progress. Until this point, CHL had been ready to submit a planning application for the scheme, which was not submitted at the time due to the viability review. The review consisted of a Pre-construction Services Agreement (PCSA) by a Peabody appointed contractor, to assess the scheme's viability and deliverability.

In December 2022, once the PCSA was completed and Peabody were satisfied with the findings, the project progress resumed. Although the project still faced ongoing viability issues due to inflation, increasing construction costs and supply chain issues, OCC and Peabody agreed to proceed with the scheme.

In February 2023, a decision was made to submit a planning application for the scheme even though the project still faced substantial viability issues and had therefore not completed the Stage 2 viability requirement, to progress into Stage 3. A hybrid planning application was submitted on 23/02/2023 and was validated on 14/03/2023. The application received resolution to grant permission in August 2023.

Peabody have worked with their contractor to improve viability through value engineering and securing further grant, with both parties agreeing that Phase 1 of the scheme reached the Gateway 2 or viability threshold by November 2023. This means Phase 1 is able to progress through Gateway 2 into Stage 3.


In order to assess and evaluate this position, OCC appointed commercial property consultants Montagu Evans to review the viability of Phase 1 of the project and to produce a 'Best Consideration' report, giving OCC the confidence that they can dispose of the land required for Phase 1 and the scheme has reached the Gateway 2 threshold per the Development Agreement.

Montagu Evans have now confirmed this position, allowing OCC to proceed with the decision to move the BBL regeneration project through Gateway 2 into Stage 3.

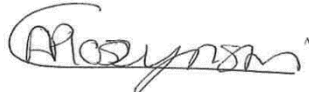

Phase 2 has not yet reached the viability threshold to progress through Gateway 2 and will therefore require further work. A separate decision to progress Phase 2 through an additional viability gateway will be required.

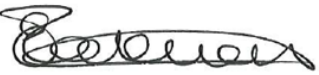
Decision made by:	Tom Bridgman - Executive Director (Development)
Other options considered:	No alternative option. Sign-off to move through viability Gateway 2 into Stage 3 is part of the express delegation from Cabinet given the scale and value of the project.
Documents considered:	11 March 2020 Cabinet Report
Key or Not Key:	Key
Wards significantly affected: If	Blackbird Leys, Northfield Brook
Declared conflict of interest:	No conflicts of interest declared.
This form was completed by: Name & title: Date:	Karoline Soisalo de Mendonca – Project Manager 17 November 2023

Approval checklist

Approver	Name and job title	Date
Decision maker	Tom Bridgman - Executive Director (Development) 	20/11/23

Consultee checklist

Consultees	Name and job title	Date
Senior officer	Head of Regeneration and Economy Carolyn Ploszynski 	17/11/23
Head of Financial Services	Nigel Kennedy, Head of Financial Services 	20/11/23

Head of Law and Governance	Emma-Louise Jackman, Head of Law and Governance 	21/11/23
Cabinet Members	Councillor Linda Smith, Cabinet Member for Housing Councillor Ed Turner, Deputy Leader (Statutory) - Finance and Asset Management Councillor Susan Brown, Leader and Cabinet Member for Inclusive Economy and Partnerships	17/11/23 20/11/23 20/11/23
Ward Members	Cllr Dr. Hosnieh Djafari-Marbini Cllr Rae Humberstone Cllr Duncan Hall Cllr Diko Walcott	