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**Report of the Director of Environment and Neighbourhoods**

**Scrutiny Board: Environment and Neighbourhoods**

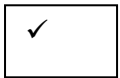
**Date: 6<sup>th</sup> April 2009**

**Subject: The East and South East Leeds regeneration project**

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**Electoral Wards Affected:**

Gipton and Harehills  
Burmantofts and Richmond Hill  
Killingbeck and Seacroft  
Temple Newsam



Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

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**Summary**

This report summarises the progress of the East and South East Leeds (EASEL) regeneration project to date. It covers the procurement route and key milestones in the selection of a development partner, the establishment of a delivery vehicle – Leeds EASEL Ltd and the approach to community involvement.

The purpose of this is to provide a position statement which will give context and background information for the Environment and Neighbourhoods Scrutiny Board to review the progress of the scheme and to help shape its future direction.

## **1 Background**

### **1.1 EASEL Objectives**

1.2 The objectives of the EASEL project were established by the 4<sup>th</sup> April 2007 Executive Board report as:

- Creating affordable, attractive and high quality mixed tenure housing;
- Increasing housing choice for existing residents and attracting new higher income residents to achieve a diverse and sustainable housing market;
- Investing in new and existing assets to transform the image and attractiveness of the area, realising the potential of its high quality green spaces;
- Creating lively, busy centres for new neighbourhoods with good schools and local services;
- Solving the underlying social and economic problems of the area focusing on improving attainment and skills, reducing crime and blight and promoting employment and enterprise;
- Capitalising on existing public and private sector investment opportunities in schools, hospitals, and the neighbouring Aire Valley.

1.3 In order to identify a development partner and potential delivery mechanisms, the regeneration brief was subject to a procurement process which is referred to at section 3.

## **2 EASEL Area**

2.1 The EASEL area covers the communities of Harehills, Gipton, Seacroft, Halton Moor, Osmondthorpe and Richmond Hill.

2.2 The attached map shows the area which is home to approximately 79,000 people and covers 6.6 square miles.

2.3 The area shares its southern boundary with the Aire Valley Leeds (AVL) regeneration area and both projects are managed through a single team – the East Office – as part of the Regeneration Service.

2.4 AVL is a key area for employment generation and the links between employment opportunities and the communities in the EASEL area are an important strand of the activities of the regeneration teams.

## **3 Establishment of the EASEL regeneration area and the procurement of a development partner**

3.1 In January 2004, the Executive Board received its first report on the proposal for the regeneration of the East and South East of Leeds. The Executive Board gave approval to the commencement of a procurement process to secure a private sector partner and an OJEU (Official Journal of the European Union) notice was issued in February 2004.

3.2 EASEL is an ambitious and multi faceted project and this bespoke approach was developed to best utilise the assets held by the Council, capture the expertise of the private sector and develop a vehicle which could maximise the generation of resources for the benefit of the area. The project has been in development since 2004 with the first phase achieving planning permission in 2007. Like all the city's large scale projects each stage was carefully developed and reported to Executive Board for approval. The attached timeline summarises the activities and milestones associated with the project and the procurement of a partner developer.

3.3 The project has been designed in two inter-connected phases. Phase 1 of the project was contracted through a Strategic Development Agreement for the disposal

of 8 sites, which is a conditional transaction with Bellway, the private sector developer chosen by the Council. The agreement for this phase was completed on the 10<sup>th</sup> March 2008. Subsequent Phases will be delivered through a Joint Venture between the Council and Bellways.

#### **4 Delivery Mechanism**

- 4.1 The Joint Venture between the Council and Bellway has now been established, its role having been specifically approved by Executive Board April 2007 with further details on decision making approved in November 2008.
- 4.2 In addition to the formal partnership between the Council and Bellway there are a range of other important partners whose contribution is key to the operation and success of the project.
- 4.3 East North East Homes (ENEH) is managing the delivery of the cleared sites for development which to date have consisted of properties which would not meet the Government's Decency standard. ENEH will also be managing some of the new housing stock which is coming into Council ownership in the first phase.
- 4.4 Involvement of partners such as NHS Leeds, the Police, Job Centre Plus and others will be taken forward through the new local structures established by Area Management. These partners have been part of the ongoing support for the EASEL project and their contribution is vital to the achievement of the project objectives.
- 4.5 A regular ward Members briefing session was brought into being and this has been meeting regularly since May 2007 to help develop the detailed work streams.
- 4.6 The overarching governance arrangements for the JVCo was expressly approved by Executive Board in April 2007. It was agreed that the council's representatives on the company would be the Directors of City Development and Environment and Neighbourhoods. It was also agreed that a steering group should be established with Member and independent representatives.
- 4.7 The report to Executive Board in November 2008 set out the detailed decision making arrangements to be used in conjunction with the operation of the JVCo.
- 4.8 Corporate Governance and Audit Committee has examined the governance arrangements for the proposed JVCo. They received reports in November 2007, April 2008 and January 2009.

#### **5 Community Consultation**

- 5.1 Detailed local consultation began at the procurement stage where for the first time representative groups (including the ALMO boards, District Partnership and the St James Partnership) were invited to hear the bidders' ideas and proposals for regeneration. The feedback from these events were used by the bidders to inform their final submission and fed into the evaluation framework.
- 5.2 The main route for community consultation since the beginning of the project has been through the established structures associated with Area Committees including attendance at Neighbourhood Forums as well as the Area Committee meetings themselves in addition to seasonal activity such as the galas.
- 5.3 An EASEL newsletter delivered to every house in the area has been produced at key milestones – the start on site of phase 1 and the signing of the Joint Venture Agreement.
- 5.4 An EASEL page was established on the Council's website containing a range of information about the project and contact details for the regeneration team.

5.5 East North East Homes have taken the lead on the delivery of cleared sites and local communication specifically on the approved demolition programme has been via ENEH.

## **6 Generation of the Area Action Plan**

6.1 Following changes to planning legislation, the Unitary Development Plan for Leeds will be replaced by a Local Development Framework. City Development has been responsible for the development of a number of Area Action Plans (AAP) looking at land availability for housing, greenspace, employment and infrastructure.

6.2 City Development has undertaken a consultation process on the AAP progressing from a series of options to a "Preferred Option". They are in the process of developing the evidence base for the AAP on cross cutting issues such as retail and transport provision prior to preparing the submission version of the plan.

6.3 Area Action Plans for both EASEL and AVL are being developed simultaneously and issues such as transport are being considered across the two areas.

## **7 Neighbourhood Planning**

7.1 The process through which the broad proposals and areas of potential change identified by the EASEL AAP will be developed in detail is called "Neighbourhood Planning".

7.2 The process will have two elements, a technical exercise through which site development options and local infrastructure proposals will be developed and a community engagement programme to communicate these options to residents to get their views and provide an opportunity to develop the local plan.

7.3 The technical brief is currently being revised with a view to putting this out to tender. The community engagement brief was developed following the work of a small members working group and the approach agreed at the Ward members briefings.

7.4 The community engagement brief was tendered (for the first two Neighbourhood Plans only) to 3 established community organisations – GIPSIL, Groundwork and Re'new and the tender submitted jointly by Groundwork and Re'new was accepted. Any contract will be subject to the establishment of the Joint Venture and the contract would be issued by Bellways.

7.5 Neighbourhood Planning will commence in Seacroft & Halton Moor. Following the completion of the two plans, all aspects of the process – both technical and community facing will be evaluated.

## **8 Conclusion**

8.1 This report has set out the current position on the main strands of activity to deliver the EASEL project.

### **Background Papers:**

#### Executive Board reports

- 21/01/2004 East and south east Leeds regeneration proposals  
East & South East Leeds Regeneration Area: - Selection Procedure For
- 21/07/2004 Preferred Development Partner  
East & South East Leeds Regeneration Area: Selection Procedure For
- 15/11/2004 Preferred Regeneration Partner Further Report
- 29/06/2005 EASEL Regeneration Area Procurement for Preferred Bidder
- 14/12/2005 EASEL: Outcome of the Exclusive Clarification Period with Bellway  
East and South East Leeds Regeneration Area land assembly issues
- 14/12/2005 associated with the phase one development sites

EASEL: Outcome of the Phase 1 Strategic Development Agreement  
05/07/2006 negotiations with Bellway PLC.  
20/09/2006 EASEL Regeneration Project Update  
09/02/2007 East and South East Leeds Regeneration Area  
East And South East Leeds (Easel) Regeneration Area – Outcome of  
04/04/2007 Additional Negotiation Period  
13/06/2007 EASEL AAP preferred options report  
05/11/2008 EASEL Joint Venture Partnership

## Appendix 2a

EASEL project timeline

Date	Activity
January 04	<ul style="list-style-type: none"> <li>• Executive Board permission given to establish a pathfinder SPV for East Leeds and to commence procurement by placing an OJEU notice (Official Journal of the European Union)</li> <li>• The preparation of a Strategic Vision for the regeneration of East Leeds commenced which included Development Frameworks for Gipton, Harehills, Seacroft and Halton Moor/ East End Park/ Richmond Hill areas of the city.</li> </ul>
March 04	<ul style="list-style-type: none"> <li>• Initial stage expressions of interest received (104 enquiries)</li> <li>• A long list of bidders invites outline proposals at stage 1 (list of 10 from &gt;100 expressions of interest)</li> </ul>
May 08	<ul style="list-style-type: none"> <li>• Initial outline proposals (8 bids received)</li> </ul>
July 04	<ul style="list-style-type: none"> <li>• A shortlist of development partners is produced (3 bidders interviewed and 2 selected to go through to stage 2)</li> </ul>
November 04	<p>Executive Board approves :</p> <ul style="list-style-type: none"> <li>• the process for selecting the preferred regeneration partner (involving Technical, Financial and Commercial, and Legal evaluations)</li> <li>• the establishment of Project Board for moving forward to the contractual phase</li> <li>• the selection of sites as Council assets for investment into phase one of the programme</li> <li>• the 'in principle' use of Compulsory Purchase Orders for the implementation of the programme</li> </ul>
May 05	<ul style="list-style-type: none"> <li>• Consultations with representative fora and local partnerships take place as part of procurement process</li> </ul>
June 05	<ul style="list-style-type: none"> <li>• Executive Board update on the outcome of the evaluation process resulted in Bellway being offered a 3 month exclusivity period within which to clarify a number of points from the original bid in order to set out and agree preferred bidder terms (preferred bidder letter).</li> </ul>
December 05	<ul style="list-style-type: none"> <li>• Bellway plc selected as Preferred Bidder and issued with Preferred Bidder Letter</li> <li>• Site assembly continuing and approval to pursue specific CPOs given</li> <li>• Exec Bd approval to negotiate and provisionally agree terms for the disposal of the phase 1 sites</li> </ul>
July 06	<ul style="list-style-type: none"> <li>• Authority to issue Initial and Final Demolition Notices given (this is the process which suspends the right to Buy)</li> <li>• Project Board authorised to accept the commercial terms offered by Bellway PLC for the EASEL Phase 1 sites</li> <li>• Negotiations on the Joint Venture arrangements continuing (update on progress provided to Executive Board)</li> </ul>
September 06	<ul style="list-style-type: none"> <li>• An extension to the Exclusive Negotiation period with Bellway PLC is approved by Executive Board.</li> </ul>
February 07	<ul style="list-style-type: none"> <li>• Headline regeneration programme and required complementary funding agreed in principle by Executive Board.</li> </ul>
April 07	<p>Executive Board approves:</p> <ul style="list-style-type: none"> <li>• delegation for terms of the disposal of the EASEL phase one sites</li> <li>• appointment of Bellways as the Council's preferred regeneration development partner,</li> <li>• baseline commercial offer from Bellway</li> <li>• that authority be delegated to the EASEL project board to manage the negotiation and agreement of the commercial and legal terms to the benefit of the Council;</li> <li>• that the formal closure of the procurement process for the EASEL regeneration process, as required under regulations, be approved</li> <li>• proposed governance arrangements approved</li> </ul>

## Appendix 2a

Date	Activity
June 07	Area Action Plan "Preferred Options" approved.
March 08	Strategic Development Agreement signed to enable commencement of phase 1 development
November 08	<p>Executive Board approves:</p> <ul style="list-style-type: none"><li>• The terms of the Shareholders Agreement for the JVCo and establishment of the company</li><li>• The first JVCo phase plan of sixteen priority sites (beyond phase 1)</li><li>• The development by the JVCo of the neighbourhood plans</li><li>• The business case process for project development to be operated by the JVCo.</li><li>• Delegation to agree the business plan and budget for the JVCo</li><li>• the use of entry premium to fund the working capital of the company</li><li>• the development of an equity loan scheme on the first phase of the EASEL development sites using a commuted sum mechanism.</li><li>• the nomination of the council's initial directors to the company (the Directors of City Development and of Environment and Neighbourhoods).</li></ul>