

REPORT TO: CABINET

DATE: 31 MARCH 2016

TITLE: REGENERATION OF PRENTICE PLACE

PORTFOLIO HOLDER(S): COUNCILLOR TONY DURCAN

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This is a Key Decision

It is on the Forward Plan as Decision number 1005536

Call-in Procedures may apply

This decision will affect Harlow Common Ward.

RECOMMENDED that Cabinet:

- A** Agrees that the regeneration of Prentice Place proceeds on the basis of the affordable option that has been identified, this being a complete remodelling of the buildings and improvements to the public realm, on the basis that it will provide a clear direction on achieving the regeneration of Prentice Place.
- B** Agrees that consultation with the appropriate residents and businesses and partners with an interest in the proposed regeneration project begin.
- C** Agrees to enter into a call-off contract for additional consultancy services to be supplied by Faithful and Gould contract via the current Scape Framework Agreement in order to use their services to deliver full planning drawings, a full specification of the agreed options and the overseeing of the works.

REASON FOR DECISION

- A** Proceeding on this basis will deliver the Council's previous commitments to residents and traders of Prentice Place that the area will be regenerated and will bring homes back into use. Of all the options that have been considered this is the most affordable, feasible and practicable solution to regenerating the area.
- B** Regeneration through a scheme that includes the remodelling of the existing blocks provides an opportunity to bring the empty housing units back into use, allows continuation of trade for the existing retailers, delivers

environmental improvements to improve the public realm and improves the urban design, making Prentice Place more desirable to residents and retailers. Such a scheme would also be realistic, affordable and achievable bearing in mind the practical issues outlined in the options briefing paper.

BACKGROUND

1. Prentice Place is a retail hatch in Potter Street, comprising three blocks of retail and residential accommodation as well as a Health Centre. Prentice Place was identified as a Growth Area Funding (GAF) round two regeneration sites in 2006. Unfortunately, for a number of reasons, it has not been possible to progress the redevelopment until now and as a result the area has witnessed a significant degree of physical deterioration.
2. Agreement on the approach to regenerating Prentice Place is required to prevent the area and buildings deteriorating further and to ensure that the Council's assets are managed effectively.
3. A review of what the realistic and achievable options are for regenerating Prentice Place has been undertaken. This takes into account the practical issues of the site and the current funding situation. The background to the scheme, the key issues relating to the scheme and the general details regarding each option including the cost implications are included in Appendix 1 - Regenerating Prentice Place Option briefing paper.
4. The proposed scheme will require prudential borrowing, to be repaid from rental income achieved from the regenerated Prentice Place scheme.

ISSUES/PROPOSALS

5. There are a number of key issues that any regeneration scheme for Prentice Place will need to take into account. Further details are included in Appendix 1. These issues include:
 - a) understanding the financial viability of each option including the cost and funding of any proposed scheme,
 - b) the potential re-provision of the Health Centre,
 - c) providing continuity of trade for the existing retailers,
 - d) planning requirements,
 - e) the physical condition of the buildings, and
 - f) managing local expectations.
6. Taking into consideration all of the above there are four main options:
 - 1) Full Redevelopment of the site with additional residential at the rear.
 - 2) Full redevelopment of the site with the Health Centre moving back into block 3 and no residential to the rear.

- 3) Full refurbishment of Blocks 1, 2 & 3, public realm improvements and new garages at the rear of Prentice Place.
- 4) Partial refurbishment of Blocks 1 & 2, public realm improvements and new garages at the rear.

Summary tables of each of the options and timeframes are included in Appendix 1.

7. Option 3 (Full refurbishment of Blocks 1, 2 & 3, public realm improvements and new garages at the rear), provides the most affordable and realistic scheme which delivers the best outcomes for regenerating the site given the constraints and issues that the site presents. The proposal delivers the remodelling of all three blocks, creating a unified design and improvements to the public realm. It will bring currently empty homes back into use, potentially within a timeframe of two years, at the estimated cost of just under £4m.
8. It will be possible to include an element of affordable housing within the scheme. Final details of the tenure mix are to be established but will be in line with current planning policy regarding the delivery of affordable housing within development schemes.
9. At this stage there are ongoing negotiations being undertaken with the Health Centres Trust and the NHS regarding the premises owned by them and how this element of the scheme may be funded. The final scheme design will be dependent on the outcome of these negotiations.
10. There will be an opportunity to redevelop the rear of the site with one or a combination of the following:
 - a) new commercial garages,
 - b) small business units,
 - c) residential units and
 - d) additional car parking.

This element of the scheme will be developed as phase two of the project which will be a stand-alone part of the redevelopment. Further details on the opportunities for the rear of the site are outlined in Appendix 1.

OPTIONS FOR DELIVERY

11. Three methods of delivery have been considered, these are;
 - Scape Framework
 - Internal management with consultants to provide services
 - Internal management with a Development Agencies Services PartnerThe implementation of each of these delivery options varies and is detailed in para 11 to 13 below

12. 1. **Scape**; The Council signed the Scape Access Agreement in July 2012 and as a consequence is able to use Faithfull & Gould, via the Scape Framework, for the duration of the agreement. This would allow the Council to proceed with this project immediately after the call-in period following Cabinet approval. Faithfull and Gould have an existing knowledge of the site and it would be possible to utilise their expertise to draw up the detailed drawings and a full development brief for the chosen option and oversee the works as they progress
13. 2. **Internal Management with consultants to provide services**; It will be necessary to seek individual contracts with consultants and contractors which will keep the Council's risk and liability to a minimum whilst allowing a more expedient quoting/tender process. This could delay the start of the project by four to six months.
14. 3. **Internal Management with Development Agency Services provided by others**; this option would use the expertise of a Registered Providers Development Department with Harlow Council paying a fee to use their service. The Council would be required to run a competitive tender / quote process to source a Development Agency partner. It is anticipated this would take in the region of four to six months.

COSTS

15. 1. **Scape**; the implementation costs to the Council for this option are minimal as there is a framework already in place. Direct costs are on-going officer time for contract management. This option would streamline the Council's approach and allow for continued lines of communication to the entire project parties, which is paramount when dealing with so many customers. The costs are estimated as;
 - 10% of an officer's time.
 - Fees associated with the construction are estimated to be in the region of 15% for the Prentice Place Project.
 - **Total over construction costs estimated at £1,790,798.**
 - **Total Cost of Model - £3,990,798.**
16. 2. **Internal Management with Consultants**; this option will require an increase in officer time to manage the consultants and would also require input from the procurement team in tendering for consultants. The project costs and internal costs will increase if there are any delays in decision making, and health and safety could be compromised. Cost would be in officer time for report writing for Cabinet approval and on-going officer time for contract management. This is estimated at;

- 35% of officer time.
- Fees associated with the construction are estimated to be in the region of 25% for the Prentice Place Project.
- **Total over construction costs estimated at £1,897,110.**
- **Total Cost of Model - £4,097,119.**

17. 3. **Internal Management with Development Agency Services provided by others**; these services are generally provided on a fee basis and indicative costs are in the region of 3.5% of the total scheme costs. The total costs are estimated at
- 20% of officer time.
 - Fees associated with the construction are estimated to be in the region of 22% of the Project.
 - Development agency fee at 3.5%.
 - **Total over construction costs estimated at £1,837,298.**
 - **Total Cost of Model - £4,037,307.**

Financing of the Scheme

18. Options for the redevelopment of Prentice Place have been considered as set out in this report and supporting appendices. Funding from GAF is available to support the project but as detailed none of the options can be fully funded from this single source.
19. Affordability is a key consideration to ensure that the redevelopment not only achieves the required improvements to the assets and the local amenities but that it is able to be financed appropriately aligned with the assets created.
20. As set out within the report it is proposed that the only affordable option is Option three. This delivers a scheme which, after the application of GAF funding leaves a borrowing requirement that can be serviced by the rental income from the refurbished housing units.
21. If the Cabinet approves the recommendations as set out in the report then effectively the Council will undertake prudential borrowing linked to the asset values and asset life. The borrowing is forecast to be in the region of £1.7m subject to final detailed scheme design and final rental values achieved in order to finance the schemes current funding gap.
22. Should other funding contributions become available then these will also be factored in to the final scheme design and funding model.

ANALYSIS OF OPTIONS

Below is a summary of options, giving estimated costs and projected

timescales. Fuller analysis is included in Appendix 1.

Option	Cost (Total incl. fees)	Cost (Fees)	Provisional Start on Site	Provisional Practical Completion
1. Scape Framework	£3,990,798	£374,244	Sept 2016	Oct 2017
2. Internal management with consultants to provide services	£4,097,119	£360,000	March 2017	April 2018
3. Internal Management with Development Agencies Services Partner	£4,037,307	£366,000	March 2017	April 2018

CONCLUSION

- 19 The options appraisal has established that the most affordable option and one that delivers the best outcomes for regeneration of the site is option three, a full refurbishment of Blocks 1, 2 & 3, public realm improvements and new garages at the rear. The costs of delivery, by whichever delivery mechanism is used vary to a significant degree. However, given the length of time required to undertake a tender process for option two and three, the use of the Scape Framework will shorten the length of time to start on site.

IMPLICATIONS

Place (includes Sustainability)

None specific

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

The funding of the scheme will be from a mixture of grant funding and prudential borrowing as set out in the report. Option three provides the only affordable solution to the project with tenure mix on the housing element of the scheme being critical to the affordability of the project. Borrowing will be directly linked to asset life as required under the Prudential Borrowing regulations.

Author: **Simon Freeman, Head of Finance**

Housing

Included within the report.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

Included within the report

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

The recommended consultancy contract via the Scape Framework is compliant with Contract Standing Orders.

The Council has statutory and fiduciary obligations to promote and secure best value in the management of its land, having due regards to the wishes and needs of residents and businesses, as well as overall economy, efficiency and effectiveness.

Public law requires that consultation must be exercised fairly. In deciding whom to consult, the form, the content and timing of the consultation has to be properly considered, with the scheme progressing in a way that takes account of the outcome of the consultation so as to preclude or withstand legal challenge.

Author: **Mark Alexander for Brian Keane, Head of Governance**

Background Papers

None

Glossary of terms/abbreviations used

GAF – Growth Area Funding