

To: City Executive Board

Date: 30th June 2010 **Item No: 5**

Report of: Head Corporate Assets

Title of Report: Sale of sites at Dora Carr Close and Westlands Drive, Northway, and Barns Road, Cowley and future provision of community facilities at these locations.

Summary and Recommendations

Purpose of report: To seek approval to the principle of the disposal of the above sites and to note and endorse the disposal process and timetable. Also to grant Project approval, and to agree the proposed model for future community centre activities.

Key decision? Yes

Executive lead member: Councillor Ed Turner
Councillor Antonia Bance

Report approved by:

Finance: Gillian Chandler
Legal: Lindsay Cane

Policy Framework: Regeneration Framework
Asset Management Plan
More housing, better housing for all.
Stronger and more inclusive communities.
Transform Oxford City Council by improving value for money and Service Performance.

Recommendation(s): The City Executive Board is recommended to:

1. Agree to the principle of the disposal of the 3 sites at Northway and Cowley as detailed in this report.
2. To agree the disposal process and timetable as set out herein.
3. To grant Project approval.

4. To agree the proposed model for future delivery of Community Centre activities with the Council fulfilling an enabling role as opposed to direct Service delivery.
5. Note that the disposal process will produce options for maximising the provision of affordable housing in lieu of achieving a capital receipt. The options and details of such will be presented for decision by CEB in October.

Background

1. This report seeks approval to the principles, and provides an update on the progress, in respect of the proposed disposal of three sites at Northway and Cowley as described in this report.
2. The sites are the Northway Community Centre at Dora Carr Close and surrounding land, the former Community Centre at Westlands Drive (now occupied by Emmaus) and the site of the former Cowley Community Centre at Barns Road. The sites are shown edged in black on the attached plan as Appendix 2.
3. In summary, the project includes:
 - Disposal of all three sites on a freehold basis;
 - Replacement of the existing Northway community and sports facilities (to a detailed specification to be agreed) at Dora Carr Close and with uninterrupted occupation;
 - Relocation of Emmaus from Westlands Drive to Barns Road. Emmaus currently occupies the property on Westlands Drive under the terms of a 5 year lease which expires in 2013. The Council can give 12 months' notice to terminate the lease at any time;
 - The provision of a community facility (to an agreed detailed specification) at Barns Road to extend to some 185 M² (2,000 Ft²);
 - The new community facilities at Dora Carr Close and Barns Road are to be managed by the developer, or an agreed third party, on detailed terms and conditions to be agreed.
 - The provision of between 50% - 100% of affordable housing on the balance of the three sites, interested parties have been asked to provide an adjusted financial offer dependent on the percentage of affordable housing proposed. In essence, the proposal places the emphasis on the provision of affordable housing rather than financial receipt.

Report

4. Due to the detailed requirements of the City Council in respect of the re-provision of community facilities and relocation of Emmaus, this project has fallen within the European procurement regulations and the method of marketing is strictly controlled. The first phase of this process has now taken place which requires interested parties to complete pre-qualification questionnaires in order to illustrate their experience and capability in carrying out projects of this nature.

Successful parties will then proceed to Phase 2, which incorporates dialogue with the short listed parties, which will provide further detail in respect of the proposal, and allow extremely detailed final tenders to be submitted by short listed parties. It is envisaged that a final report will be made to CEB in October with a recommendation as to a preferred bidder.

5. New community facilities are to be provided at both Northway and Cowley. The Northway Community Centre is to be replaced in a format that provides essentially like-for-like accommodation, although it is envisaged that by efficient space planning the optimum footprint of the building will be smaller than existing. Interested parties will have to confirm that the occupation by the Northway Community Association will be seamless, and possession of the existing accommodation will not be given until this has been achieved to the Council's satisfaction.
6. At Barns Road, the proposal allows for a new community facility to be incorporated into the development and this is envisaged to comprise a single community room capable of subdivision and multiple use with male and female WCs, kitchen and storage areas. The Council is not, however, predetermining either the detail of submitted proposals or the result of consultation and dialogue with key stakeholders. There is no active Community Association currently at Barns Road.
7. Northway Community Centre is currently operated by the Northway Community Association although they have no legal interest in the property. The proposal requires that the successful party will take on the ongoing management of the community facilities and provide a model by which they will ensure ongoing community and stakeholder involvement to provide the optimum facility for use by the whole community. This might, for example, be by way of the grant of a lease to the Community Association. Again the Council is not anticipating the outcome of due process.

The City Council will not, therefore, have any ongoing responsibility for either the running or maintenance of the community facilities. The importance of the provision of new community facilities and the ongoing arrangements for their provision and maintenance is recognised. The Council will need to consider the extent to which it wishes to be able to exercise a 'strategic role' or exert ongoing influence. Come what may there will be balance to be achieved as part of the overall transaction. Short listed parties have been asked to confirm their strategy for short and long term community liaison.

8. Emmaus is an independent charity that houses ex homeless people and gives them full time work recycling furniture and other household goods, including electrical items, at the Westlands Drive property. This, together with their residential base in Cowley (partially funded by the then Housing Corporation), comprises the charity's only facility in Oxfordshire. Oxford City Council support Emmaus by way of an annual grant of £28,505. Emmaus had anticipated that their business model would enable them to be free of any need for grant by the 2011/12 financial year but this seems unlikely, and it is officers opinion that this

is largely due to the inability to grow the business model in the current location. Negotiations are currently underway with Emmaus to determine an appropriate level of grant for 2011/12. The Northway location is not ideal due to the lack of passing trade, lack of transport links and, in addition, the layout and condition of the building is poor. Emmaus have agreed, in principle, to vacate this unit and will purchase, or lease, a new facility within the Barns Road redevelopment. The provision of the Emmaus facility will be cost neutral, that is to say that the development of the three sites will not fund the new Emmaus building, nor will Emmaus be expected to fund the provision of affordable housing. It is envisaged that this use will be wholly appropriate alongside the maximisation of social housing at Barns Road. In addition, the relocation from Westlands Drive has additional benefit in that the two Northway sites may be considered together in terms of planning policy.

9. Following consultation with Planning colleagues, it has been confirmed in principle, and subject to the consideration of a detailed planning application in due course, that the uses proposed are appropriate for the sites. In so far as the requirement for 50% affordable housing is concerned it is fully expected that this will be significantly exceeded. The application of the Balance of Dwelling's Policy across the 3 sites will be explored further at the next stage in the procurement process, but there is the possibility that the two Northway sites could be treated as one for planning purposes, with the Policy blended across the sites.
10. There is a further smaller occupier at the Northway Community Centre site (the Old Bakehouse Trust), a registered charity which uses the property as a number of small workshops. The proposal does not provide for replacement workshops on the Northway site and it is anticipated that this lease will be terminated. The use as workshops does not 'fit' easily with a residential scheme and would place additional financial burden on the land value. The City Council will, of course, provide as much assistance as possible to aid the occupiers in their search for new accommodation. Compensation will be payable to the tenant on determination of the lease.
11. The emphasis has been placed on the provision of affordable housing in lieu of any capital receipt that would be driven from the provision of private housing. During the second stage of the procurement process opportunities will be explored which allow the maximisation of affordable housing and to achieve capital receipts. The three sites are potentially capable of providing over 100 affordable units along with improved community facilities.

This approach has already been presented and agreed within the Council's Asset Management Plan 2009 (Development Projects on Council Owned Land), which states that the Council will release the maximum amount of land for development with the aim of maximising affordable housing.

At the second stage, for comparison purposes, the potential land value that could be achieved based on a sale in accordance with normal planning policy will be considered.

12. The procurement will be carried out in accordance with the EU Procurement Regulations using the competitive dialogue process due to the complex nature of the project.. The successful short listed parties will be informed in late May. Detailed dialogue discussions will take place during June and July with the officer panel and other key stakeholders including Emmaus and representatives from the Northway Community Association.
13. Final tenders are anticipated during early August. Final bidders will also be required to present their solutions to a full panel of stakeholders and Councillors prior to finalising the tender evaluation. A final report recommending award and the most advantageous solution that meets both the requirements of the Council and stakeholders is scheduled to be presented to CEB on 6th October 2010.

There has been an inclusive and ongoing dialogue with appropriate Lead and Ward Members, the Northway Community Association, Emmaus, the Bakehouse Trust and relevant colleagues, particularly the Head of Community Housing and Community Development.

Risk Implications

14. A risk assessment has been undertaken and the risk register is attached as Appendix 2. This will be maintained and updated throughout the tender process.

Sustainability and Climate Change Implications

15. During the second stage of the procurement process we will explore the ability to increase the sustainability of the units without reducing the number of affordable homes provided. The ability of bidders to reduce carbon will be tested and will form part of the evaluation process. It is also likely that the Barns Road scheme will be car free. Colleagues from the Climate Change Team will be fully involved.

Equalities Implications

16. The provision of new and improved community facilities at Northway and Cowley will address the inequalities affecting existing residents [an Equalities Impact Assessment will be undertaken]. The final tender stage bidders will be required to submit a detailed equalities impact assessment covering both the community facilities aspect, as well as how equalities will be addressed as part of the affordable housing provision.

Financial Implications

17. There is currently a backlog maintenance requirement at Northway of £85,000 which given the age, etc. of the property, has the potential to

increase over the next 5 – 10 years. This project removes the issue of backlog maintenance (as the existing building will be demolished) and also places the responsibility for future repairs of the new facilities at both Northway and Cowley onto the purchaser (or their nominated third party). The provision of affordable housing might positively affect the council's finances through a saving on temporary accommodation. There are no other direct financial implications arising at the present time.

Legal Implications

18. In due course the recommended option will need to represent best consideration or the disposal will require Secretary of State's consent, subject to the provision of the General Consent Order 2003.

There is open land adjacent to Northway Community Centre; the disposal in due course will require advertising in accordance with S123 of the Local Government Act 1972.

The process is being conducted in accordance with European procurement requirements and the method of marketing is strictly controlled.

Recommendations

19. The City Executive Board is recommended to:
1. Agree to the principle of the disposal of the 3 sites at Northway and Cowley as detailed in this report.
 2. To agree the disposal process and timetable as set out herein.
 3. To grant Major Project approval.
 4. To agree the proposed model for future delivery of Community Centre activities with the Council fulfilling an enabling role as opposed to direct Service delivery.
 5. Note that the disposal process will produce options for maximising the provision of affordable housing in lieu of achieving a capital receipt. The options and details of such will be presented for decision by CEB in October.

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List of background papers: Appendix 1 risk register
Appendix 2 plans showing the properties

Version number: 3

Appendix 1

CEB Report Risk Register – Sale of sites at Dora Carr Close and Westlands Drive, Northway, and Barns Road, Cowley

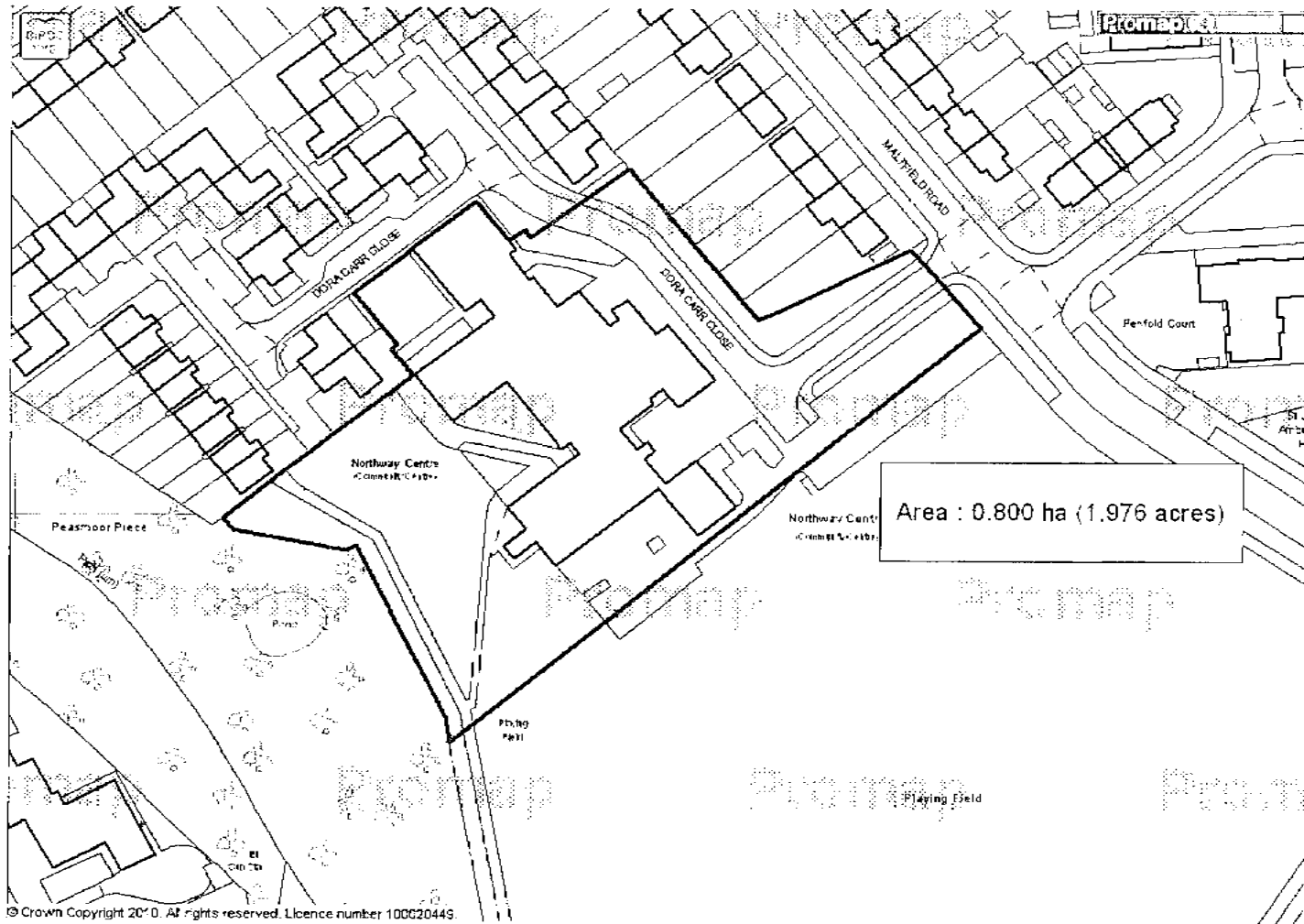
Risk Score **Impact Score:** 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic
Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
		I	P			I	P	Q	Q	Q	Q	I	P		
1.	Procurement process fails.	3	3	Short listed parties withdraw.	Mitigating Control: Close contact during procurement process. Level of Effectiveness: (HML) H	1	2	Action: Ongoing contact throughout procurement process to ensure parties still interested. Action Owner: Jane Winfield	Outcome Required: Successful procurement with competition. Milestone Date: October 2010	Q	Q	Q	Q	I	P
				Challenge by a bidder that the process is not being carried out in accordance with the regulations.	All stakeholders and parties involved in the tender process are made aware of the EU regulations requirement. Level of Effectiveness: (HML) H	2	2			Mitigating Control: Promote awareness of process and ensure Council does adhere to policy and timescales. Control Owner: Jane Lubbock	Outcome Required: No challenge to successful bidder. Milestone Date: October 2010	1	2		
2.	HCA grant funding reduces a proportion of affordable housing to be constructed.	3	5	Political constraints.	Mitigating Control: Close contact with HCA to monitor situation. Level of Effectiveness: (HML) L	3	5	Action: Monitor situation and keep Members aware. Action Owner: Jane Winfield Mitigating control: Control Owner:	Outcome Required: Bidders updated and aware of any funding implications. Milestone Date: October 2010						

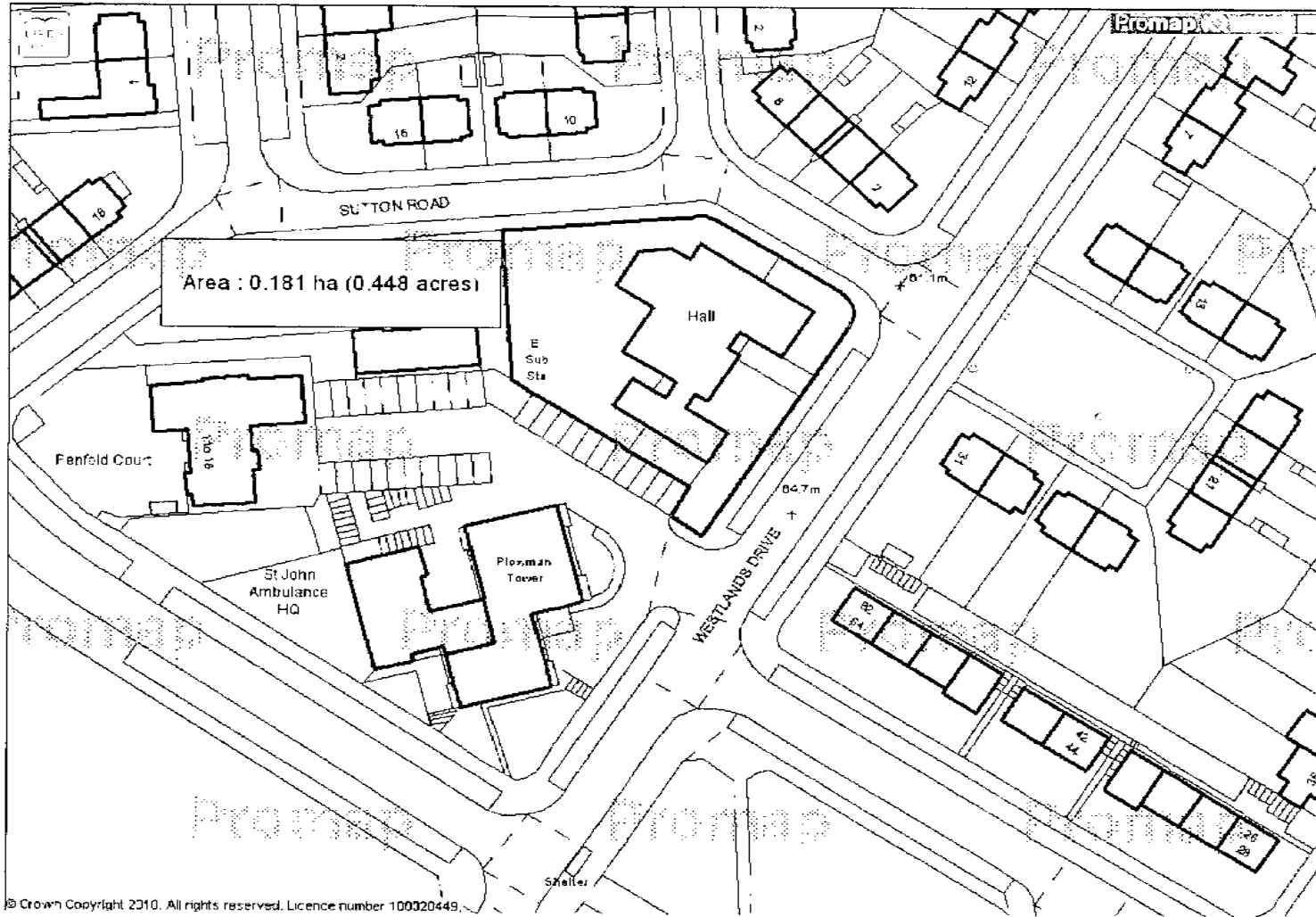
3.	Reputational risk	2	2	Decision made to pursue capital receipt over affordable housing.	<p>Mitigating Control: Head of Corporate Assets continues liaison with Lead Members.</p> <p>Level of Effectiveness: (HML) H</p>	1	1	<p>Action: Liaison with Lead Members and recognition of any change in policy. Action Owner: Steve Sprason</p> <p>Mitigating Control:</p> <p>Control Owner:</p>	<p>Outcome Required: CEB approve detail. Milestone Date: October 2010</p>						
4.	Community Facilities / Management System fails.	3	3	Purchaser / developer has not made sufficient plans to protect the facilities and their management.	<p>Mitigating Control: Ensure through procurement process and legal documentation that sufficient forward planning and risk reduction has been carried out.</p> <p>Level of Effectiveness: (HML) M</p>	2	2	<p>Action: Detailed negotiations with bidders to ensure best possible outcome is reflected in offers and transferred through the Heads of Terms to legal documentation. Action Owner: Jane Winfield</p> <p>Mitigating Control:</p> <p>Control Owner:</p>	<p>Outcome Required: Legally binding documents protect community facilities now and in the future. Milestone Date: October 2010</p>						



Land at Barns Road



Land at Dora Carr Close



Land at Westlands Drive