



TITLE OF REPORT Woodberry Down Phase 2-8 Variation to Principal Development Agreement

Key Decision No.

CABINET MEETING DATE (2018/19) 18 November 2019	CLASSIFICATION: Open with Exempt Appendices If exempt, the reason will be listed in the main body of this report.
WARD(S) AFFECTED Woodberry Down	
CABINET MEMBER Mayor Glanville	
KEY DECISION Yes REASON Spending or Savings	
GROUP DIRECTOR Kim Wright, Group Director Neighbourhoods and Housing	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report asks Cabinet to approve the proposed variations to the Woodberry Down Principal Development Agreement (Phases 2-8). It also provides a summary of progress made since the last significant variation to the PDA in December 2014.
- 1.2 This year we marked the tenth anniversary of going on site at Woodberry Down, this regeneration programme remains a key project for the Council and will help meet our central objectives of improving the design, quality and condition of existing homes on the Council's estates as well as, over time, delivering extra homes at higher densities. To date, the Woodberry Down regeneration programme has delivered significant benefits, from high quality new homes, to jobs, training opportunities, a new secondary school and enhanced community facilities. Whilst the economic climate remains challenging, the proposed variations to the Principal Development Agreements will help make the regeneration of Woodberry Down more deliverable, and will bring further benefit to local people through improvements to the Council's position, enhance the delivery of genuinely affordable housing for Woodberry Down residents and improve the overall governance of the project especially around future design and planning.
- 1.3 This report also includes an update to the PDA to support the creation of Community Interest Company (CIC) at Woodberry Down, which will own and manage the District Heating System. It is envisaged that, through this, residents of Woodberry Down will be provided with transparent, accountable, reliable and affordable energy services. This reflects the new aspiration to ensure that energy assets in the borough are run for public benefit as well as help tackle climate change and this change is a pioneering step forward at Woodberry Down.
- 1.4 The partners have also agreed to review the Masterplan for Woodberry Down. This process will commence shortly, and will take place with the close involvement of the Woodberry Down Community Organisation (WDCO) and other key stakeholders.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 Over the last two years the development partners at Woodberry Down have been negotiating a number of variations to the Phase 2-8 Principal Development Agreement (PDA). The key aims of these negotiations were threefold:
 - 1) to ensure the progression of the scheme in a timely manner
 - 2) to improve the way in which partners work together
 - 3) to carry out 'general housekeeping' e.g. updating policy references and names of organisations.

- 2.2 Through the negotiation, the Council has also sought to take the opportunity to improve their position where possible. The requirement to deliver a minimum of 41% affordable housing across the scheme has been preserved. The importance of this cannot be underestimated particularly when compared to schemes of a comparable nature elsewhere in London.
- 2.3 This report sets out a summary of the variations to the Phase 2-8 PDA that have been negotiated.
- 2.4 It is likely that during the lifetime of the development further changes may be required. However, the Council will continue to work hard to deliver a high level of affordable housing in a good quality scheme, whatever the future challenges might be, whilst at the same time ensuring that the value of the land is safeguarded and used to enable further investment in housing and associated infrastructure.
- 2.5 As part of the negotiations, the partners, namely Berkeley Homes (BH), Hackney Council (LBH) and Notting Hill Genesis (NHG (formerly Genesis Housing Association)) have also agreed to the submission of a revised planning application for Phase 3 at Woodberry Down. The application increases the number of new homes being provided from 358 to 584 (including 117 social rented, 126 shared ownership/shared equity and 341 for outright sale). As a result of this, the partners have agreed that it would also be appropriate to review the masterplan. This work will commence in late summer and is likely to take approximately 12 months. Berkeley Homes is preparing a side letter which will set out the key aspirations for the review, as well as the timetable and approach.
- 2.6 This report asks Members to endorse the steps that have been taken to date to complete the review of the PDA under delegated authority, and requests approval to sign and agree the final documents. The report also provides an update and summary of the progress made on delivering the Woodberry Down project since the last major report to Cabinet on the PDA in 2014. Members are asked to note the progress that has been made to date on the Woodberry Down project.

3. RECOMMENDATION(S)

- 3.1 To authorise the Group Director of Neighbourhoods and Housing to approve variations to the Principal Development Agreement and for the Director of Legal to complete such documentation accordingly.**

4. REASONS FOR DECISION

- 4.1 The reasons for the decision have arisen out of a need to ensure that the development at Woodberry Down continues to progress in line with the target

programme, and that much needed, high quality housing continues to be delivered.

- 4.2 The partners recognise that there are a number of issues in the current variation of the PDA. Firstly, the triggers for the submission of planning applications in the current PDA are out of sync with the triggers for submission of Reserved Matters Planning Applications as set out in the masterplan. In order to bring the two documents back into alignment, both the triggers in the PDA and the 2014 masterplan needed to be revised. The variation to the PDA has introduced an obligation for the developer to carry out and bring forward future phases in a timely manner, rather than wait until certain long stop dates are reached. The partners will also be carrying out a review of the masterplan that will commence as soon as practicable.
- 4.3 Secondly, in order for the regeneration to progress, each phase needs to be viable. Phase 3 has a high proportion of scheme costs attributed to it, including the Combined Heat and Power (CHP) system and improvements to Seven Sisters Road. In order to make the phase viable, the revision to the PDA also includes an amendment to the overage clause to allow 'forecast' overage from the previous phase (in this case Phase 2) to cross-subsidise the next phase of development. This amendment, known as 'Formula 4', is intended to ensure the development can progress in line with the target programme, rather than waiting until the previous phase is fully complete before any overage can be drawn upon. To further support viability, a revised planning application which optimises Phase 3 has recently been submitted, and the remainder of the masterplan for Phases 4 to 8 will also be reviewed.
- 4.4 Thirdly, it is recognised that the decision making and accountability for the project could be improved. The partners have therefore proposed the introduction of a Steering Group to ensure strategic issues can be dealt with in a formal and transparent way.
- 4.5 The last major report to Cabinet on the Woodberry Down PDA was in December 2014. It therefore considered timely for an update to be provided on the progress achieved on the project to date, in order to continue to adhere to the principles of good governance.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 5.1 The only alternative option that could be considered was to do nothing i.e. not to vary the PDA. As this would have left the trigger dates in the PDA out of sync with the masterplan, and would not have addressed the viability challenges on Phase 3 or improved project governance, this option was rejected.

6. BACKGROUND

6.1 Overview

- 6.1.1 Woodberry Down was constructed in the 1940s and 1950s, and comprises approximately 24 hectares of developed land. Since its construction there has been gradual deterioration in the condition of the residential buildings at Woodberry Down. In September 1998 the Council commissioned a structural evaluation report which noted that many of the residential blocks were below Parker Morris Standards, were of poor design and contained structural defects. In view of the advice detailed in the structural report and a subsequent asbestos survey, the Council concluded in a 2002 Cabinet report that the demolition of the residential buildings to facilitate comprehensive redevelopment and renewal of Woodberry Down was the best and most cost effective option.
- 6.1.2 The Woodberry Down project started with procurement of Berkeley Homes as the Developer for Phase 1 (the Kick Start Sites (KSS) 1 to 7) and their appointment under a Principal Development Agreement (PDA) on 3rd August 2006.
- 6.1.3 The separate procurement of the Registered Provider (Notting Hill Genesis) and the Developer (Berkeley Homes) for Phases 2 to 5 and their joint appointments under the Phases 2 to 5 PDA was completed on 28th May 2010.
- 6.1.4 The 5th Deed of Variation to the Phase 1 PDA and the 2nd Deed of Variation to what is now the Phases 2 to 8 PDA were completed on 12th November 2014, having been amended to reflect details of the revised masterplan which included transferring KSS 7 from Phase 1 to become part of Phase 6.
- 6.1.5 The original masterplan for Woodberry Down was adopted in 2007 and first updated in 2009, allowing for a five-phase programme and a tenure mix of 41% of the new homes being for social rent and shared ownership/shared equity. In 2012 the masterplan was reviewed in consultation with local residents. The revised masterplan received planning consent in February 2014. Under that consent detailed permission was granted for Phase 2 for 670 homes and 550sqm of non-residential space, and outline permission was granted for the remainder of the scheme (Phases 3 to 8) comprising of up to 3,242 residential units, 10,921sqm of commercial floorspace, together with the provision of new open space, highway improvement works to Seven Sisters Road, and an energy centre.
- 6.1.6 The original end date for the regeneration programme at the time of the first procurement and appointment of Notting Hill Genesis and Berkeley Homes was 2030. The revised masterplan, with its increased density, has now extended the proposed end date to 2040, but with a target to complete by 2035. This may be revised further as part of the review of the masterplan that will take place over the next year. It is anticipated that sufficient new homes to house all existing residents will have been delivered by the end of Phase 5. This will provide all residents with the opportunity to move into a new home by

this stage in the regeneration, however residents may choose to wait until closer to the demolition date for their current block before moving.

- 6.1.7 Construction at Woodberry Down started in March 2009, and the first residents moved in to their new homes in 2011. To date Phase 1 (comprising of KSS 1 to KSS5) has been completed. Phase 2a completed in December 2014 and Phase 2b (i) completed in July 2018. Phase 2b (ii) is under construction and due for completion in November 2021.
- 6.1.8 Reserved Matters planning approval for Phase 3 was received in December 2015 for 358 residential units, and approximately 467sqm of flexible commercial space. In order to improve the viability of the phase and optimise the scheme, a revised standalone application for Phase 3 was submitted in summer 2019, for 584 residential units and 1,045 square metres of flexible floorspace (Use Class A1, A2, A3, D1, D2).
- 6.1.9 The partners will be reviewing the masterplan for Phases 4 to 8 over the next year. The revised Phase 3 application is being considered in line with the proposed revised PDA.
- 6.1.10 Cabinet delegated authority to revise the PDAs in December 2010. That report enabled delegated powers to be exercised by the Chief Executive and the Corporate Directors of Legal and Finance to vary the PDAs for Phases 1 and 2 to 5 if the variations were considered to be in the Council's interest. The Delegations were as follows:

Recommendation 3.5 - Cabinet Report - 13 December 2010

5. Authorise the Chief Executive, the Corporate Directors of Legal & Democratic Services and Finance & Resources to agree future necessary amendments and variations to the Principal Development Agreements of Phase 1 and Phase 2 – 5 that are in their opinion beneficial to the Council's interests, including allowing for any grant that may be forthcoming from the Homes & Communities Agency or other Government organisations.

- 6.1.11 Given the nature of the revisions to the PDA on this occasion, as well the scale of the development and passage of time since the last Cabinet update, endorsement of the changes is sought in advance of agreeing the amendments.

6.2 The Principal Development Agreements

- 6.2.1 The Principal Development Agreements (PDAs) are the contracts that exist between the London Borough of Hackney and Berkeley Homes (North East London) Limited). There are two PDAs; PDA Phase One and PDA Phases 2 to 8 (originally known as Phases 2 to 5). Notting Hill Genesis Housing Association is also a party to the Phase 2 to 8 PDA.

6.2.2 PDA Phase One - this was entered into on the 3rd August 2006 and the parties to the agreement are LBH and BH. A separate contract agreement exists between LBH and NHG under which NHG agreed to purchase a total of 494 new build social rented units constructed as part of Phase One.

6.2.3 The PDA Phase One was varied by a deed of variation dated 28th January 2008, the second deed of variation dated 19th March 2009, the third deed of variation dated 15th March 2010, the fourth deed of variation dated 28th February 2011 and the side letter regarding the Oakend site development dated 30th March 2012.

6.2.4 A summary of the reasons for the variations to the Phase One PDA is as follows:

6.2.4.1 The First Deed of Variation dated 28th January 2008 was required to remove part of the Woodberry Grove North site from the existing development area and to incorporate four further areas of land into the development area. This was the land swap relating to the Academy School site.

6.2.4.2 The Second Deed of Variation dated 19th March 2009 was required to reflect the agreed change in process for obtaining Site Planning Permission for the Old School site, and the timing of the planning applications and carrying out viability tests in relation to the remaining and additional Phase One sites.

6.2.4.3 The Third Deed of Variation dated 15th March 2010 was required to allow (i) phase one sites to be combined for planning and viability purposes; (ii) a mechanism in relation to the purchase of social rented units by an Approved Registered Provider; and (iii) a sales based overage for the majority of the sites.

6.2.4.4 The Fourth Deed of Variation dated 28th February 2011 was required to confirm the details of the Phase One overage buy-out. The Phase One overage buy-out also affected the Phases 2 to 5 PDA.

6.2.5 Phase 2 to 8 PDA - The Phase 2 to 8 PDA is the contract between LBH, BH and NHG entered into on the 28th May 2010 as amended by the First Deed of Variation dated 28th February 2011 and the side letter relating to KSS3 dated 30th March 2012, by the Second Deed of Variation dated 12th November 2014, and by the Third Deed of Variation dated 13th October 2017.

6.2.6 A summary of the reasons for the variations to the Phase 2 to 8 PDA are as follows:

6.2.6.1 The Second Deed of Variation dated 12th November 2014 dealt primarily with: the revised Masterplan; subdividing Plot 2b into subplots 2b (i), 2b (ii) and now 2b (iii); confirming that NHG will

purchase the additional shared ownership units; providing the existing tenants with a preserved right to buy; adding the requirement for the services of an Independent Valuer in connection with determining the values of the shared ownership/shared equity units; and confirming the car parking provision for the social rented units.

6.2.6.2 The Third Deed of Variation dated 13th October 2017 enabled the Council to forward track the site assembly of the third party land within Plot 3 to enable the phase to proceed earlier than the PDA provided.

6.3 Progress to Date

6.3.1 Construction - The construction of Phase One commenced in March 2009 and completed in February 2019. Phase 2a completed in December 2014 and Phase 2b (i) completed in July 2018. Phase 2b (ii) is under construction and due for completion in November 2021. To date, 530 social rented units, 216 shared ownership units and 1,052 outright sale units have been completed. A new community centre has also been delivered, new retail units and two new parks as well as new roads and open spaces. A further seven social rented units, 134 shared ownership and 378 outright units are under construction.

6.3.2 Demolition - To date 463 properties have been demolished at Woodberry Down. All of the new social rented homes have been allocated to existing secure tenants who lived in the existing blocks demolished in Woodberry Down. Demolition of Phase 3 is anticipated to commence in Summer 2020, subject to approval of the CPO. The Phase 3 CPO Inquiry was held on the week of the 20th August 2019 and the Council should be informed of the outcome during autumn 2019.

6.3.3 The number of new social rented homes being delivered at Woodberry Down is sufficient to house all of the secure tenants who are still waiting to be re-housed. In some limited circumstances households can be split, with adult children being re-housed separately from their parents. There will be enough homes built to cater for this. It is projected that by the end of Phase 5 all of the social rented tenants currently living in the existing homes on Woodberry Down will be able to move to a new home on the estate. In addition, all eligible resident leaseholders will have the opportunity to buy a shared equity property on the estate at the point when their properties are required for demolition.

6.3.4 The Council remains committed to ensuring that leaseholders who choose to remain on the estate can do so. There is the opportunity to buy a property outright or to purchase a shared equity property. An improved shared equity offer at Woodberry Down was approved by Delegated Powers in November 2018. The revised offer makes shared equity more accessible to leaseholders and aligns it with the Shared Equity offer provided to leaseholders on estates within the Council's own Estate Regeneration Programme. The shared ownership properties have all been sold or reserved and Notting Hill Genesis

Housing Association are marketing the properties to people living on the estate and in the wider Hackney area.

- 6.3.5 A number of community facilities have already been provided on Woodberry Down including Skinner's Academy School which opened in 2010. Existing facilities have also been improved and the new masterplan delivers a substantial increase in the amount of green space available to residents and the wider community. An additional community space will be coming forward as part of Block D in Phase 2b (ii). Partners are currently working together to agree what the space will be used for. There will also be three satellite community spaces (50sqm each) that will be delivered in Phases 3 to 8 and will be managed by Notting Hill Genesis.
- 6.3.6 The Robin Redmond Centre was completed as part of the project in 2011 and is currently leased to and managed on behalf of the Council by the Manor House Development Trust (MHDT). The building includes a community library, a large community hall, smaller meeting and training rooms, a large kitchen and offices. The centre is well used and a number of social and economic projects are delivered out of the centre.
- 6.3.7 The existing youth hub has been refurbished and extended and is now called The Edge. It is managed by Young Hackney and provides for a range of activities as well as education, sports and arts projects. Advice is provided on health, careers, relationships and money, and extra support is provided for young people e.g. those with disabilities or who may have been in trouble with the police. The Edge is very well used and is becoming integrated into the wider community.
- 6.3.8 Following a land swap with the NHS, the existing Children's Centre is being relocated to the rear of the John Scott Health Centre. The plans for the relocation have been approved by the Local Planning Authority, and works are due to start toward the end of next year. Berkeley Homes will pay for the shell and core construction costs and provide a contribution under the S106 Agreement towards the relocation/fit out costs. The existing centre is a temporary building and it is the responsibility of the Council to manage the replacement and relocation of the centre. The existing Children's Centre will remain in situ until the new centre is provided.
- 6.3.9 Under the original masterplan a new health centre was due to be located in the ground and first floor of Block E on Phase 2a. Due to the withdrawal of interest from the PCT in leasing this space, the ground floor space has been leased by an affordable gymnasium company. The upper floor has been leased to Hackney Co-operative Developments (HCD), an affordable workspace provider. The fit out works have commenced and are due for completion at the end of summer 2019. The Council's Woodberry Down regeneration team and Notting Hill Genesis will be moving into the space at Block E once the fit out works have been completed, as their existing office space at 440 Seven Sisters Road is due to be demolished as part of the Phase 3 works.

6.3.10A number of social and economic development programmes have been delivered in Woodberry Down by the Council, Notting Hill Genesis and MHDT. All parties remain committed to continuing to deliver these programmes. Berkeley Homes have been successful in employing a high level of local labour, as well as running an apprenticeship programme. The business and training centre is not due to be delivered until Phase 6, however HCD, the occupiers of Block E, will be offering a training and business development programme to local residents. Berkeley Homes, NHG and the Council are also developing proposals for the creation of the Community Interest Company (CIC) which will own and manage the District Heating System. It is envisaged that, through this, residents of Woodberry Down will be provided with a reliable and affordable energy services.

6.4 Changes to the Principal Development Agreements

6.4.1 The principal changes arising from the draft documents are:

- 6.4.1.1 LBH have approval rights over all planning applications
- 6.4.1.2 A pre-planning viability test must be carried out prior to submission of any application
- 6.4.1.3 A new Formula (Formula 4) has been added to the Viability Test. Under Formula 4, forecast overage from a previous phase can be used to cross-subsidise the following phase if there is a viability gap that cannot be met through received overage
- 6.4.1.4 Update of Possession Strategy to include details of the revised shared equity offer
- 6.4.1.5 General 'Housekeeping' to ensure the PDA reflects current policies and strategies.

6.4.2 The table below shows the key changes to the Phase 2 to 8 PDA with reference to existing provisions:

Changes	As at Variation 3 to the Phases 2 to 8 PDA	New variation to Phases 2 to 8 PDA	Comments
Development Costs (definitions)		The ITLA and LBH professional costs have been added to 'Development Costs'	Previously, only the Developer's staff costs were included as a Development Cost.
General Collaboration (Clause 3.3)	-	New clause added that sets out that the partners will agree to work	This clause recognises that there are longstop dates in the PDA,

		collaboratively and expeditiously, in accordance with the PDA and the Partnership Agreement. The Development shall be progressed and completed as soon as reasonably possible	but these should be viewed as 'longstop' dates, and the partners should seek to progress the development as quickly as possible.
Community Infrastructure Company (Clause 3.4)	-	All parties shall act reasonably in agreeing the terms of the establishing and funding of a community infrastructure company for the provision of a district heating facility	Clause has been added to reflect currently agreed way forward for CHP. Note that a separate report on the CIC will be brought to a future Cabinet meeting
Pre-Planning Viability Test (Clause 4.2.1.)	BH carry out a pre-planning viability test six months after the date that more than 50% of units on the previous plot have reached practical completion	BH obliged to carry out the test no later than six months after the date that more than 50% of units of the previous plot have reached practical completion and no later than when that Further Plot has reached RIBA Stage 3. BH also required to notify LBH 20 days in advance of carrying out the test.	The revised clause emphasises that the trigger date should be considered a long-stop date, and that BH should seek to carry it out in advance of this 50% trigger.
Pre-Planning Viability Test (Clause 4.2.1)	If the planning application is deemed to be viable, BH must submit the application within 12 months of the pre-planning viability test date	BH now required to submit any application to the regeneration team for approval prior to submitting the application to the planning authority	This gives the regeneration team more control over the submission of planning applications

<p>Withdrawn Plots (4.3.5)</p>	<p>BH had development rights over withdrawn plots in perpetuity if LBH wanted to develop the plot other than in accordance with the masterplan</p>	<p>BH now only have rights for 10 years after the plot has been withdrawn</p>	
<p>Design and Form of Planning Applications (Clause 5)</p>	<p>BH had to properly consult LBH and NHG.</p> <p>LBH and NHG had rights to make proposals for affordable housing</p> <p>BH appoint architects and other design consultants</p>	<p>BH must issue all planning applications to the LBH regeneration team (and to NHG if the application includes affordable housing) once sufficiently progressed.</p> <p>LBH and NHG also now have rights to make proposals for amenity space and public realm, in addition to affordable housing</p> <p>A list of architects and other design sub-consultants to be brought to Design Committee for approval</p>	<p>The requirement to issue applications is linked to the new approval rights that LBH (and NHG) have for planning applications.</p>
<p>Car Parking (Clause 5.4.3)</p>		<p>There cannot be more than 500 car parking spaces for Private Housing Units on the Development.</p>	<p>The clause makes the existing provision clearer (i.e. this limit already existed but was given as a percentage in the previous variation.</p> <p>The number of parking spaces cannot exceed 500 spaces, however the development must also comply with planning</p>

			<p>policy. If planning policy requires fewer than 500, then this is what will be provided. It is envisaged that the only parking provided will be for those existing secure tenants and resident leaseholders remaining on the estate who currently have permission to park on the estate</p>
<p>Affordable Housing Ratios (5.4.4)</p>	<p>The existing PDA states that between 35% and 50% of the Residential Units on each plot must be Affordable Housing Units, and that between 35% and 50% of Affordable Housing Units must be Affordable Rented Units</p>	<p>A new sub-clause has been added which states that where a variation is made to an existing permission which increases the overall number of units, 50% of the additional units must be affordable.</p>	<p>The original affordable housing requirement has not changed, however it is now guaranteed that 50% of any additional units must be affordable</p>
<p>Submission of Planning Applications (clause 5.5)</p>	<p>LBH and NHG have no other rights of approval, other than for specific elements set out in the clauses above</p>	<p>Under the revised PDA BH may not submit any planning applications without the approval of LBH (and NHG where the application includes affordable units). The revised clause also specifically notes that an application can only be submitted after a pre-planning viability test and in accordance with the PDA.</p>	<p>This clause gives LBH (and NHG) significantly more control over the planning applications that are submitted, and ensures that any application must follow the processes set out in the PDA.</p>

Hybrid Masterplan Applications (5.7)		This new clause allows BH to submit a hybrid application for a masterplan (as per the 2014 masterplan) if LBH agrees. It sets out that a side letter must be agreed which sets out the 'Initial Gateway'. The Gateway includes the details of the outline elements that must be agreed before the detailed element can be progressed and how the resulting permission will be dealt with	The clause has been added to reflect that the masterplan is likely to have a detailed and outline element. By including this in the PDA, LBH are able to set out what must be agreed before the detailed element can be progressed
Duty to pursue Planning Applications (Clause 6.1)	BH were obliged to keep LBH and NHG up to date on the progress of each planning application	LBH and NHG must be invited to attend all pre- and post-application meetings	This new sub-clause sets out that LBH and NHG are entitled to attend all pre- and post-application meetings
Viability Tests (Clause 8)		A new 'Formula' (Formula 4) has been added to the Viability Test. Formula 4 allows for any forecast overage (overage that has not yet been received) to be used to cross-subsidise the next Phase if required. The partners must each contribute 50% of the required cross-subsidy	This new Formula enables viability gaps to be addressed where there is a mismatch in timing between the receipt of overage on the previous phase and start on site of the next phase. This will enable the development to come forward more quickly
Review of the Masterplan (9.1.1)	The existing PDA only allows a review of the PDA as part of a 'Review	A new sub-clause has been added which establishes that the 'masterplan'	The previous version of the PDA did not allow for a review of the PDA other than in

	<p>Procedure' and it was not clear what happens if a new masterplan is put in place.</p>	<p>means the 2014 masterplan or any revisions to it (whether or not the masterplan is able to be implemented</p> <p>It is also agreed that the 2014 masterplan needs to be reviewed</p> <p>Before carrying out a review, a side letter must be agreed between the parties</p>	<p>circumstances of a 'Review Procedure'. The amendments now allow partners to request a review of the masterplan, and sets out the process.</p> <p>The amendments make it clear that there will always be a "masterplan" for the purposes of the PDA</p>
<p>Review of other Specifications (9.3)</p>		<p>6 months before each Building Agreement is signed, or every 5 years, the partners may propose amendments to the Affordable Housing specifications that form part of the PDA or propose new specifications</p>	<p>This additional clause ensures the specifications are reviewed more regularly</p>
<p>Milestones (Clause 14)</p>	<p>The PDA sets out a "joint aspiration" for the commencement, delivery and Practical Completion of each plot works</p>	<p>An additional sub-clause includes an obligation for BH to 'expeditiously seek to progress the Development prior to each Delivery Milestone'</p>	<p>The aim of this clause is to ensure the development continues to progress to the target programme rather than the longstop dates</p>
<p>Marketing of Private Units (Clause 19)</p>		<p>BH must launch its marketing of each plot in the UK and must provide data on the country of residence of each purchaser (if permitted by data protection legislation</p>	

LBH Costs (Clause 24.2)		This clause now provides for BH to meet the cost of LBH Professional Fees (which includes all of LBH staffing costs for Woodberry Down) and the ITLA Fees and sets the caps for them and the project monitor's fees.	This is a positive amendment to the PDA which improves the Council's position. Previously, only the Developer's staff costs were included as a Development Cost.
Steering Group (Clause 24.4)		Clause 24.4 establishes a new Steering Group, comprising of senior members from each of the partner organisations. The intention is for the Steering Group to address strategic issues that cannot be dealt with in the regular Project Monitoring meetings. Matters must be referred to the steering group before they are escalated under the PDA.	

6.4.3 In addition to the key changes outlined above, there have been a number of minor revisions to ensure the PDA reflects current policies and strategies. The following schedules have been updated:

6.4.3.1 Schedule 1 - Sustainability Standards: updated to reflect current policy

6.4.3.2 Schedule 7 - CPO Indemnity Agreement: minor amendments

6.4.3.3 Appendix 5 - Programme: updated to reflect revised target programme

6.4.3.4 Appendix 8 - Building Agreement: minor amendments

6.4.3.5 Appendix 9 - Estate Management Strategy: updated to reflect current LBH policies and plans updated

- 6.4.3.6 Appendix 10 - Affordable Housing Specification: amendments to reflect NHG's current specifications
- 6.4.3.7 Appendix 12 - Design Committee Terms of Reference: updated to include committee's involvement in appointment of design consultants
- 6.4.3.8 Appendix 13 - Possession Strategy: updated principally to reflect the revised Shared Equity offer

6.4.4 The Partnership Agreement has been added to the PDA as a new schedule.

6.5 Policy Context

- 6.5.1 The Woodberry Down regeneration proposals were drawn up in partnership with a variety of stakeholders including residents and key local interest groups. The masterplan process was overseen by a steering group made up of the key partners including Woodberry Down Community Organisation (WDCO). Other key parties were also consulted.
- 6.5.2 The continuation of the development programme will deliver a mix of social rented, shared ownership/shared equity and outright sale homes supported by new social infrastructure and commercial facilities. The regeneration will continue to deliver these new social and genuinely affordable homes at a time when there is little or no government funding available for the delivery of such schemes.
- 6.5.3 The regeneration of Woodberry Down will make a contribution towards achieving the aims of Hackney's Community Strategy 2018-2028, in particular by contributing to the Council's vision to create mixed communities in well-designed neighbourhoods, where "residents have access to decent, stable and genuinely affordable housing that meets their needs as these change through their lives, by providing new build, high quality, sustainable homes in a range of tenures and improving estate environments."
- 6.5.4 The regeneration of Woodberry Down is contributing to the Mayor's manifesto commitment of delivering directly or by enabling our partners, over 3,000 new homes in the borough over the next five years

6.6 Equality Impact Assessment

- 6.6.1 There is a high level of poverty and deprivation in Woodberry Down and the aim of the regeneration is to improve the lives of residents living on the estate both in terms of improving the physical environment but also increasing employment and training opportunities.
- 6.6.2 All secure tenants living on the phases affected by the development are offered new homes at Woodberry Down, owned and managed by NHG, or

permanently re-housed outside the estate in a property which meets their needs.

- 6.6.3 In April 2012 Cabinet approved the Leaseholder and Freeholder Options Document, which offers a range of options including leasehold swap, shared equity and shared ownership for leaseholders and freeholders who wish to continue living in the neighbourhood and within the same community.
- 6.6.4 An updated version of the Options Document was approved by Cabinet on 28th November 2016, in order to make it more accessible and improve the options available to leaseholders and freeholders.
- 6.6.5 Since then, a further review of the Shared Equity offer at Woodberry Down has taken place in order to make it more accessible to leaseholders and bring it in line with the offer across the Council's wider Estate Regeneration Programme. The revised Leaseholder Offer Document, which incorporated these changes was approved through Delegated Powers in November 2018.

6.7 Sustainability

- 6.7.1 The Woodberry Down regeneration will provide new, high quality homes for social rent, family sized homes which support the need for larger family sized accommodation in Hackney, and shared ownership homes which support the need for intermediate homes. The regeneration will deliver a more mixed and sustainable community, which is better integrated within the surrounding area than the existing estate.
- 6.7.2 A mix of new social rented, low cost home ownership and open market housing is supported by improved community facilities and a more attractive environment, including better designed and more useable open spaces.

6.8 Consultations

- 6.8.1 Comprehensive and detailed consultation is an integral part of the delivery of Woodberry Down. Where appropriate, WDCO have been involved in discussions relating to amendments to the PDA, for example the revisions to the Design Committee Terms of Reference were approved by the Design Committee. The regeneration team have also provided regular updates to both the Round Table (a bi-monthly meeting attended by all the partners and chaired by the Cabinet Member for Housing) and WDCO Board Meeting throughout the PDA review process.
- 6.8.2 Any revisions to the masterplan will be developed and agreed through the Design Committee, of which WDCO are a member. A number of initial meetings, including the appointment of an independent Design Advisor to lead the masterplan review, have already taken place, and a programme for the masterplan review process is being agreed,

6.9 Risk Assessment

- 6.9.1 The revisions to the PDA have sought to make the scheme more deliverable and to reduce risk. The Council now has more certainty and control over the planning applications that are submitted. There is also greater guarantee that any viability challenges will be overcome through the addition of Formula 4; however Formula 4 does potentially introduce more cashflow and borrowing risk, as it is dependent on forecast overage being realised, however this does not change the overall risk profile of the programme,
- 6.9.2 Each phase will still be subject to a viability test in line with the original requirements under the PDAs, and there is now a guarantee that a pre-planning viability assessment will be carried out before each planning application is submitted. There will need to be a risk assessment before each phase proceeds, with a plan put in place to mitigate any identified risk. It is possible that there may need to be further changes to the PDAs to mitigate risk during the life of the project. The Council has improved its position in relation to phase risks by greater transparency in relation to information about purchasers, and will receive more information at the monthly Project Monitoring meeting.
- 6.9.3 The Steering Group will ensure that any strategic issues that arise will be dealt with in a more transparent way, with a clear audit trail of decision-making.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 7.1 The Woodberry Down scheme is a complex and extended programme of delivery with similarly complex contractual arrangements. Whilst all parties have worked in the best interest to continue the delivery of the programme, lessons are learnt and the PDA is amended to reflect these and other developing issues and opportunities.
- 7.2 The variations to the PDA recommended in this report add a provision for formula 4 that allows, if required, the inclusion of forecast overage to meet the viability requirement to progress a phase of the development. Whilst there is an element of risk to using overage before it materialises, this risk is firstly shared with BH, but also is at a point where there is a substantial proportion of receipts from the preceding phase and information on the likely sales values that would be achieved. This is not a forecast sales value on an unbuilt scheme/phase.
- 7.3 In addition, the PDA also allows for the inclusion of the Council's project management cost (up to a cap). This is not significant in the overall programme cost, but does reduce on the cost of the programme to the Council and the HRA. Whilst this additional cost will reduce the overage achieved for the phase, as 50% of the overage is paid to the Council, this change effectively improves the Council position by 50% of the cap.

7.4 The other changes relate to the management of the scheme and delivery, and could have an indirect financial impact, but these are not measurable and will be monitored to ensure they have a positive impact.

8. VAT Implications on Land & Property Transactions

8.1 There are no VAT implications applicable to this report.

9. COMMENTS OF THE DIRECTOR, LEGAL AND GOVERNANCE SERVICES

9.1 With regard to Regeneration schemes, the “approval of the initial proposals, selection of preferred option(s), approval of masterplan, delivery plans (including annual plans) funding arrangements within the budget strategy, disposals and acquisitions of land, charters and/or other documents setting out Council’s proposals for residents affected by the schemes and structures for delivery” are reserved to the Mayor and Cabinet under the Mayor’s Scheme of Delegation (January 2017) so Cabinet will need to approve the recommendations in this Report.

9.2 The final approval of the matters in this Report regarding the proposed variations of the Principal Development Agreement for Woodberry Down Phases 2-8 are to be delegated to the Group Director, Neighbourhoods and Housing. Paragraph 2.2 i) of the Executive Procedure Rules states that “If the Elected Mayor delegates functions to the Executive, unless s/he directs otherwise, then the Executive may delegate further to.....an officer”. Therefore, subject to the approval of Cabinet, the Group Director, Neighbourhoods and Housing is permitted to approve such matters.

9.3 The proposed changes to the Principal Development Agreement in this Report are permitted under Regulation 72 of the Public Contracts Regulations 2015. Regulation 72(1)(e) states that modifications to contracts during their term are permitted if they are not ‘substantial’ within the meaning Regulation 72(8). The proposed variations to the Principal Development Agreement are not substantial within the meaning of such Regulation so are permitted. Subject to the approval of Cabinet and the further delegated approval of the Group Director, Neighbourhoods and Housing, the Council will enter into a Deed of Variation to the Principal Development Agreement with the developer in due course.

APPENDICES

EXEMPT

Appendix 2 – Legal Summary of Revisions to the PDA

By virtue of paragraphs 3 and 5, Part 1 of Schedule 12A of the Local Government Act 1972, Appendix 2 is exempt because it is information relating to the financial or business affairs of a particular person (including the authority holding that information) and for which a claim to legal professional privilege could be maintained in legal proceedings. The council considers that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

It is considered that the public interest is best served by withholding the exempt information to avoid both disclosure of the financial or business affairs of a contracting party and legal guidance provided in confidence to the Council.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

None

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