

## Appendix 4 (open report)

### Summary of the Business Plan

#### Purpose of the Business Plan

1. The Business Plan sets out the how the overall objective for the regeneration of the Aylesbury Estate, as set out in the main body of the Development Partnership Agreement (DPA), will be delivered.
2. The Business Plan document will be attached to the DPA and the obligations contained therein will be enforceable under the terms of the DPA.
3. The objective is *'the wholesale regeneration of the Development Area ( the Aylesbury Estate) before the expiry of the Development Period ( a maximum of 30 years), maximising value for both the Council and the Developer whilst using any public sector investment efficiently and achieving the Minimum Requirements. The regeneration will include the construction of new high quality mixed tenure homes, community and commercial space and public realm and the delivery of a range of community and economic benefits that will support the well-being of existing and new residents'*
4. The Business Plan sets out the key contractual service and programme delivery commitments made by each of the parties – both the Council and the Developer (Notting Hill Housing Trust) and how and when these commitments will be delivered. .
5. The Business Plan also sets out, through the Key Performance Indicators, how the performance of both the parties will be measured through the lifetime of the regeneration.
6. The Business Plan comprises a suite of strategies, plans and protocols that make up the framework for the delivery of the regeneration. The strategy documents are numbered 1-10; sections 11 and 12 are the implementation and financial models; section 13 comprises a Risk Log for the development period and section 14 comprises the Key Performance Indicators

The sections are listed below:

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|----|--|
| 1  | Introduction                                       |
| 2  | Partnership working strategy                       |
| 3  | Mobilisation programme                             |
| 4  | Implementation strategy – Land Assembly            |
| 5  | Implementation strategy – Development              |
| 6  | Implementation – Interim Management                |
| 7  | Design and technical strategy                      |
| 8  | Marketing, communications and involvement strategy |
| 9  | Community and economic wellbeing strategy          |
| 10 | Area management strategy                           |
| 11 | Implementation Master Plan                         |
| 12 | Financial management and models                    |
| 13 | Risk Management                                    |
| 14 | Key Performance Indicators                         |
7. Sections 1-12 include the Minimum Requirements (agreed as part of the developer's BAFO proposals), the Key Principles agreed between the parties and the Specification which set out the service delivery element of the BAFO offer.
8. The remainder of the the Developer's BAFO proposals relating to the development and transfer of land are set out with the within the DPA.
9. Each section also includes the agreed arrangements for the delivery of the services through though the Delivery Mechanisms and the annexures.
10. The Business Plan has been designed as a stand alone document that covers all aspect of the project and would be the day to day key working document for the Council and the Developer.

### **Ensuring delivery of the business plan and change control**

11. The Business Plan will be monitored regularly and reviewed annually by the Steering Group in accordance with the provisions sets out in Schedule 1 of the DPA.

12. The DPA has been drafted to provide that changes to the key contractual commitments set out in the Business Plan (under the headings Key Principles and Business Plan Specification) cannot be made without Steering Group approval.
13. Where changes cannot be agreed the business plan will stand as drafted. The parties will have one vote each in making decisions.
14. The Steering Group will consist of the council's director of regeneration and Notting Hill's group director of development as a minimum supported by Notting Hill's Project Director and officers from both parties as agreed. Barratts will also have a representative on the Steering group but no vote.
15. There is an obligation for the parties to report to their respective Chief Executives and/or Project Boards 4-6 weeks in advance of the annual business plan review meeting to enable key points to be discussed internally and decisions made so that the respective representatives at the meeting can take these decisions at the review meeting.
16. If the Developer does not deliver the Key Principles or Business Plan Specifications and so commits a material breach of the DPA, this will be an event of default and the Council would have the option of terminating the DPA.
17. To give some flexibility in the delivery of the project, changes to the Delivery Mechanisms and the Annexures can be made if both parties agree at the Implementation Group level, without Steering Group approval. An example of this would be that the Developer cannot vary the number or quality of training opportunities but could use another provider to deliver these as long as the Council agreed this at the Implementation Group.

**Partnership Working and Marketing, Communications and Involvement  
(Sections 2 and 8 of the Business Plan)**

18. These sections set out the working arrangements between the Developer and Council and the provisions for the delivery of the Marketing, Communications and Involvement (MCI) Strategy
19. The Key Principles set out that a Steering Group, Implementation Group and Delivery Teams will be established and a clear process for reporting progress,

making decisions and escalation of issues. Staff will be co-located on the estate with the developer providing the accommodation. The MCI Strategy will be delivered within an agreed structure and protocols at the Developer's cost.

20. The Specification requires the Developer to employ a Project Director and a MCI Manager at all times and a Design Director at all necessary stages of the project. The MCI specification includes requirements for the Developer to actively market all tenures and maintain at least 2 affordable tenure show homes at all times that private show homes are available. Local, London and national marketing of residential units is also to commence at least 3 months prior to international marketing.

**Mobilisation and Implementation Plan**  
**(Sections 3 and 11 of the Business Plan)**

21. These sections set out the agreed programme for the delivery of the regeneration both over the first 18 months as the First Development Site is vacated and planning consent secured, and over the life of project including the development of all the sites within the Aylesbury Area Action plan.
22. The Key Principles related to these sections are set out in the detailed implementation sections 4 and 5.
23. The Business Plan Specification establishes the agreed delivery of re-housing, CPO, Planning, demolition and development for the life of the project. It is set out across five documents: the re-housing model, the Implementation Master Plan programme (including Project Delivery Dates and Milestones and interdependencies), the schedule of demolition (set out per existing block), the phasing schedule (set out per development plot, including local and area wide infrastructure, and cross refers to the DPA Plot implementation Plan) and the phasing sequence diagrams.
24. The Business Plan Specification sets out a delivery structure where the re-housing process is consistently ahead of development delivery, which is based on a regular sales rate.
25. The Implementation Master Plan programme provides for completion of the first development site by 2021, 6 years from start on site, and the delivery of a total of 3500 new homes by 2032, 17 years from start on site.

## **Financial**

### **(Section 12)**

26. This section set out the arrangements for the financial management of the programme over the life of project including the development of all the sites within the Aylesbury Area Action plan.
27. The whole section comprises Key Principles and Specifications that support the operations of the DPA and includes the provisions for
- the operation of the development account (the allowable income and expenditure used in calculating land price and overage payments from Phase 2 onwards)
  - the valuation of the affordable housing
  - the calculation of the Developer's finance costs
  - the Developer's fixed profit over the life of the programme.
28. This section also sets out the Key Principles for funding and delivering the redevelopment of Site 10 (known as Plot 18 in these agreements). This includes the proposed land transfer and the leasing arrangements and provides for the parties to work together to obtain funding for the development in order to make it viable.

## **Implementation – Land Assembly, Development and Interim arrangements**

### **(Sections 4, 5 and 6 )**

29. These sections set out the detailed arrangements for the implementation of the development from land assembly through to completion of construction and handover.

#### *Section 4 Land assembly*

30. The Key Principles regarding re-housing provide for the Developer to assist the Council with re-housing of tenants and lease-holders with own-stock properties and sets out the Council's management of tenant and lease holder re-housing support.

31. The Key Principles regarding demolition provides for the Council's prioritisation of blocks for demolition, continuity of services to residents and the Council's prerogative to decide on the timing of demolition, within the period between vacant possession and start of construction. It also sets out the Key Principles regarding the council-funded Above Ground Demolition works (as defined in the DPA) with respect to the overall demolition works.
32. The re housing Specification sets out the detail of the Developer's own stock provision for and the Aylesbury new-build stock for the re-housing of tenants and leaseholders. This includes 115 shared equity units; (no rent, affordable for Aylesbury leaseholders) and 140 target rented units off site in Notting Hill's own stock
33. The demolition Specification sets out the scope and management fee for the Above Ground Demolition and the funding details for this portion of the demolition works for the First Development Site.
34. The approach to the acquisition of commercial properties and use of CPO is also set out in this section, as is the detail of the proposed delivery of demolition, both above and below ground.

#### *Section 5 Development*

35. The Key Principles set out the basis for the phasing and sequencing of plots and the delivery of infrastructure as part of development works on a plot by plot basis. Transport improvements, however, would be delivered through a charge/unit, with the Key Principles providing for the Council to agree this, and whether or not to implement a charge, on a plot by plot basis. The Key Principles also provide for a new energy provision to the New School Aylesbury.
36. The Business Plan Specification for the development delivery is set out in Section 11, Programme and Phasing Schedule.
37. The detail of the proposed delivery of the Plots, including local and area wide infrastructure, is set out as a Delivery Mechanism.

### *Section 6 Interim Management*

38. The Key Principles set out the provision for the developer to manage the construction and transition stages of delivery throughout the life of the project so as to maintain safety and security, to minimise disruption, to maintain access and temporary parking for residents and to liaise with the council, Creation Trust and the police.
39. The detail of the proposed management is set out as a Delivery Mechanism.

### **Design and Technical (Section 7)**

40. This section sets out the detailed agreements in terms of design and include the detailed proposals for the development of the first development site and the master plan for the whole area. These proposals form a sound basis for consultation and the early submission of a planning application.
41. The Master plan for the area includes the delivery of 3,500 mixed tenure homes and the proposals for the First Development Site include 820 new homes including over 50% affordable housing . The tenure mix includes a third of the units overlooking park as affordable units and is distributed across a mix of unit sizes and types, in line with Aylesbury Area Action Plan. There are 50 houses, 30 of which are affordable
42. The Key Principles refer to the principles set out in the council Planning policy document, the Aylesbury Area Action Plan (AAAP); this covers policy on tenure mix and distribution, densities, massing and layout, public realm, parks and open spaces, parking, transport and highways and design quality. In addition, the Key Principles set out provision for a minimum parking for on street affordable to meet existing residents' expectations, provision for the retention of existing trees and provision to develop, with the council, further non-standard residential accommodation within the development area.
43. With regards to energy and sustainability, the Key Principles refer to the AAAP principles as well as future targets in line with the London Plan; the Key Principles also provide for affordable energy to residents within the new development.

44. The Business Plan Specification also set outs the Design Standards and Accommodation mix:
- Design standards: include Planning policy (council and GLA); Southwark Highways, Building Regulation as well as the Southwark Housing Design and Specification Guide and a bespoke Aylesbury space standard for dwellings, which takes the higher standard of the AAAP and London Plan.
  - Accommodation mix: in addition to the overall quantum, distribution and 50:50 tenure mix ( 50% affordable of which 75% is target rented), set out in the DPA Minimum requirements, the specification includes specific requirements for the First Development site including 50 Extra care Units and 6 units for residents with learning disabilities. ( The 50 extra care units are in addition to 50% affordable homes)
45. The Business Plan Specification sets out content details related to the 2-stage council design approval of the non-residential accommodation (community and retail) and the non-standard residential accommodation. The obligations for this approval procedure are set out in the DPA Plot Implementation plan.
46. The Business Plan Specification includes output specifications for the Extra Care facility, the Learning Disabilities facility and the Community facility on the first development site, as well as the Outline brief for the neighbourhood centre (Plot 18).
47. All other aspects of the design are set out in detail as Delivery Mechanisms.

These include

- Energy strategy that will provide a good level of energy efficiency with new centralised energy plant that gradually replace the existing district system
- extensive works to the surrounding public realm; remodelling Albany Road providing a new Westmoreland Square with new re-designed highways throughout the area
- new shared spaces including children's play space and youth recreation space
- excellent tree retention and re-provision

### **Community and economic well-being**

## **(Section 9)**

48. This section sets out the detailed agreements in terms of the Developer's community and economic well-being programme that will be delivered over the life of the programme. The section covers the Developer's obligations in regard to the provision of employment and training opportunities, supply chain management, economic development, community well-being and interim uses throughout the life of the project.
49. The Key Principles provide for the Developer to work with the Council and other stakeholders including Creation Trust to ensure that Aylesbury residents are supported and can access the opportunities provided by the project. They also provide for the Developer to ensure that local businesses benefit from the regeneration and the development of non-residential space is carefully planned and delivered.
50. The Specification sets out the number of employment and training opportunities that will be delivered for every 10,000m<sup>2</sup> built (over 350 employment, apprenticeship and training opportunities in a range of jobs over the first 5 years and over 1,400 over the programme) and that the Developer and its supply chain pays at least the London Living Wage.
51. It requires that the Developer will identify a procurement officer and promote at least 10% of the total value of the construction for procurement in Southwark. The Developer is also required to fund a feasibility study on including commercial and employment space in the development
52. The specification also sets out that the Developer will pay £250pa over the first 5 years of the project to the Council to support the work of the Creation Trust and build 250m<sup>2</sup> of community space on the first development site that will be leased to the Council at a peppercorn rent.
53. The ground rents from the private and intermediate rented units will be ring fenced ground rents for the delivery and ongoing maintenance of shared play areas; small parks and community gardens or other community initiatives.
54. To support community well-being including re-housing and employability the Developer will provide 4 FTE posts over the life of the project.

55. The Developer will also provide a Hub on the first development site that will provide space for Creation Trust and co-working as well providing a community garden as an interim use.
56. There is also a requirement for the Developer to monitor and measure the overall outcomes of its economic and community well-being programme and report to the Steering Group.

## **Area Management**

### **(Section 10)**

57. This section sets out the detailed agreements in terms of the Developer's proposals for area management including the new buildings and the community open spaces (the non-adopted shared spaces (NASS)).
58. The Key Principles and Specifications are set out under three themes: affordability, accountability and high quality management.
59. They include the requirement to provide the affordable rented units at target rents for 250 years; to offer permanent assured tenancies to Aylesbury residents and for the Council to have 100% nomination rights to all affordable units including re-lettings until the last Aylesbury resident is re-housed.
60. The Developer is required to establish a governance structure that ensures resident involvement in the management of housing and NASS. This section sets out a range of detailed proposals for area management that includes both residents and ward members.
61. The Specification requires the Developer to offer tenancies on an agreed basis including a right to acquire and a commitment to providing an additional bed above need for Aylesbury residents,
62. The Developer is required to maintain a management accreditation at all time that supports customer service excellence.

## **Risk Management**

### **(Section 13)**

63. This comprises an agreed project risk log that will be a working tool for the Steering and Implementation Groups. It covers all the key risks involved in delivering the project including land assembly, development costs, sales and housing management and communications.

## **Key Performance Indicators (KPIs)**

### **Section 14**

64. The KPI arrangements are designed to reward the Developer for delivering commitments and provide an incentive for doing better
65. Eight indicators have been agreed that cover the delivery of construction in line with the master plan, resident satisfaction with their new homes and the management services, resident involvement in events and governance and the delivery of the community and economic well being specification. Baseline, target and excellent performance levels have been agreed on each indicator.
66. The financial reward is payable from an incentive fund
67. This section also sets out draft Partnership Performance indicators that measure the overall impact of the regeneration for example number of young people not in education, employment or training. These will be agreed within 12 months following advice from an independent benchmarking consultant.