



City of Westminster

Cabinet Report

Decision Maker:	Cabinet
Date:	12 December 2016
Classification:	For General Release
Title:	Leicester Square: Huguenot House: Update
Wards Affected:	St James's
Key Decision:	No
Financial Summary:	See Paragraph 7
Report of:	Executive Director Growth Planning and Housing

1. Executive Summary

- 1.1. This paper is intended to provide the Cabinet with a note of progress on the study of potential development in Leicester Square, at the site of Huguenot House.
- 1.2. The finances are under review for this project and will be given consideration as part of capital programme budget setting process, to be approved by Council in March.
- 1.3. No further expenditure will be approved before consideration of the affordability of the project in the context of the capital programme.
- 1.4. Work will be undertaken on the various options(maintain the existing building/refurbishment/partial redevelopment and full redevelopment), a full and robust report will be provided, supported by a business case and delivery programme, for formal consideration by Cabinet in July 2017. This will provide full consideration of the affordability and financing of the project.
- 1.5. The future report will also provide a detailed equalities impact assessment to ensure that the rights of affected parties are being considered in any option being considered.

2. Recommendation

- 2.1 That the report be noted.

3. Background, including Policy Context

- 3.1. The Property is an important central London island site located just off Leicester Square. It incorporates mixed usage including a cinema, offices, a 247 space public car park and 35 residential flats within a 1960's building. The majority of the flats have been sold on long leases under the Right to Buy. The freehold interest in the property is held by the Council in the General Fund. It is located in the heart of the West End and is recognised as is in need of improvement so as to support its long term future and contribute positively to the wider area.
- 3.2 The Council has been exploring options for the long term future of the site and has met with residents and local interested parties to understand if their concerns and wishes can be accommodated in any future plans.
- 3.3 A multi-disciplinary team has been procured to explore high level options from do nothing to a full redevelopment. These options will be further tested as the design moves forward and against the local policies (see appendix 2 for a list of policies).
- 3.4 At this time no preferred option exists.

4. Additional design work to be undertaken

- 4.1. The multidisciplinary design team will carry out a review of potential mixed use schemes for the site and consider opportunities to make improvements having regard to the project objectives namely:-
 - 4.1.1. Improvement to the social, economic and environmental well being of this area.
 - 4.1.2. Securing a return on investment (through capital receipt or income generation) to contribute towards the funding of front line services
 - 4.1.3. Deliver new high quality housing through the development of new residential accommodation
 - 4.1.4. Promote and deliver new jobs through the creation of new office accommodation
 - 4.1.5. Enhance the public realm environment around the Property, encouraging further regeneration and footfall in the vicinity and adding to the built environment, through redevelopment of the Property
- 4.2. Following this further design work, a pre-application dialogue will be started. The elements of the mixed use scheme will be tested against the latest market data and reports from commentators as to the future projections as well as risk.

- 4.3. Soft market testing will be carried out to ensure that the redevelopment options and preferred scheme are in line with the investment and development market appetite and risk tolerances.
- 4.4. The team will also seek to develop and present a proposed delivery model to suit the Council's requirements.
- 4.5. Other aspects associated with rights of light, daylight /sunlight and townscape matters will be explored.
- 4.6. This work will ensure that the site is comprehensively appraised and included with the formal Cabinet report in July 2017.

5. Programme and timetable of activities

- 5.1 The following programme has been produced based on assumptions from the design team and officers' views. The pre-development period has been extended by a further 12 months to allow for additional work to be carried out on the design, to obtain necessary approvals and ensuring a robust case is made for redevelopment. The programme includes a period for the use of CPO powers, as a measure of last resort, if required.

No.	Item	Date
1	Update to Cabinet	December 16
2	Cabinet review of the preferred option prior to planning submission & CPO (if applicable)	July 17
3	Planning consent	December 17

6. Risk

- 6.1. As with all major mixed use developments in Central London, there are a variety of risks that may exist. These will be comprehensively managed by officers and the design team to largely eliminate business, service, legal and reputational risk to the Council. Market related risks, which are beyond the control of the project team will be continued to be monitored.
- 6.2. Residents and other interested parties will need to be thoughtfully engaged. A full consultation process will be undertaken led by officers allied with effective PR communications to ensure all relevant stakeholders are well informed.

7. Financial comments

- 7.1. The finances are under review for the project. An estimated budget allocation will be included in the 5 year capital programme to be approved in March 2017 by Council. This is one of the key projects within the capital programme and affordability of the overall capital programme will be assessed as part of this paper.
- 7.2. No further expenditure will be incurred before consideration of the updated capital budget position. Expenditure approval on the project is c£400k to date, excluding acquisitions.
- 7.3. Work will be undertaken on the various redevelopment options to provide a full and robust report, supported by a business case and delivery programme, for formal consideration by Cabinet in July 2017. This will provide full consideration of the affordability and financing of the project.

8. Legal comments

- 8.1. The title of the property is clean with no restrictive covenants or easement which may prevent a redevelopment of the site.
- 8.2. Vacant possession of the commercial tenants is within the Council's control.
- 8.3. The Council is purchasing the residential leasehold interests for investment purposes and at this time has ownership of 34% of the total of all apartments.

9. Next Steps

- 9.1. A further report and a recommendation will be provided by officers in July 2017 for Cabinet to consider,

[Appendix 1](#) - Other Implications

Appendix 2 - Policy Context

If you have any queries about this Report or wish to inspect any of the Background Papers please contact Peter Sherlock

BACKGROUND PAPERS: None

Other Implications

1. **Resources Implications** - None
2. **Business Plan Implications** – To be considered as part of the OBC and presented in the July 2017 paper
3. **Risk Management Implications**– To be considered as part of the OBC and presented in the July 2017 paper
4. **Health and Wellbeing Impact Assessment including Health and Safety Implications** – To be considered as part of the OBC and presented in the July 2017 paper
5. **Crime and Disorder Implications**– To be considered as part of the design process and already considered in the policy's appended
6. **Impact on the Environment** - To be considered as part of the design process and already considered in the policy's appended
7. **Equalities Implications** - To be considered as part of the OBC and presented in the July 2017 paper
8. **Human Rights Implications** – To be considered as part of the OBC and presented in the July 2017 paper
9. **Energy Measure Implications** – To be considered as part of the OBC and presented in the July 2017 paper
10. **Communications Implications** – To be considered as part of the OBC and presented in the July 2017 paper

Appendix 2 – Policy Context considered by the Development

Development Plan

- The proposed scheme has been developed in accordance with Westminster City Council's adopted development plan, which comprises the following documents:
 - Westminster City Plan: Strategic Policies, adopted November 2013;
 - Westminster Unitary Development Plan (UDP) saved policies, adopted January 2007; and
 - Further Alterations to the London Plan, adopted March 2015.

Westminster City Plan: Strategic Policies

- The relevant policies which have been taken into account in the development of the scheme are Policy S6 Core Central Activities Zone; Policy S14 Optimising Housing Delivery; Policy S15 Meeting Housing Needs; Policy S16 Affordable Housing; Policy S18 Commercial Development; Policy S20 Office Development; Policy S25 Heritage; Policy S28 Design; and Policy S34 Social and Community Infrastructure.
- Following the proposed main modifications consultation, and in accordance with Paragraph 216 of the National Planning Policy Framework, the Council will now take the basement revision and mixed use revision into account as a material consideration with significant weight in determining planning applications, effective from 7th June 2016. Therefore, regard has also been had to Policy S1 Mixed Use in the Central Activities Zone in the Consolidated Draft Version of Westminster's City Plan, incorporating the basement revision, mixed use revision, Regulation 19 and main modifications.

Westminster Unitary Development Plan (UDP) saved policies

- The relevant saved policies which have been taken into account within the Westminster Unitary Development Plan include saved Policy CENT 1 Central Activities Zone; saved Policy COM 1 Office Renewal and Growth; saved Policy H3 To Encourage the Provision of More Housing; saved Policy H4 Provision of Affordable Housing; saved Policy TACE 5 Arts and Culture Uses; saved Policy DES 1 Principles of Urban Design and Conservation; and saved Policy DES 9 Conservation Areas.

Further Alterations to the London Plan

- The relevant policies included within the London Plan which are supportive of the redevelopment of this site are Policy 2.9 Inner London Policy Zone; Policy 2.10 Central Activity Zone (CAZ); Policy 4.1 Developing Economy; Policy 4.3

Developing Mixed Use; and Policy 4.6 Support for Arts, Sports, Culture and Entertainment.

Policy Assessment

- The scheme has been developed in accordance with adopted and emerging policy, having regard to the sensitivities of the site in relation to the various surrounding uses both immediately and in the wider area, including the setting within the Conservation Area and views from Trafalgar Square.
- The planning policy regime has now changed since June 2016. Offices have specific policy protection and WCC is encouraging provision of new office floor space. Current policy means that no affordable housing is required if the overall gross floor space increase is less than 30%. All options are less than this threshold.
- The New City Plan, for the first time, says some areas of the West End may not be suitable for residential. For the first time there is an opportunity to provide more offices than residential. But policy still requires retention of existing residential. Policy outlines an approach for the re-provision for residential – on site, off site, donor site, payment in a decreasing scale. There might be the option to obtain a tradable credit from another housing development elsewhere which will be developed further.
- Although it is accepted that the loss of the existing cinema will be resisted by through City Plan Strategic Policy CS22 and saved UDP Policy TACE 5, some consolidation may be considered acceptable. At present, the cinema occupies a large ground floor presence on the site which is not considered to be the most efficient use of the site and, given the nature of the use, does not create an active frontage. The current scheme proposes to relocate the cinema to lower ground floor level.
- Through redevelopment of the Property, the scheme will increase the quantum of residential floor space from the existing situation (depending upon which option is progressed). This complies with City Plan Policy S14 which supports the retention of existing residential floor space, stating that residential use is the priority across Westminster. City Plan Policy S16 seeks provision of affordable housing as part of any development introducing 10 residential units or more, or introducing 1,000 sq. m of residential floor space. Emerging policy seeks to incorporate a system of credits whereby affordable housing can effectively be banked elsewhere in the Borough.
- It is not possible to provide affordable housing on-site at the Property for a number of reasons including the re-provision of alternative uses, cost of delivering the scheme and layout of the residential units to the upper floors. However, alternative options are being reviewed within the Borough where affordable

housing can be provided in lieu of the proposals on this site. These alternative options will be fully considered throughout the pre-application process with robust justification to be available for the planning submission.

- The proposed scheme is also in accordance with Policy S18 and Policy S20. Policy S18 which directs commercial development to the Core CAZ, whilst Policy S20 specifically directs offices to the area, subject to proposals being appropriate in terms of scale and intensity of land uses, as well as the character and function of the area.